

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

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## **icapital.biz Berhad**

(Company No. 674900-X)  
(Incorporated in Malaysia)

### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO THE**

#### **PROPOSAL FOR THE INVESTMENT POLICY AND OBJECTIVES**

#### **AND**

#### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

The Notice of the Extraordinary General Meeting of icapital.biz Berhad together with the accompanying Form of Proxy are set out in this Circular. The enclosed Form of Proxy for use at the Extraordinary General Meeting should be completed in accordance with the instructions therein as soon as possible. The Form of Proxy must be lodged at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on or before the time and date indicated below should you be unable to attend the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging of Form of Proxy : Thursday, 19 November 2009 at 10.00 a.m.

Date and time of Extraordinary General Meeting : Saturday, 21 November 2009 at 10.00 a.m.

Venue for the Extraordinary General Meeting : Selangor I and II, Grand Dorsett Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan.

This Circular is dated 30 October 2009

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	:	Companies Act, 1965.
EGM	:	Extraordinary General Meeting.
Board	:	Board of Directors of icapital.biz.
Bursa Securities	:	Bursa Malaysia Securities Berhad.
CDAM or Fund Manager	:	Capital Dynamics Asset Management Sdn. Bhd. (389773-H).
CDSB or Investment Adviser	:	Capital Dynamics Sdn. Bhd. (171744-U).
Circular	:	This circular to the Share owners of icapital.biz dated 30 October 2009.
Director	:	For the purpose of definition, "Director" shall have the meaning given in Section 4 of the Act and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon.
icapital.biz or Company or Fund	:	icapital.biz Berhad (674900-X).
Investment Policy and Objectives	:	The investment policy and objectives adopted by the Fund including such variation thereof from time to time as may be approved by the members by way of Special Resolution.
Listing Requirements	:	Bursa Securities Main Market Listing Requirements, including any amendments thereto that may be made from time to time.
Major Shareholders	:	In accordance with Paragraph 10.02(f) of the Listing Requirements, "major shareholder" includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer as defined under paragraph 1.01 of the Listing Requirements or any other company which is its subsidiary or holding company.
Proposal	:	Proposal in relation to:-  I. Retaining the existing Investment Policy and Objectives; or, in the alternative, II. Proposed amendments to existing Investment Policy and Objectives.
RM and sen	:	Ringgit Malaysia and sen respectively.
Securities	:	Debentures, stocks and shares in a public company or corporation, or bonds of any government or of any body corporate or unincorporated, and includes any right or option in respect thereof.
SC	:	Securities Commission
Share owners	:	Shareholders of icapital.biz.
Shares	:	Ordinary shares of RM1.00 each in icapital.biz.
USD	:	The official currency of the United States.

Words importing the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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**icapital.biz Berhad**  
(Company No. 674900-X)  
(Incorporated in Malaysia)

**Registered Office:-**  
Level 18, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

30 October 2009

**Board of Directors:-**

YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya	<i>(Chairman/Non-Independent Non-Executive Director)</i>
Michael Vitus Wong Kuan Lee	<i>(Non-Independent Non-Executive Director)</i>
David Loo Kean Beng	<i>(Independent Non-Executive Director)</i>
YM Tengku Yunus Kamaruddin	<i>(Independent Non-Executive Director)</i>

**To: The Share owners of icapital.biz**

Dear Sir/Madam,

**PROPOSAL IN RELATION TO THE INVESTMENT POLICY AND OBJECTIVES**

**1. INTRODUCTION**

When icapital.biz Berhad (your "Fund") was listed on the Main Board of Bursa Securities on 19 October 2005, there was a three-year moratorium imposed, from the date of its listing, on any change to its Investment Policy and Objectives. Following the expiry of the said moratorium and in response to the requests of Share owners, I write to you on behalf of your Board in relation to the following:

- I. Retaining the existing Investment Policy and Objectives;  
or, in the alternative,
- II. Proposed amendments to the existing Investment Policy and Objectives.

