

**ICAPITAL.BIZ BERHAD**

[Registration No. 200401036389 (674900-X)]  
("the Company" or "the Fund")

**MINUTES OF THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE FUND HELD AT KUALA LUMPUR CONVENTION CENTRE, EXHIBITION HALL 8ABC, JALAN PINANG, KUALA LUMPUR CITY CENTRE, 50088 KUALA LUMPUR ON SATURDAY, 26 NOVEMBER 2022 AT 9.00 A.M.**

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**PRESENT**

- |  |   |
|--|---|
| Dato' Seri Md Ajib Bin Anuar                     | - Chairman<br>(also as proxy for Share Owners set out in the Attendance Summary attached) |
| Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan | - Independent Non-Executive Director  |
| Mr Boh Boon Chiang                               | - Independent Non-Executive Director  |
| Datuk Mohd Nasir Bin Ali                         | - Independent Non-Executive Director  |
| Ms Tan Mun Lin                                   | - Non-Independent Non-Executive Director  |
| Mr Tan Teng Boo                                  | - Fund Manager  |

**IN ATTENDANCE**

- |                 |                     |
|-----------------|---------------------|
| Ms Tai Yit Chan | - Company Secretary |
|-----------------|---------------------|

**BY INVITATION**

- |                         |  |
|-------------------------|--|
| Mr Chong Wei-Chnoong    | - Representing the External Auditors, Crowe Malaysia PLT                       |
| Ms Shireen Ong Wei Ling | - Representing the External Auditors, Crowe Malaysia PLT                       |
| Ms May Leong Eoi Chun   | - Representing the Administrator, TMF Administrative Services Malaysia Sdn Bhd |
| Ms Janett Ser Jet Gan   | - Representing the Administrator, TMF Administrative Services Malaysia Sdn Bhd |
| Mr Sam Pang Mui Sen     | - Representing the Administrator, TMF Administrative Services Malaysia Sdn Bhd |
| Ms Sharon Nerosha       | - Representing the Internal Auditors, PKF Advisory Sdn Bhd                     |

The list of Shareowners, Proxies and Corporate Representatives, and guests who attended the 18<sup>th</sup> AGM are set out in the Attendance Summary attached and shall form an integral part of this Minutes.

Dato' Seri Md Ajib Bin Anuar ("Dato' Seri Ajib"), the Chairman of the Board of Directors called the Meeting to order at 9.00 a.m. and welcomed all the Shareowners, Proxies and Corporate Representatives to the Eighteenth Annual General Meeting ("18<sup>th</sup> AGM") of the Company. It was informed that this was the Company's first hybrid Annual General Meeting held physically at the meeting venue and via live streaming with online voting using Remote Participation and Electronic Voting Facility ("RPEV").

The RPEV served as a precautionary measure amid the Covid-19 pandemic as the Shareowners' safety is of paramount importance to the Company and this was also, to support the Government's heed to not have mass gathering to combat the spread of the Covid-19 pandemic.

The hybrid meeting was in compliance with Section 327 of the Companies Act 2016 which stipulated that the Chairman had to be at the main venue of the Annual General Meeting, which thus allowed the 18<sup>th</sup> AGM of the Company to be held at more than one venue using instantaneous telecommunication device that allowed Shareowners to participate in the AGM.

The Chairman then proceeded to introduce the Directors, Company Secretary, Representatives of the external auditors, Crowe Malaysia PLT, Administrator from TMF Administrative Services Malaysia Sdn. Bhd., all of whom joined the 18<sup>th</sup> AGM at the meeting venue. The Chairman also introduced the Representatives from PKF Advisory Sdn. Bhd., Internal Auditors of the Company together with the Scrutineers from Sky Corporate Services Sdn. Bhd. who participated in the 18<sup>th</sup> AGM physically.

### **QUORUM**

The Company Secretary, Ms. Samantha Tai, confirmed that there was quorum present in accordance with the Company's Constitution. With the requisite quorum being present, the Chairman declared the 18<sup>th</sup> AGM duly constituted.

### **NOTICE**

With the consent of the Shareowners, Proxies and Corporate Representatives present, the Notice convening the 18<sup>th</sup> AGM having been circulated within the prescribed period was with the permission of the Meeting taken as read.

### **SUMMARY OF PROXIES RECEIVED**

The Company Secretary informed that based on the report issued by the appointed Share Registrar, Boardroom Share Registrars Sdn. Bhd., a total of 349 Shareowners, Proxies and Corporate Representatives, representing 19,431,862 ordinary shares of the total paid-up shares of the Company have registered themselves to attend the 18<sup>th</sup> AGM via RPEV.

It was noted that the Fund had received in total 193 proxy forms from the Shareowners for a total of 66,045,125 ordinary shares representing 47.18% of the issued share capital of the Company.

Out of those, there were 100 Shareowners who have appointed the Chairman of the Meeting as proxy to vote on their behalf and the shares so represented was 55,245,217 equivalent to 39.46% of the issued share capital of the Company.

The Chairman informed that in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 18<sup>th</sup> AGM shall be voted by way of poll.

Accordingly, Dato' Seri Ajib in his capacity as Chairman of the Meeting, demanded for a poll to be taken on all the resolutions set out in the Notice of 18<sup>th</sup> AGM pursuant to Clause 82 of the Constitution of the Company.

The Chairman further informed that the Company has appointed Boardroom Share Registrars Sdn. Bhd. as the Poll Administrator to facilitate the electronic poll process and Sky Corporate Services Sdn. Bhd. as the Independent Scrutineers to verify the poll results. The polling was to be conducted upon the conclusion of the deliberation of all the resolutions of the 18<sup>th</sup> AGM.

## **PRESENTATION BY THE FUND MANAGER**

At the invitation of the Chairman, the Designated Person of the Fund Manager, Mr Tan Teng Boo, delivered 2 presentations (1) a review the Funds' portfolio and the stocks that the Fund is holding (2) a presentation on the strategy to manage NAV discount and the performance review of ICAP.

