

# No change in icapital board

## Substantial shareholder fails again in bid to remove directors

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**KUALA LUMPUR:** All three directors up for re-election in Malaysia's close-end listed fund icapital.biz Bhd sailed through, keeping the current board intact although there was opposition from a substantial shareholder.

The resolutions were carried out with an average of 75% of the share owners voting for the re-elections of Datuk Ng Peng Hong, Datuk Seri Syed Ismail Syed Azizan and Datuk Seri Md Ajib Anuar at the AGM held on Saturday.

The opposition to their re-election came from the City of London Investment Management Co that has a 13.51% interest in the fund, based on the company's annual report.

City of London maintains that there was inadequate response from the board to icapital.biz's performance and there was a discount between the company's share price and its net asset value (NAV).

At its current price of RM2.24, icapital.biz is trading at a 20% discount to its NAV of RM2.80 as at Sept 15, based on the latest figures on

Bursa Malaysia.

The bulk of the NAV – about 66.52% or RM260mil – is in the form of cash because the fund has not been able to find “value stocks” and has had a bearish view of the markets more than a year ago.

One of the things the City of London had sought was for the fund to embark on a share buyback as a proactive measure to reduce the discount.

In response, the fund had said that a share buyback would destroy value for a close-end fund like icapital.biz. “Cash is raw material for icapital.biz. The more the shares repurchased, the lesser the capital or assets available for investments to generate capital appreciation which would lead to higher NAV growth,” said Tan Teng Boo, the designated person for icapital.biz.

Listed in 2005 with a paid-up capital of RM140mil, icapital.biz's funds are managed by Capital Dynamics Asset Management Sdn Bhd. According to the annual report, the NAV started with 99 sen in 2005 and grew to RM2.90 as at May 31, 2015 while the share price has increased from RM1.01 to RM2.32 during the

same period.

icapital.biz has not been purchasing any shares since May 31 last year, causing it to build up a high cash position.

Towards this end, Tan said the high cash level was because he felt that stocks on the local bourse were richly-valued although the market has shed more than 18% in August from its recent high in April.

“Shares that we want to buy are not selling at attractive prices,” he told *StarBiz* on the sidelines of icapital.biz AGM.

icapital.biz's portfolio comprises Boustead Holdings Bhd, Padini Holdings Bhd, PI Industrial Bhd, Suria Capital Holdings Bhd, Fraser & Neave Holdings Bhd, Malaysian Smelting Corp Bhd, Tong Herr Resources Bhd, Vitrox Corp Bhd and Wellcall Holdings Bhd.

On the China stock market correction, Tan said the Shanghai Composite Index was still in stabilising mode and had not yet found its bottom. “But China stock market has no significant impact on the Malaysian market ... only in terms of sentiment,” he said.

He said overall the global market

was in a correction mode and that situation would prolong until the US Federal Reserve finally decided to raise interest rates.

“The correction is still at the beginning. It will depend on the Federal Reserve – they are the most powerful central banker but they are so indecisive,” Tan said.

Last Friday, the US stock market closed 2% lower after the Federal Reserve decided to leave interest rates on hold.

“As an analyst, I'm still bearish on the Malaysian stock market. This is because I'm pessimistic about markets such as New York Stock Exchange, Hong Kong Hang Seng Index and Singapore Exchange.

“Overall these markets are overvalued. So when a market is overvalued, it needs some small negative events that will trigger panic selling,” Tan said.

Last year, City of London and Laxey Partners Ltd sought board representation on the listed closed-end fund but the fund's share owners had unanimously voted against the nomination of three Laxey appointees. Laxey owns 6.79% in icapital.biz.

## CIMB wins six The Asset awards

**KUALA LUMPUR:** CIMB Group once again demonstrated its leading position in Asean in the derivatives and structured products space by winning six awards at The Asset Triple A Private Banking, Wealth Management and Investment Awards 2015 in Hong Kong.

The awards were for Derivatives House of the Year (Malaysia), Best Structured Product House (Malaysia), Best Structured Product House (Indonesia), Best Structured Product House (Thailand), Best Credit Derivatives House (Malaysia), Best Structured Investment Product – Commodities (Gold Convertible and Reverse Gold Convertible Structured Products).

CIMB Group chief executive Tengku Datuk Zafrul Aziz said he was pleased that CIMB had once again shown outstanding market leadership and cutting-edge expertise in the region through the spirit of innovation and the ability to adapt to market challenges with agility, while at the same time meeting regulatory requirements.

“These awards testify to CIMB's resilience and continued capacity to