



Media Coverage Report for icapital.biz Berhad

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Post AGM saga, City of London adds stake in icapital.biz - updated

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Nearly three months after a controversial stand-off in closed-end fund (CEF) icapital.biz's last annual general meeting (AGM), the company's largest shareholder had been steadily growing its stake.

According to Bursa Malaysia filings, United Kingdom-based City of London Investment Management had grown its stake by nearly a fifth over 13 transactions since November last year.

Ahead of the AGM in question last October, City of London held 9.88% of icapital.biz shares and together with Laxey, another shareholder, control a total of 11.39%. By the end of today's trading session, City of London had 11.85%, according to Bursa Malaysia filings, an increase of 1.97 percentage points or 2.76 million shares to 16.59 million shares at present.

Notably however icapital.biz shares had also been trending downwards since breaking RM2.56 per share last May to a low of RM2.26 per share in late December, according to Bursa Malaysia data, although it has since rebounded to around RM2.33 per share this month.

On Oct 9 last year, City of London and another shareholder, Laxey Partners Ltd, announced that they intend to oppose the reappointment of an icapital.biz director, Tunku Abdul Aziz Tunku Ibrahim, because he is over 70 years old.

The announcement came two days before the scheduled AGM on Oct 11 and Tan Teng Boo, the fund manager for icapital.biz, called for an adjournment of the AGM in response.

Tan's move was later criticised as an abuse of power by a Nanyang Siang Pau columnist and Tan denied the allegation, saying that he was doing so in his capacity as shareholder instead of fund manager.





His concern over the two shareholders' intention centred around the [timing of their announcement](#) to oppose the reelection of Tunku Abdul Aziz, said Tan to the media last November.

Since icapital.biz has a large number of small shareholders and does not have a majority shareholder as per Securities Commission regulations, Tan argued that the rest of the shareholders should have been informed much earlier so they can make an informed decision.

According to icapital.biz's latest annual report, as of June 25, 2014, some 2,275 out of a total 3,342 shareholders or 68% hold 10,000 shares or less and this number amounted to roughly 5.4% of the company's total shares base of 140 million shares.

Later that same month, City of London [explained that its opposition](#) to the reelection of Tunku Abdul Aziz was based on concern over the time gap between Tunku Aziz's retirement from active employment and his knowledge of close-ended funds or CEFs.

In a letter to Tan, the fund said "requisite experience and understanding of CEFs is more relevant than knowledge of the country or region in which the fund (City of London) invests".

The fund added that "directors should not start a new term in office if they have been retired from active employment for more than five years" and said that it was concerned that any director "outside this criterion may be too far removed from current business practices or thinking, to truly add value to the board over the long term".

In the aftermath, the adjourned AGM was eventually held on Nov 30 last year and the motion to re-elect Tunku Abdul Aziz was not carried. Of the total 65.75 million votes cast, 72.96% were in favour while the remaining 27.04% opposed.

The motion was decided via poll voting, meaning it would have needed at least the support of at least 75% of shareholders present to be carried. Subsequently Tunku Abdul Aziz retired from his board position and former Kedah chief of police Syed Ismail Syed Azizan was appointed to the board on Dec 3.

A closed-end fund with RM140 million in paid-up capital, icapital.biz was listed on Bursa Malaysia on Oct 19, 2005 and looks to Bursa Malaysia's main market and second board ACE market for undervalued companies to invest in.



Update:

In an email dated Jan 26, 2015, Capital Dynamics, Tan Teng Boo's vehicle, clarified the following points concerning the City of London's reasoning against the re-election of Tunku Abdul Aziz:

[1] As icapital.biz Berhad is the only listed CEF in Malaysia, none of the Board of Directors would be able to fulfil the requirement of requisite knowledge and understanding of CEFs and yet only Tunku Aziz was singled out City of London;

[2] Tunku Aziz has been on the Board of icapital.biz Berhad since 2011 and City of London has voted for his reappointment in previous years. It is questionable as to why they opposed it in 2014. City of London was already a shareholder of the fund as of August 2011;

[3] In 2012, two of the three directors appointed by City of London and Laxey Partners had no requisite knowledge and understanding of CEFs; and

[4] Tunku Aziz is the current president of the Malaysian Anti-Corruption Foundation and he has been on the Board of icapital.biz Berhad since 2011.