Mr Tan Teng Boo highlighted that the usual narrative to manage the discount is through share buyback and dividend payment. Based on an in-depth research, Mr Tan recommended to improve the quality and type of shareowner of the Fund.

As shown last year and in this year's AGM, share buyback has caused companies locally and abroad to lose billions. As for dividends, even companies and large financial institutions with very attractive dividend yield could not prevent their share prices from plunging as dividend payment has to be sustainable and for the long-term. Not only that, the quality of investors is the most important factor to consider. Companies having mostly institutional investors as shareholders are usually the most inappropriately valued.

Mr Tan Teng Boo further shared case studies of established closed-end funds such as Scottish Mortgage Investment Trust and Pershing Square Holdings. Both funds' discount problem persisted despite share buyback but they subsequently found the ultimate solution by increasing individual ownership. Mr Tan also highlighted that Warren Buffett emphasized the type and quality of shareholders play an important role in determining the share price of Berkshire Hathaway.

## **AGENDA OF 18<sup>TH</sup> AGM**

### **AS ORDINARY BUSINESS**

#### **1. TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

The Chairman informed the first item on the Agenda was to receive the Audited Financial Statements for the financial year ended 31 May 2022 ("AFS 2022") together with the Directors' and Auditors' Report thereon ("the Reports"). With the consent of the Shareowners, Proxies and Corporate Representatives and having been circulated within the prescribed period, taken as read.

The Meeting noted that this agenda item was meant for discussion as the provisions in the Companies Act 2016 do not require a formal approval of the Shareowners. It was informed that the Reports were only tabled for discussion and will not be put for voting.

The AFS 2022 together with the Directors' and the Auditors' Reports were properly laid and had been duly received.

#### **2. ORDINARY RESOLUTION 1 TO APPROVE THE DIRECTORS' FEES PAYABLE TO THE DIRECTORS OF THE COMPANY AMOUNTING TO RM238,699.00 FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

The Chair informed that Ordinary Resolution 1 was to seek Shareowners' approval on the payment of Directors' fees payable to the Directors amounting to RM238,699.00 for the financial year ended 31 May 2022.

**3. ORDINARY RESOLUTION 2  
TO RE-ELECT MR BOH BOON CHIANG AS A DIRECTOR WHO IS TO RETIRE PURSUANT TO CLAUSE 100(1) OF THE CONSTITUTION OF THE COMPANY AND, BEING ELIGIBLE, HAS OFFERED HIMSELF FOR RE-ELECTION**

The Chairman informed that Ordinary Resolution 2 was on the re-election of Mr Boh Boon Chiang, who retired as Director of the Company pursuant to Clause 100(1) of the Company's Constitution and being eligible, has offered himself for re-election.

**4. ORDINARY RESOLUTION 3  
TO RE-ELECT DATO' SERI SYED ISMAIL BIN DATO' HAJI SYED AZIZAN AS A DIRECTOR WHO IS TO RETIRE PURSUANT TO CLAUSE 100(1) OF THE CONSTITUTION OF THE COMPANY AND, BEING ELIGIBLE, HAS OFFERED HIMSELF FOR RE-ELECTION**

The Chairman informed that Ordinary Resolution 3 was on the re-election of Dato' Seri Syed Ismail Bin Dato' Haji Syed Azizan, who retired as Director of the Company pursuant to Clause 100(1) of the Company's Constitution and being eligible, has offered himself for re-election.

**5. ORDINARY RESOLUTION 4  
TO RE-APPOINT MESSRS. CROWE MALAYSIA PLT AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION.**

The Chairman informed that Ordinary Resolution 4 was to seek the Shareowners' approval on the re-appointment of Crowe Malaysia PLT as the External Auditors of the Company and to authorise the Directors to fix their remuneration. The retiring External Auditors, Crowe Malaysia PLT have indicated their willingness to continue in office.

**AS SPECIAL BUSINESS**

**6. ORDINARY RESOLUTION 5  
PAYMENT OF BENEFITS PAYABLE TO THE DIRECTORS UNDER SECTION 230(1)(B) OF THE COMPANIES ACT 2016**

The Chairman informed that the sole item under Special Business was Ordinary Resolution 5 which was to seek the Shareowners' approval on the payment of benefits payable to the Directors up to an aggregate amount of RM50,000.00 for the period from 27 November 2022 until the next Annual General Meeting.

**QUESTION AND ANSWER SESSION**

**1. QUESTION FROM THE MINORITY SHAREHOLDER WATCHDOG GROUP ("MSWG")**

It was informed that MSWG had on 18 November 2022 submitted questions and had sought clarification on issues pertaining to the Fund's Operational and Financial Matters.

The questions from MSWG were presented and read to the Shareowners for their notation – details attached as "Annexure A" to the Minutes.

## **2. QUESTIONS FROM THE SHAREOWNERS PRIOR TO THE 18<sup>TH</sup> AGM AND RECEIVED DURING THE MEETING THROUGH THE MESSAGING ICON**

The Shareowners, Proxies and Corporate Representatives then proceeded to seek further clarification on matters in relation to the Fund's Performance and other matters for financial year ended 31 May 2022. The questions together with the responses are as per the attached "Annexure B".

On the conclusion of the Questions and Answers session, the Chairman thanked the Shareowners of the Company for their questions and comments.

## **POLL PROCEDURE**

As all Agenda set out in the Notice of 18<sup>th</sup> AGM had been dealt with, the Chairman clarified that as the E-Polling process had commenced since the beginning of the 18<sup>th</sup> AGM at 11.00 a.m., he requested those whom had yet to vote, to cast their votes on the resolutions accordingly.

The Chairman informed the Shareowners, Proxies and Corporate Representatives that he had been appointed as proxy for a number of shareowners and shall vote in accordance with the instructions given.