Please refer to sections 2 to 5 for the detailed information of the Proposal.

The objective of this Circular is to provide you with all currently available information on this matter and your Board's recommendation to you to assist you in making a well informed decision on whether to approve the proposed Resolutions. The Extraordinary General Meeting to vote on the Resolutions is to be held at Selangor I and II, Grand Dorsett Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Saturday, 21 November 2009 at 10.00 a.m. The notice of the EGM containing the Resolutions is set out in this Circular.

***You are advised to read carefully the contents of this Circular before voting on the Resolutions at the forthcoming EGM.***

## 2. RATIONALE FOR THE PROPOSAL

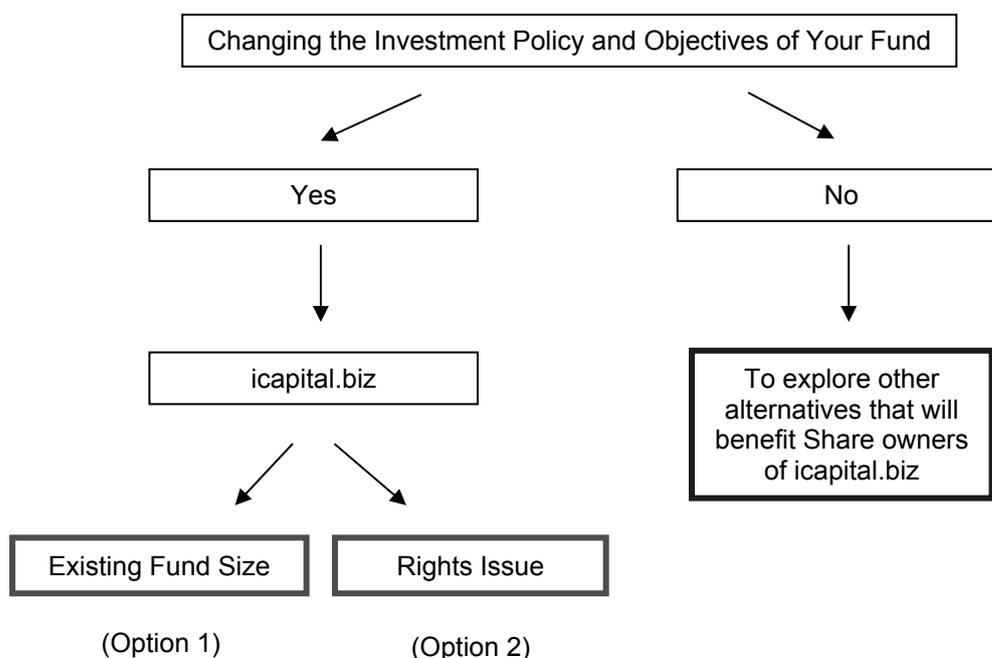
Your Board is conscious that among the motivating factors for the requests by Share owners to change the Investment Policy and Objectives of your Fund include:

- 2.1. The restriction of your Fund's investments only in securities (that is, shares, stocks, warrants and bonds) issued by companies listed on Bursa Securities;
- 2.2. The potentially higher returns of global investing; and
- 2.3. The potential diversification of risk afforded by investing in securities (this is shares, stocks, warrants and bonds) listed on the many approved foreign stock exchanges.

The current Investment Policy and Objectives of your Fund are to primarily invest in a managed portfolio of securities, which includes shares, stocks, warrant and bonds issued by companies listed on Bursa Securities, whilst the Fund may also invest in securities and bonds of unlisted companies.

## 3. DETAILS OF THE PROPOSAL

- 3.1. Various options have been explored to study the feasibility of amending your Fund's Investment Policy and Objectives to permit global investing. These options are summarised as shown below:



Source: Capital Dynamics Sdn Bhd

## 3.2. OPTION 1: INVESTING GLOBALLY WITH EXISTING FUND SIZE

Option 1 analyses the feasibility of investing globally based on the current fund size of RM267.4 million or USD78.0 million (based on an exchange rate of RM3.4295 per USD) as at 7 October 2009.