Thereafter, the Chairman informed that the poll voting would be closed from 12.15 p.m. and the results of the poll would be revealed after the voting process ended and being verified by the Independent Scrutineers. The poll was closed at 12.30 p.m. and the Meeting was adjourned for the Independent Scrutineers to verify the polling results.

## **POLL RESULTS**

The Meeting resumed at 12.45 p.m. and the Chairman informed that the polling results for Resolutions 1 to 5 had been duly verified by Sky Corporate Services Sdn. Bhd., the appointed Scrutineers. The results of the poll was announced by the Chairman, as below :-

<b>Ordinary Resolution 1</b>	<b>Votes FOR</b>		<b>Votes AGAINST</b>	
	<b>No. of Votes</b>	<b>%</b>	<b>No. of Votes</b>	<b>%</b>
To approve the Directors' fees payable to the Directors of the Company amounting to RM238,699.00 for the financial year ended 31 May 2022.	75,708,685	98.2111	1,379,024	1.7889

It was RESOLVED:-

THAT the Directors' fees and benefits payable to the Directors of the Company amounting to RM238,699.00 for the financial year ended 31 May 2022, be and are hereby approved.

Ordinary Resolution 2	Votes FOR		Votes AGAINST	
	No. of Votes	%	No. of Votes	%
To re-elect Mr Boh Boon Chiang as a Director who is to retire pursuant to Clause 100(1) of the Constitution of the Company and being eligible, has offered himself for re-election.	43,756,291	56.8804	33,170,514	43.1196

It was RESOLVED:-

THAT Mr Boh Boon Chiang who is retiring pursuant to Clause 100(1) of the Constitution of the Fund, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 3	Votes FOR		Votes AGAINST	
	No. of Votes	%	No. of Votes	%
To re-elect Dato' Seri Syed Ismail Bin Dato' Haji Syed Azizan as a Director who is to retire pursuant to Clause 100(1) of the Constitution of the Company and, being eligible, has offered himself for re-election.	43,754,091	56.8776	33,172,618	43.1224

It was RESOLVED:-

THAT Dato' Seri Syed Ismail Bin Dato' Haji Syed Azizan who is retiring pursuant to Clause 100(1) of the Constitution of the Fund, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 4	Votes FOR		Votes AGAINST	
	No. of Votes	%	No. of Votes	%
To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	44,888,791	58.3534	32,037,018	41.6466

It was RESOLVED:-

THAT the retiring Auditors, Crowe Malaysia PLT, having indicated their willingness to accept the appointment, be and are hereby appointed as Auditors for the ensuing year until the conclusion of the next Annual General Meeting AND THAT the Directors be and are hereby authorised to fix their remuneration.

Ordinary Resolution 5	Votes FOR		Votes AGAINST	
	No. of Votes	%	No. of Votes	%
Payment of Benefits Payable to the Directors under Section 230(1)(b) of the Companies Act 2016.	75,116,651	97.6676	1,793,858	2.3324

It was RESOLVED:-

THAT the benefits payable to the Directors of the Company of up to an aggregate amount of RM50,000.00 for the period from 27 November 2022 until the next Annual General Meeting of the Company pursuant to Section 230(1)(b) of the Companies Act 2016, be and is hereby approved for payment on monthly in arrears after each month of completed service of the Directors.

## **CONCLUSION**

The Chairman thanked to all Shareowners, Proxies and Corporate Representatives for participating the Company's AGM and declared that the 18<sup>th</sup> AGM of icapital.biz Berhad concluded at 12.50 p.m.

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**RESPONSES TO QUESTIONS RECEIVED FROM**  
**MINORITY SHAREHOLDERS WATCH GROUP**  
**EIGHTEENTH ANNUAL GENERAL MEETING HELD ON 26 NOVEMBER 2022**  
**ANNEXURE A**

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**QUESTION 1**

**WITHOUT PREJUDICE**

**Operational & Financial Matters**

Environmental, Social and Governance (ESG) has been high on the agenda of investors in these two years. In addition, at the 17<sup>th</sup> AGM held on 20 November 2021, the Designated Person responsible for managing the assets of icapital.biz, Mr Tan Teng Boo had spent hours talking about his views, thoughts, and concerns on climate change.

Does the Fund Manager have a policy prohibiting investment in certain ESG-sensitive sectors? If yes, please share the sectors which are deemed ESG-sensitive.

To what extent that ESG considerations are integrated into the investment process of the Fund Manager? If yes, what is the approach (e.g., qualitative, quantitative) undertaken by the Fund Manager in integrating ESG issues into its investment process?

**ANSWER 1**

For avoidance of doubt, Mr Tan Teng Boo's presentation on climate change last year was delivered outside the formal AGM of icapital.biz Berhad (ICAP). The said special presentation aimed at producing better informed investors, as part of ICAP's own environment, social and governance practices.

ICAP does not adopt an environment, social and governance (ESG) investment objective and strategy. In particular, ICAP did not seek qualification as a sustainable and responsible investment (SRI) fund with the Securities Commission of Malaysia under the Guidelines on Sustainable on Responsible Investment Funds.

If ICAP has to adopt ESG considerations, the same must apply to unit trust funds and other collective investment schemes to level the playing field.

The ESG rating system often neglects a company's positive impacts and overweight reduction of negative impacts. For example, Company A has adverse impact on environment but creates millions of jobs for a poor country. Despite its significant positive contribution to the society, Company A will end up having low ESG score based on the ESG rating system. Exxon, a giant gas and oil company is rated top ten best in world for ESG by S&P 500, while Tesla was dropped from the list. Hence, results of ESG rating system are questionable and inconsistent.

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**ANNEXURE A**

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Names such as Microsoft, Texas Instruments, Salesforce, STMicroelectronics and Nvidia ranked high in the 100 Best ESG Companies 2021 list compiled by Investor's Business Daily. Why didn't the said ESG rating take into account the dirty supply chain of the semiconductor industry which consumes billions of gallons of water and produces toxic chemicals? Further, each smart phone is powered by numerous precious metals. The semiconductor industry has a very damaging impact to the environment yet most people are misguided by the ESG rating. We dug deep into the supply chain of a printed book and a digital book and compared their environmental impact. The results are very revealing. Read the Climate Injustice article in *i Capital* dated 23 October 2021 for more.

Besides lacking transparency, the ESG rating system is arbitrary and filled with values of developed countries and companies. It has ignored pertinent issues such as climate justice, cumulative emission and neglected ancient Asian values and wisdom. The core reason driving climate change and climate injustice is capitalism and greed of the Western developed countries. Daoism is the exact opposite of Western technology which is based on additive philosophy. Adopting Daoism by the world will save planet earth. Climate justice will stay on in perpetuity as the rich and powerful will never allow Daoism or climate justice to happen.

"Today's extreme climate change and injustice is the result of political choices made by the Western colonial powers over the past 500 – 600 years, a period dominated by what the Western authors have euphemistically termed as the Age of Renaissance and Discovery, Age of Enlightenment and Industrial Revolution and the elite political capture that has seen income and wealth inequality in most countries soar, reflecting deeply entrenched systems of colonialism, imperialism..... at the cost to the rest of the world. The rise of the US in the 20<sup>th</sup> century has aggravated these inequalities and today's extreme climate change and injustice is merely a reflection of the sad truth that the non-Western countries have to bear nowadays." Source: Climate Injustice, *i Capital* dated 23 October 2021.

Without an inclusive and fair rating system, ESG has become a tool used by the Western developed economies to reduce the competitiveness of products made in Asia. For example, the palm oil sector and Apple's key supplier, Foxconn have been receiving negative media attention for labour exploitation raising ESG concerns. Why Apple can end up ranking high on ESG while Foxconn has to bear the brunt? US magnet suppliers to F-35, Electron Energy Corp. and MP Materials struggle to compete globally with China's cheaper labor and looser regulatory standards.

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ANNEXURE A**

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Lastly, we would like to quote Elon Musk who says "ESG is a scam".

**QUESTION 2**

Closed-end funds like Scottish Mortgage Investment Trust (SMT) make public its voting disclosure (URL: <https://www.bailliegifford.com/en/uk/individual-investors/literature-library/funds/investment-trusts/scottish-mortgage/vote-disclosures/scottish-mortgage-vote-disclosure-q3-2022/>)

Every quarter, SMT provides a summary of the resolutions it voted for, against and abstained as well as the reason of reasons for abstaining or opposing certain resolutions.

Would the Fund consider similar disclosure to enhance transparency and help retail investors to make better and more informed decisions?

**ANSWER 2**

When making comparison to SMT, MSWG needs to take into account local context. In UK and the US, there are hundreds of listed closed-end funds whereas Bursa only has ONE precious closed-end fund.

Hence, the Board of Directors and Designated Person are focusing their efforts on increasing the awareness of closed-end funds and icapital.biz Berhad among Malaysian individual investors. Our priority is to provide a sound alternative investment product to investors, especially retail investors.

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**RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS**  
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**ANNEXURE B**

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**Questions from Share Owners**

**WITHOUT PREJUDICE**

**QUESTION 1**

A share owner enquired if ICAP will once again consider some special dividend for this year, perhaps a cost of living special dividend as he has been owning ICAP for 17 years and still intends to hold on to ICAP but recently times are tough, costs of living are rising.

**ANSWER 1**

Mr Tan Teng Boo hope that share owners of ICAP would treat the fund as an insurer of the last resort where the fund will not be used unless all other alternatives have been exhausted. As explained earlier, an attractive dividend yield would not help if the dividend payment is not sustainable.

**QUESTION 2**

A share owner enquired whether it is time to reward loyal & faithful share owners with a 1:2 bonus issue since ICAP has registered and achieved a NTA of RM3.20 for quite a number of years.

**ANSWER 2**

Mr Tan Teng Boo asked the share owners as to how many are in favour of a bonus issue and how many are not. Clearly majority are not as it does not make sense because the size of the cake is the same but cut into smaller pieces only. He can't see how a bonus issue can increase the intrinsic value of ICAP.

**QUESTION 3**

A share owner enquired on the long term investing strategy for SAM Engineering & Equipment Berhad (SAM), will SAM's profit continue to grow and why.

**ANSWER 3**

Mr Tan Teng Boo explained that SAM will be held for the long-term.

**QUESTION 4**

A share owner enquired for the reason for still holding on to the remaining Parkson Holdings Berhad (Parkson) shares and whether Parkson can turn around.

**ANSWER 4**

Mr Tan Teng Boo reiterated his explanation many years ago and is repeating it. Parkson is only valued at about over RM100 million and hence, is very undervalued. It is still the largest departmental store operating in China with forty over stores. Unfortunately, the last 2-3 years when Malaysia was locked down, although Parkson Malaysia suffered losses, Parkson China profited. However, when Malaysia opened up this year and Parkson Malaysia profited while Parkson China suffered losses due to a second round of lock down. So, when the 2 countries open up around the same time, Parkson's results will be much better.

**QUESTION 5**

A share owner enquired on the implication to Tong Herr Resources Berhad's (Tongher) business in producing fastener in view of the tumbling Aluminium price and also US plan to ban Russia aluminum.

**ANSWER 5**

Mr Tan Teng Boo explained that Tongher's business performance is dependent on nickel price rather than aluminium price.

**QUESTION 6**

A share owner enquired if the ICAP's investment in Capital A can be justified since the company falls under PN17 and based on its Q2-22 results, it is still operating with negative cashflow.