### 3.2.1. The advantages of proceeding under Option 1 include:

#### 3.2.1.1. Speed of Implementation

Assuming that sufficient liquid funds are available, icapital.biz can almost immediately proceed to invest globally under Option 1, as there is no need to obtain any additional licensing or regulatory approvals and the current Share owners are already familiar with your Fund's investment philosophy and track record.

#### 3.2.1.2. Cost of Implementation

Under Option 1, the costs of implementing the proposed change in your Fund's Investment Policy and Objectives are expected to be minimal. These costs include those incurred from holding EGM(s), the printing of circulars and notices, and are estimated at RM64,949. Note that these implementation costs refer to the procedural costs of amending your Fund's Investment Policy and Objectives only.

### 3.2.2. However, under Option 1, there are various disadvantages such as:

#### 3.2.2.1. Higher Administration Costs for a Global Fund

Administration costs include brokerage fees, custodian fees, fund administration fees and audit fees. Assuming a portfolio size of USD75.0 million (with 70% of the portfolio invested in global stock markets and 30% invested in the Malaysian stock market), the estimated costs for investing on a global basis over a 3-year time frame would be between USD138,845.48 to USD266,038.41 per annum. In relation to the fund size, these administration costs are relatively high.

#### 3.2.2.2. Insufficient Fund Size

As at 7 October 2009, your Fund has assets of RM267.4 million or USD78.0 million (based on an exchange rate of RM3.4295 per USD) of which RM230.7 million or USD67.3 million is already invested in stocks listed on Bursa Securities, leaving a balance of RM36.7 million or USD10.7 million in cash or near cash assets to invest globally. This poses three possible problems.

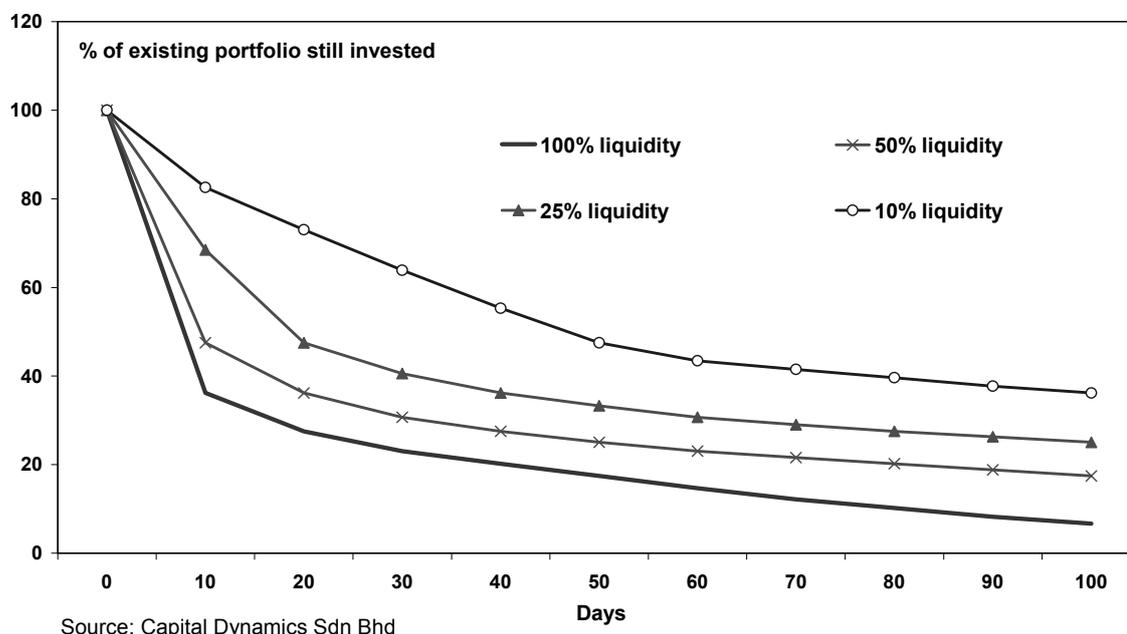
One, the available funds would be too small for global investing. Two, it is difficult to sell some of the stocks from the existing portfolio because some of them are illiquid and there is a need for sufficient lead time to do so. **Table 1** below shows the time needed to sell the entire existing portfolio. Three, some of the stocks are undervalued and are worth holding onto for the longer term. The end result is that your Fund may not have sufficient funds to invest globally on an economical and optimum scale.