**ANSWER 6**

Mr Tan Teng Boo explained that the PN17 status is ridiculous. The justification for this investment is, Capital A is super undervalued. As explained in the previous AGM, ICAP bought Capital A/Airasia not because of the airline business but its digital business which is more exciting. Airline business is a commodity business like Top Glove. Airasia is now a competitor to Grab. In terms of ESG, Airasia are better as they pay their drivers a fixed salary. Mr Tan further invited the share owner to attend the Investor Day on the next day and ask Tan Sri Tony Fernandez on Capital A's digital transformation because if that succeeds, he will ask Mr Tan why he didn't buy more of Capital A instead.

**QUESTION 7**

A share owner enquired whether Airasia's super app still has a fighting chance against competitor like Grab, Booking.com as the market share growth on these

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**ANNEXURE B**

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super apps have been slow? Is Airasia's business model still competitive enough to regain or take more market share.

**ANSWER 7**

Mr Tan Teng Boo explained that the answer would be the same as previous answer on Capital A.

**QUESTION 8**

A share owner enquired whether United Plantations Berhad would benefit from sustainable aviation fuel.

**ANSWER 8**

Mr Tan Teng Boo explained that affirmatively but would not be significant. The reason why ICAP invested in the company is due to it being a very well-managed company.

**QUESTION 9**

A share owner enquired on Kronologi Asia Berhad (1) Kronologi utilized Quantum software and hardware for their main business in China, whether the US restriction will have a short term (3 years) negative effect to Kronologi's business prospect and/or damage Kronologi long term competitiveness (2) What are the competitive edge of Kronologi to sustain its long term growth since there are many similar competitors in China (3) How the Hong Kong terminal extension project would benefit Kronologi.

**ANSWER 9**

Mr Tan Teng Boo explained that the Executive Director of Kronologi Asia Berhad will be flying all the way from Singapore to ICAP's Investor Day on the next day and to make his trip worthwhile, the share owner should come and attend the Investor Day and engage with him.

**QUESTION 10**

A share owner made a statement before his question that he would like to thank and extend his appreciation to the Board for holding the 2022 hybrid AGM as this would encourage more share owners' participation (for those who can't attend physically), and he hoped this practice will continue in the future. His question were (1) Will the ICAP portfolio be too diversified as currently there are 21 companies invested (2) Whether the fund practices "Focus Investing" which invest in a few companies only (maybe 10 - 15 companies) rather than invest or diversify in many companies like a typical unit trust fund.

**ANSWER 10**

Mr Tan Teng Boo commented that this is a very observant question. Mr Tan further explained that it is hybrid (focus and diversified) as we are investing in more companies than before. The investment landscape not just locally but globally has changed dramatically. It is volatile, complex, a lot of events which have not happened before are happening now. When we are in such a confusing world, we would need a little bit more of margin of safety. For eg., we could buy some of the tech/semiconductor stocks but suddenly they could be affected by the US-China chip spat. So, we need to be more careful by looking for margin of safety and don't put big bets on a single company but smaller bets on more companies. When the investment landscape becomes clearer, then probably we will go back to previous practice where we have been very focused.

**QUESTION 11**

A share owner enquired that ICAP invested in a company with PN17 status and that PN17 status for this company is not an issue/concern as it is accounting numbers only, but is it really not an issue or concern as nothing is free with such a huge losses, someone have to pay off at the end.

**ANSWER 11**

Mr Tan commented that this question is referring to Capital A and his answer is the same as before.

**QUESTION 12**

A share owner enquired whether ICAP's legal/court case with a foreign share owner who has exceeded the 20% shareholding limit is a civil action or initiated by the Securities Commission (SC) because it is certainly a breach of regulations, or not certain yet but it is a regulatory issue. He further enquired if the 20% limit is provided in the Articles and if SC is informed. If the foreign share owner wins the court case, they may buy up to 33% and trigger a general offer (take over). He also enquired whether the court case has been deferred and whether ICAP has taken any legal action to stop them from buying more.

**ANSWER 12**

Mr Tan Teng Boo explained that ICAP's legal/court case is a civil case and is initiated by ICAP. The 20% shareholding limit is provided under the SC Guidelines on the Public Offering of Securities of Closed-end Funds (SC CEF Guidelines) and SC has been duly informed of the matter. The court case is currently in the appeal stage. Mr Tan further explained on the importance of ethical behaviour of share owners, whether the limit is 20% or 33% is not the point. The Board of ICAP has a fiduciary

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duty to ensure the laws are complied with in the event any other share owners are to sue the Board for being negligent in not taking action against any share owner who has exceeded the limit.

Chairman of ICAP further explained that, taking reference from the ICAP listing prospectus, ICAP was formed as a collective investment scheme for the benefits of the retail investors who do not normally have the professional expertise in making investment decisions. So, he believes the 20% shareholding limit provided under the SC CEF Guidelines and embedded in ICAP's Constitution is to prevent any party from exercising control over ICAP. That is why in the earlier presentation by the Fund Manager, the Board would like to focus its corporate strategy/investor relations on encouraging more individual share owners to invest in the fund.

**QUESTION 13**

A share owner enquired that since SC and Bursa refused to take action although ICAP has highlighted the 20% shareholding limit in the Constitution to them, why is the ICAP Board wasting resources by spending money to take legal action. Since CLIM is buying, the share price will go up, the fund and share owners will gain. The right approach is to pursue with the authorities and not spend money unnecessarily.

**ANSWER 13**

Chairman explained that the 20% shareholding limit is not just restricted to institution but can be to another shareholder. The question here is what is the underlying objective of having the 20%, is to prevent control. What if the individual or institutional share owners are acting in concert? This is a very tricky issue that has to be deliberated, and subject to the court to decide.

**QUESTION 14**

A share owner further enquired on share buyback destroying value, referring to Warren Buffet principle and the theory of efficient market.

**ANSWER 14**

Mr Tan Teng Boo sought clarification from the share owner whether the institutions that he is referring to are the clients of CLIM and referred to ICAP's annual report. Mr Tan highlighted on page 69 that BNYM for Emerging Markets Country Fund, and a few others, are clients of CLIM. As shown during the earlier presentation, the more CLIM bought, the wider the discount, so how will the share price go up as suggested by the share owner. On share buyback, Mr Tan further explained that Berkshire Hathaway is not a closed-end fund as the company has over USD100 billion worth of insurance business. Therefore, the principle has to be applied to the correct context. CLIM has bought 23% of ICAP and the discount has widened, so he (the share

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owner) still wants the fund to buy 10% of its own shares? In fact, as shown in the earlier presentation, for the first three years when there was no institutional investors, ICAP was trading at a premium. The discount is not due to underperformance as suggested by the share owner. In fact, ICAP has outperformed the Taiwan Fund, MPI, MSCI Malaysia as shown in the earlier presentation. ICAP has even performed better than Scottish Mortgage. The 7% to 8% ACROR is not an average performance as suggested by the share owner as ICAP has done better than MSCI Malaysia. The performance benchmark used must be realistic.

**COMMENTS**

A share owner speaking as a minority share owner, commented that he has been an investor for some time. He doesn't own 20% but only 2000 shares but he supports the Board in taking up the legal struggle even using the fund's money as this is part and parcel of Board's responsibility to look after the benefit of the share owners. He further reiterated his support to the Board in doing whatever possible, to the extent of seeking clarification on the point of law in searching for the truth and benefit from it.

Another share owner was also in full support of the Board in bringing the court case against CLIM, if possible right up to the Federal Court even if ICAP loses at the Court of Appeal. He has been attending the AGMs for many years and observed that there seemed to be a concerted effort by CLIM and Laxey Partners in trying to liquidate ICAP. Previously, we also have another closed-end fund known as Schroder Smallcap Fund, which was previously raided by the same people. He hoped this would not happen to ICAP. Besides ICAP, he also has some other investments but if it is just for dividend income, he would not have invested in ICAP as ICAP is for the long-term. He added that three of his children also own shares in ICAP, although not much but will continue to invest where possible.

Chairman thanked both of the share owners for their views.

**QUESTION 15**

A share owner sought clarification from the Fund Manager on the why some of the stocks bought for ICAP are not the same with those stocks recommended in the weekly investment newsletter published by the Investment Adviser.

**ANSWER 15**

Mr Tan Teng Boo explained that for the weekly icapital newsletter, they have a team of analysts who are free to form their own recommendations of which he may not agree with them. In short, the recommendations are by different people, not necessarily him. So the stocks bought for ICAP may not be the same as those recommended in the investment newsletter.

### **COMMENT**

A share owner commented that over the years, there are so many questions on share buyback. His point of view is that if any share owners who don't like the investment idea or have faith in the Fund Manager, can sell off their shares and leave.

### **QUESTION 16**

A share owner commented that a company in Bursa that is doing quite well in renewable energy is Mega First and what Mr tan Teng Boo's view on the company on ESG perspective.

### **ANSWER 16**

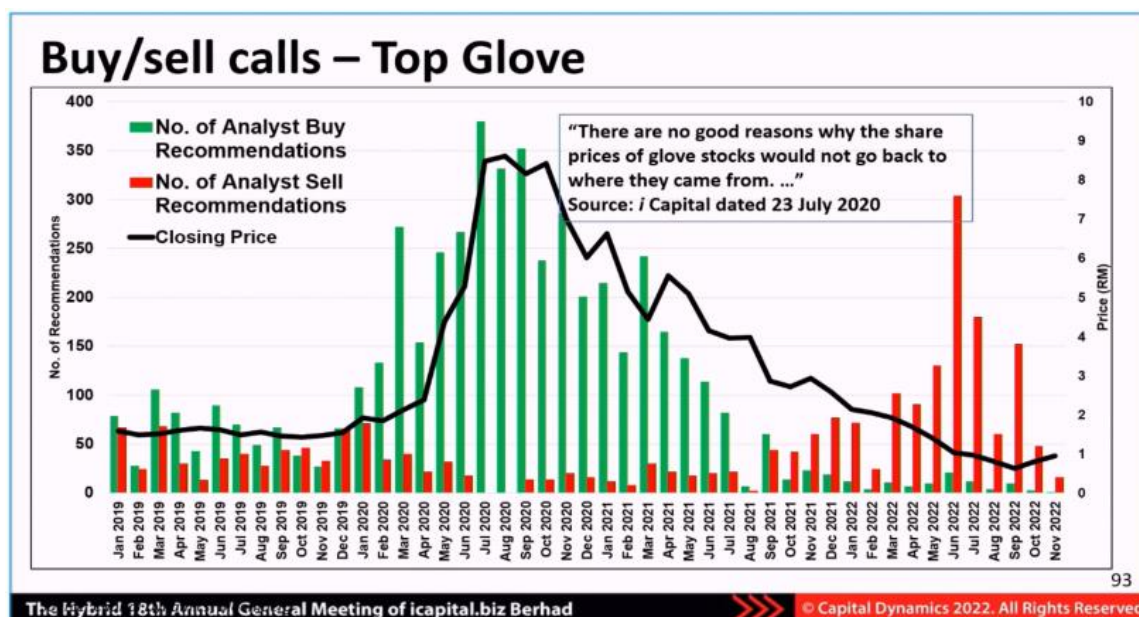
Mr Tan Teng Boo explained in general that Mega First is relying on hydroelectric power station and in construction business where many practices may not be seen as positive. As the hydroelectric project was obtained a long time ago when that Indochina country was just coming up, whether the process is transparent, proper level playing field, etc is unknown.

### **QUESTION 17**

A share owner enquired on how to view fundamental data for ICAP as all research house only cover business operations not funds operate.