This theoretical analysis attempts to model your Fund's degree of liquidity, and hence estimate the duration needed to unwind the existing portfolio, under certain reasonable assumptions. The estimates are summarised in **Figure 1** below.

100% Liquidity	50 days
50% Liquidity	101 days
25% Liquidity	202 days
10% Liquidity	504 days
<i>*rounded to nearest day</i>	

**Note**

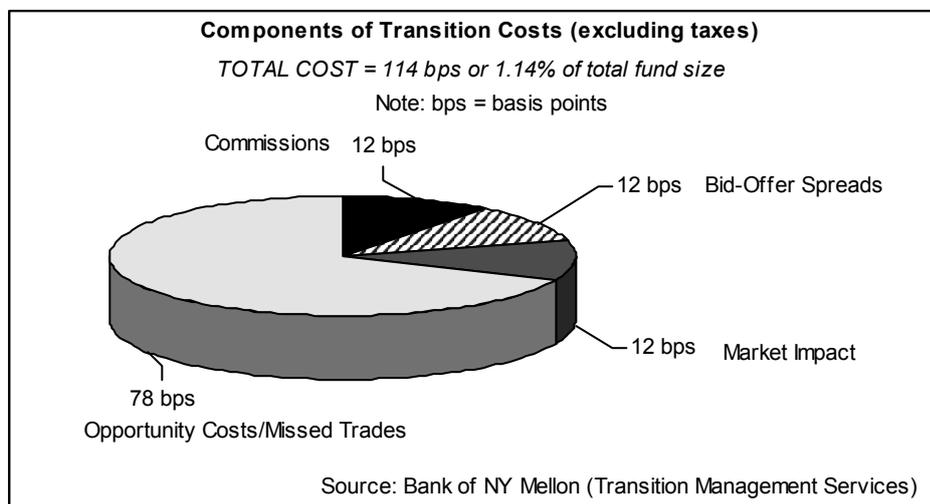
- 100% liquidity – your Fund would represent the seller of 100% of the total average daily volume in that security. This assumes that your Fund is the only seller of that security.
- 50% liquidity – your Fund would represent the sellers of 50% of the total average daily volume in each counter. This assumes that your Fund is one of 2 sellers of that security.
- 25% liquidity – your Fund would represent the sellers of 25% of the total average daily volume in each counter. This assumes that your Fund is one of 4 sellers of that security.
- 10% liquidity – your Fund would represent the sellers of 10% of the total average daily volume in each counter. This assumes that your Fund is one of 10 sellers of that security.



**Figure 1: Portfolio Liquidation by Duration**

### 3.2.2.3. Transition Risks

There are many risks and uncertainties posed by the transition or restructuring process, e.g. market liquidity, capital market activity, transaction confidentiality etc. The restructuring of your Fund from one constructed with the existing Investment Policy and Objectives in mind to one based on new Investment Policy and Objectives is not a costless or risk-free exercise, particularly if the existing portfolio consists of illiquid stocks. **Figure 2** estimates some of the direct and indirect costs incurred when transitioning or restructuring a Fund. Note that this is an illustration and does not represent the costs in the case of your Fund.



**Figure 2: Components of Transition Costs (Excluding Taxes)**

#### a. Transition Costs - Direct Costs

##### I. *Commissions*

Charges that result from the selling down of securities and buying of new securities.