### **ANSWER 17**

Mr Tan Teng Boo commented that this question illustrates why more investor education is needed because a lot of times even financial editors may report on the profit and loss of ICAP instead of its Net Asset Value (NAV). The fundamental data for ICAP is like any other unit trust fund, just look at their NAV. Assuming you own a portfolio of RM 1 million, 100,000 shares were sold and made a loss of RM10,000 but the remaining 900,000 shares is worth RM 2 million. Hence, the loss of RM10,000 does not reflect the real value of the unrealised gain inside your portfolio. For example, the experience of Top Glove in the chart below demonstrated that analysts do not understand the business of Top Glove despite it being a stock well-covered by sell-side analysts. When the share price of Top Glove was going up, more and more analysts were bullish. When the share price of Top Glove plunged, the same analysts would recommend a sell down.



If the same analysts were to cover ICAP, during the pandemic in March 2020, when the share price of ICAP is below the cash available per share, they will recommend a sell call instead.

### **QUESTION 18**

A share owner enquired further on the status of the court case and what is the best solution.

### **ANSWER 18**

Teng Boo explained that he has updated the investors on the matter earlier on. The best solution is to find out the truth, meaning did CLIM breach the 20% shareholding limit or not, as there are other share owners who may commit the same act in future.

### **QUESTION 19**

A share owner enquired on what is the short-term & long-term prospect of Capital A & the risks associated as it is the fourth largest holding by value of ICAP which includes its warrants & rcuids.

### **ANSWER 19**

Mr Tan Teng Boo reiterated his reply on Capital A, explained that it is very undervalued. Despite not received a single sen from the government, Capital A was able to bounce back very strongly across many of the markets and their flights are in demand.

**QUESTION 20**

A share owner enquired on why is so attractive about EUPE.

**ANSWER 20**

Mr Tan Teng Boo commented that the Managing Director of EUPE will be coming down on the next day to the Investor Day with 29 of his staff, and would be great for the share owner to come and attend the session to ask Dato' Beh that question. Of course, the stock is attractive to buy but only 100,000 shares bought so far.

**QUESTION 21**

A share owner enquired on Capital A, whether they are trying to build a super app, but if Grab which is the current leader is not yet earning money, why will Capital A will be successful and what is their competitive advantage.

**ANSWER 21**

Mr Tan Teng Boo commented that the question is the same, it's Capital A. As explained, it's the digital side, it will take at least 3-5 years' time frame before its digital business can be more attractive than it is now. Recently, their Big Pay has achieved a very important milestone, their carded users exceeded 1 million.

**QUESTION 22**

A share owner enquired "our company's performance would have been much better if some of the stock selection does not have some really disastrous ones. How to ensure losses are well controlled or cut quickly to prevent future occurrences? What are ICAP's plans for the bad selections, still in our Co's portfolio?"

**ANSWER 22**

Mr Tan Teng Boo agreed but at the same time, we also have some superb ones, so in any portfolio, there will be some not so good performing and some good performing, any fund will have the same kind of pattern, for eg. John Templeton, a proven successful investor once said "If overall, you can get a 60% chance of success, that means you can pick 60% of your stocks correctly, you have already done a good job." So, when you have any portfolio, be prepared to have some disastrous ones because if you are not able to pick the disastrous and the superb ones because the same principles/criteria to pick the disastrous ones and superb ones. Some of the stocks are not doing well because the share price were not doing well but we look at the underlying business value as Buffet says, don't look at share price, look at business value. One famous quotation from Buffet is this "If you can tolerate that you cannot see stock prices on Saturday and Sunday, why can't you tolerate not seeing stock prices from Monday to Friday. The share prices may sometimes be impacted by emotional response. Therefore, assess the business value.

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If you keep complaining about the discount, why never do share buyback, but when ICAP's share price dropped below cash per share, did anyone buy a single share, no. There are irrational sellers, you never take advantage of the irrational sellers.

**QUESTION 23**

A share owner enquired on (1) Why are we using MSCI as benchmark of performance comparison instead of using KLCI (2) Would like to hear from Mr Tan Teng Boo on his succession planning, what happens with ICAP after him.

**ANSWER 23**

Mr Tan Teng Boo answered the first question explaining that some share owners were concerned about the Fund spending on legal fees. If we use KLCI, we have to pay the index maker approximately US\$21,000 per annum ie. close to RM100,000 annually whereas there is no charges for MSCI as of now. We do things for the benefit of the share owners and the Company. On the second question on success planning, Mr Tan has 3 other fund managers other than himself. Mr Tan also gave assurance that he is developing business succession all the time.

**QUESTION 24**

A share owner enquired on how can he obtain a copy of the printed Annual Report of ICAP.

**ANSWER 24**

Mr Tan Teng Boo commented that this question worries him a lot as ICAP sends printed copies of the annual report to all share owners through the Share Registrar and yet, we received feedback from investors that they don't get the physical copies. The annual report is a very important document. Please call Capital Dynamics Kuala Lumpur, we will send the annual reports again without charging a fee for the replacement copy.

**QUESTION 25**

A share owner enquired on how to increase liquidity in the trading of the shares.

**ANSWER 25**

Mr Tan Teng Boo commented that this observation is another negative perception. When investors commented that ICAP shares are very hard to buy, can we look at the accumulation by CLIM. They bought 30 over million shares without moving the

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share price up. If CLIM can buy 33 million shares without moving the share price up and widen the discount, why are you worried about liquidity.

**QUESTION 26**

A share owner suggested that ICAP should give vouchers to the share owners as share owners need it for foods.

**ANSWER 26**

Mr Tan Teng Boo commented that having physical meeting is important as we don't know whether this request is serious/genuine or not but we know in the last 2 years, people have suffered financially. That was the reason why ICAP distributed the 20 sen Covid-19 Special Relief Dividend was Mr Tan's personal experience in December 2021 of real hardship for the man on the street. We are not NGO but we have ICAP which is managed well and conservatively. We are sure that among our 3,000 over individual investors, some of them must have been affected financially. So, we took a more proactive approach to help our fellow share owners.

**QUESTION 27**

A share owner enquired if climate change is a problem, how does ICAP invest if there are more natural disaster in coming years?

**ANSWER 27**

Mr Tan Teng Boo explained that this question is very relevant. Although ICAP has not covered ESG factors in its Annual Report, but he asks companies that we research on how is climate change affecting their business. When he asks the CEOs or Managing Directors whether their companies are prepared for severe extreme weather patterns, the answer is no. None of them have thought about it or have any contingency plans. However, we can't stay away from investing just because of climate change. That's why, if you can attend the afternoon Investor Day session on climate change, I can share more with you. Based on a forecast done many years ago, it showed that in 28 years from now, some parts of Malaysia will either become an island, underwater or disappear completely due to rising sea level.

**QUESTION 28**

A share owner enquired if ICAP will consider to invest into unlisted private company?

**ANSWER 28**

Mr Tan Teng Boo replied yes of course. The Fund under the SC CEF Guidelines can invest 10% of its Net Asset Value in unlisted companies. So, 10% is about RM40 million.

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We'll be more than happy to meet up with any unlisted company that is looking for a good, long term, strategic investor.

**QUESTION 29**

A share owner clarified that ICAP's constitution provides for the winding up of the Fund after its 20<sup>th</sup> anniversary. Is ICAP required to convene an EGM to deliberate on this or must it be requested by share owners?

**ANSWER 29**

Mr Tan explained that for winding the Fund is like winding up any other company. Share owners can take action anytime as long as the 10% shareholding requirement is met. It is not necessary to call for an EGM.

**QUESTION 30**

A share owner enquired on the difference between retail or institutional investors buying ICAP shares?

**ANSWER 30**

Mr Tan Teng Boo reiterated his comments made from the beginning. Truth must be discovered, but it is difficult. That is why he gave the quotation from Warren Buffett. It is regrettable that some share owners thought that he got an ulterior motive in proposing the Covid-19 Special Relief Dividend, that he is not in favour of share buyback because he wanted to earn more management fees. But when he proposed to ICAP Board to declare 20 sen Covid-19 Special Relief Dividend, less management fees were earned but sadly, nobody thanked him. Why Maybank has tonnes of institutional investors and the share price still not doing well although giving investors a 7% dividend?

The big difference between retail and institutional investors are that the latter are run by investment committees. Assuming I sit on an investment committee with 10 members and I have decided not to buy glove stocks. However, 9 of the investment committee members disagree. Even though I may be correct but I'll be out voted.

Why Warren Buffett refuses to market to institutional investors? He says when investors buying the shares, the share price should go up. Yes, if you are the correct investor. As I mentioned earlier, one of our institutional investor has bought close to 23% but the share price of ICAP didn't go up and the discount widened. Back in 2012, another institutional investor was accumulating, the discount widened. When they lost in the 2012 AGM, they sold down their shares before ceasing to be substantial shareholder. By now, we hope you would have understood the difference between retail and institutional investors.

**QUESTION 31**

A share owner enquired whether the fund manager see current Bursa is undervalued thus plan to reduce more cash in the next 6 months?

**ANSWER 31**

Mr Tan Teng Boo explained that we don't look at the market as a whole, will invest if there are undervalued stocks. As shown earlier, in 2018 ICAP had about RM300 million cash and RM150 million was invested. Some of which were SAM Engineering, Capital A and United Plantations. As and when more undervalued stocks come up, we will definitely invest more. There may come a stage where ICAP's cash level may be down to around 10% which has happened in the past, and might even go below that, if the stocks are so attractive.

**QUESTION 32**

A share owner enquired on how ICAP's investor base can be widen.

**ANSWER 32**

Mr Tan Teng Boo replied that on our side, we have to conduct a lot of investor relations campaigns, investor events. As a share owner, he can help to spread the word around to family, friends and colleagues who are interested to know what value investing is. It doesn't have to be about ICAP, it can be about value investing. We will meet and engage with them. The whole idea is to inform, increase awareness and educate. Closed-end fund is a very precious product in Malaysia. There's only one. Unlike US, US has got a closed-end fund association, CEFA. UK has got an investment trust association. They have law firms that specialise in closed-end funds, investment bankers that only deal with closed-end funds. There is none here. I'm not underestimating the difficulties involved and don't want to give you the wrong expectations. A lot of efforts are required in reaching out to as many people as possible to widen the investor base.

**QUESTION 33**

A share owner enquired whether ICAP will consider to invest into unlisted private companies. There are many good private companies which are not listed but have the potential to be the next 'unicorn'.

**ANSWER 33**

Mr Tan Teng Boo responded to the share owner positively, explaining that he would love to them.

**QUESTION 34**

A share owner questioned whether it is appropriate to put Tan Mun Lin on the board of icapital.biz? She is the Executive Director of our Fund Manager and also the Deputy CEO of Capital Dynamics. It is asking a person to assess his own performance and does not bode well for Corporate Governance.

**ANSWER 34**

Dato' Seri Chairman replied that as you are aware, ICAP has the Directors' Fit and Proper Policy, in line with the Guidelines of the Main Market Listing Requirements of Bursa Malaysia. This Policy and Guidelines provide the necessary guides. The Nomination Committee of ICAP headed by Dato' Sri Syed Ismail will also review and assess all appointment of directors before recommending to the Board for consideration. So, the appointment of Ms Tan Mun Lin, has gone through that proper process, and she is a non-executive director though non-independent, and the remaining 4 Board members are all independent and non-executive Directors.

In addition, she has very wide experience, not just on investment advisory and fund management but also in legal, regulatory and compliance.

Ms Tan Mun Lin further elaborated that in the case of ICAP, a lot of the important decisions have been passed on or empowered to the shareowners, for example if you want to change fund managers, the shareowners are the one who are deciding, not the Board. In her case, as one of the non-executive directors, although being non-independent, she believes that she can contribute in terms of creating more awareness among individual investors going forward, as part of the discount control mechanism to reach out to more younger investors, as she is also familiar with how a closed-end fund operates, how CDAM invests in the funds, so she thinks that she has an important role to play.