##### II. *Bid-Offer Spreads*

The bid-offer spreads refer to the differences between the prices quoted for an immediate sale and an immediate purchase. The bid-offer spreads widen during periods of uncertainty and urgency, which increase the transaction costs associated with the restructuring process.

#### b. Transition Costs - Indirect Costs

While the indirect costs are less obvious, they are likely to exceed direct costs, and hence require more managing throughout the restructuring process. These include:

##### I. *Information Leakage*

A change in the Investment Policy and Objectives would indicate to other fund managers that your Fund needs to liquidate its portfolio. As information of your Fund's portfolio is publicly available in its annual reports, the actions of other fund managers may pre-empt your Fund's actions and adversely affect its efforts in restructuring its portfolio. Hence, it may not be able to sell the portfolio at the desired prices, resulting in the investment returns being negatively affected.

Your Fund has built large positions in some stocks. If large quantities of shares are being sold, the market could interpret the move as 'dumping', especially as your Fund would have to publicly announce its intention to change its Investment Policy and Objectives, thereby putting the relevant stock prices at risk of a sharp sell down.

## *II. Opportunity Costs and Missed Trades*

In order to meet the objective of global investing, your Fund would have to sell the existing stocks and reinvest the proceeds overseas. By the time the restructuring is completed (see Section 3.2.2.2.), your Fund, which may not have been able to invest in the foreign markets at the appropriate time, would have lost the opportunities to invest in the stocks listed overseas.

Your Fund may incur opportunity costs from missed trades while the existing portfolio is being restructured. Opportunity costs can constitute a large item, particularly for relatively illiquid assets. These opportunity costs can be more significant during periods of rising stock markets.

## *III. Divergence from Investment Philosophy*

To restructure the existing portfolio, your Fund has to sell the existing stocks and reinvest the proceeds globally. The liquidation has to be executed with caution so as to prevent the market prices of the existing stocks from being pressured unnecessarily. It can be a time consuming process, as the existing stocks have to be sold at attractive prices. In the event that the conditions on Bursa Securities are bearish, this could further delay the restructuring process.

The need to sell the existing portfolio in order to fund the new Investment Policy and Objectives may result in your Fund selling a well-managed portfolio at prices far below the target expected under the long term investing philosophy. This may not be in the interests of some Share owners, particularly following the sharp drop in Bursa Securities due to the financial crisis in 2008.

## *IV. Market Impact and Diminished Attractiveness*

Your Fund faces possible pressure from selling a large number of shares in the open market over a short period of time. A protracted and disruptive restructuring process could harm the long-term prospects of your Fund by damaging its strong past track record. This could reflect negatively on potential investors, which reduces the future demand and the upside potential to your Fund's market price.

The estimated costs of a restructuring process are 1.14% of the total fund size. Should these expenses apply to your Fund, at a fund size of RM267.4 million, the costs would equate to RM3.05 million. These costs will have an adverse impact on your Fund.

A major concern is the lack of ability to manage the restructuring process. A poorly managed portfolio restructuring may pose harmful intangible costs due to a damaged track record, uncertainty over the investment philosophy and diminished attractiveness to potential investors.

## *V. Confusing Perception and Valuation of Your Fund*

As your Fund would have a mixture of both Malaysian and foreign listed stocks, the problem of perception and the market's difficulty in pricing your Fund appropriately will arise and may be detrimental to the long-term interests of its Share owners. Whether investors perceive your Fund as a true global fund or whether investors still see your Fund as a local fund or what is likely, where investors cannot figure out what your Fund represents, any of these possibilities would influence, either positively or negatively, your Fund's market price.

For example, if the global stock markets rally but Bursa Securities does not or vice-versa, investors may be confused over its valuation and thus the pricing of your Fund. If investors are not certain, it is likely that this uncertainty would adversely affect the market pricing of your Fund. In addition it poses risks to the long-term attractiveness of your Fund, which is at odds with the interests of the current Share owners.

During the transition or restructuring, when your Fund's portfolio would comprise locally listed and foreign listed stocks, the choice of a performance benchmark to compare the performance of your Fund would become very troublesome. This could then result in more uncertainties for investors.

### 3.2.3. **Conclusion**

In consideration of the above factors, your Board is of the opinion that it is not feasible to change the existing Investment Policy and Objectives and still retain the existing fund size. Hence, the second option (Option 2) of increasing the size of your Fund via a rights issue was explored.

## 3.3. **OPTION 2: INCREASING FUND SIZE VIA RIGHTS ISSUE**

Option 2 explores the option to increase the fund size via a rights issue to reach the size needed in order for global investing to be feasible.

### 3.3.1 **Under Option 2, the advantages are:**

#### 3.3.1.1. Speed of Implementation

As similar to Option 1, icapital.biz, assuming sufficient funds are available, can immediately proceed to invest globally, as there is no need to obtain any additional regulatory approvals and the current Share owners are already familiar with your Fund's investment philosophy and track record.

#### 3.3.1.2. Cost of Implementation

Under Option 2, while the costs of implementing a change in your Fund's Investment Policy and Objectives will be higher than under Option 1 due to the need to raise funds, the costs are expected to be minimal. See Section 3.3.5. for an indication of the types of costs involved. Note that these implementation costs refer to the procedural costs of amending your Fund's Investment Policy and Objectives and raising funds only.

#### 3.3.1.3. Alleviating Insufficient Fund Size

Depending on the size of a rights issue, the problem of insufficient fund size may be partially alleviated. With an enlarged fund size, the problem of high administration costs may also be alleviated. In addition, your Fund would be able to invest in the foreign stock exchanges in which the absolute prices of many foreign stocks may be higher, and thus provide greater flexibility when investing in the foreign stock exchanges.

### 3.3.2. **However, under Option 2, there are various disadvantages and these are:**

### 3.3.2.1. Difficulty in Pricing a Rights Issue and Valuation

A disadvantage of Option 2 arises from the difficulties in pricing the rights issue and choosing the appropriate asset valuation of your Fund. Pricing the rights issue of your Fund may be difficult and contentious. The first difficulty relates to whether to price the rights issue at a premium or at a discount to your Fund's net asset value (NAV). Pricing it at a premium would raise the question as to why Share owners have to pay this premium, while pricing it at a discount would lead to a decline in your Fund's NAV and the necessary justification for such a decline.

The second issue is if a decision is made to price the rights issue at your Fund's NAV, there is difficulty in deciding which NAV should be used, since the market prices of your Fund's underlying investments fluctuate on a daily basis.

Your Fund would also encounter problems with valuation from a qualitative point of view. This drawback applies to both Options 1 and 2, and in general to the decision to change the existing Investment Policy and Objectives of your Fund. During the transition period, your Fund would have an existing portfolio of Malaysian securities, which may have to be wound down. As not all securities are liquid, the disposal process may be problematic, and may offset any of the temporal advantages mentioned above.

Depending on the size of the rights issue, the portfolio of your Fund would comprise the existing Malaysian securities and the cash raised from the rights issue. Hence, the various disadvantages listed below and previously explained under Option 1 (Section 3.2.2) are similarly found under Option 2, although these issues will be partially alleviated by the cash raised from the rights issue.

### 3.3.2.2. Insufficient fund size

Please refer to paragraph 3.2.2.2 of this Circular.

### 3.3.2.3. Transition Risks

Please refer to paragraph 3.2.2.3 of this Circular.

### 3.3.2.4. Information Leakage

Please refer to point (b)(I) of paragraph 3.2.2.3 of this Circular.

### 3.3.2.5. Opportunity Costs and Missed Trades

Please refer to point (b)(II) of paragraph 3.2.2.3, of this Circular.

### 3.3.2.6. Divergence from Investment Philosophy

Please refer to point (b)(III) of paragraph 3.2.2.3, of this Circular.

### 3.3.2.7. Market Impact and Diminished Attractiveness

Please refer to point (b)(IV) of paragraph 3.2.2.3, of this Circular.

### 3.3.2.8. Confusing Perception and Valuation of Your Fund

Please refer to point (b)(V) of paragraph 3.2.2.3, of this Circular.

## 3.3.3. **Approvals required**

Option 2 is conditional upon the following approvals:

### 3.3.3.1. Subject to the approval from Share owners of icapital.biz Berhad;

3.3.3.2. Subject to approval on the listing of new shares from Bursa Securities.

**3.3.4. With regard to Option 2, your Fund is required:**

3.3.4.1. To engage a principal adviser to carry out this corporate exercise;

3.3.4.2. To carry out due diligence exercise;

3.3.4.3. To seek Share owner approval on Option 2 at an EGM; and

3.3.4.4. To apply for the listing of the new shares with Bursa Securities.

**3.3.5. Costs to be involved are as follows:**

3.3.5.1. Fees payable to principal adviser;

3.3.5.2. Fees payable to due diligence solicitors;

3.3.5.3. Fees payable to service providers;

3.3.5.4. Perusal fees payable to Bursa Securities;

3.3.5.5. Listing fees payable to Bursa Securities;

3.3.5.6. Other costs such as advertisement costs, printing of circular, expenses for meeting venue, etc.

**3.3.6. Conclusion**

In conclusion, though the 2 options to utilise your Fund for global investing, either with its existing fund size (Option 1) or with an increased fund size via a rights issue (Option 2), benefit from a more straightforward licensing and regulatory process, it poses fundamental problems in the qualitative and quantitative valuation and pricing of your Fund.

**4. EFFECTS OF THE PROPOSAL**

**4.1. General**

A decision to vote **in favour of** the Ordinary Resolution to retain the existing Investment Policy and Objectives is not expected to have a material impact on the share capital, earnings, and net assets of your Fund.

However the effects are summarised below, if a decision is made:

4.1.1. To vote **against** the Ordinary Resolution to retain the existing Investment Policy and Objectives of your Fund; and

4.1.2. To vote **in favour of** the Special Resolution to amend the existing Investment Policy and Objectives,

Option 1 of the Proposal will not have an effect on share capital, but may have an impact on earnings and net assets of the Fund. Option 2 of the Proposal may have an effect on the share capital, earnings and net assets of the Company.

The Proposal is not expected to have a material effect on dividends due to your Fund's primary investment objective of long-term capital appreciation of its investments, whilst dividend and/or interest income would be of secondary consideration. However, the Fund is unable to quantify the effects at this stage as the options have not been formalised yet.

## 4.2. Risks of Global Investing

There may be more risks to global investing. While the overall advantage of investing globally is the breadth of global investment opportunities being thrown open to existing Share owners, the question is whether existing Share owners have fully appreciated the risks that come with global investing. The risks should be carefully evaluated. The list of significant risks is set out below.

### 4.2.1. Regulatory Risk

Your Fund will have investments in foreign markets including emerging markets with different legal and regulatory systems. Global investing increases the exposure of Share owners to the risk of changes in both local and foreign regulatory policies, which may have an adverse impact on your Fund. This may possibly include, the implementation of protectionist policies, imposition of confiscatory taxation and/or withholding taxes on interest payments, higher tax rates on foreign funds, foreign currency controls, risk of and change in legislation relating to the level of foreign ownership, including the nationalisation and expropriation of assets.

***For illustration purposes, if your Fund is subsequently subject to currency control such as those imposed by the Malaysian authority in September 1998, the operations of your Fund would have been substantially affected.***

### 4.2.2. Market Risk

This is the risk of market movements in directions that are not anticipated. Market conditions can and do impact the value of your Fund, and are affected by a range of factors including economic developments, political events, terrorism, natural disasters, interest rate movements, legislative changes, technological developments and market sentiment. In addition there is the risk that events may cause the underlying securities to be suspended from trading or have their quotation withdrawn from the exchange on which they are traded. This may affect the Fund Manager's ability to execute or settle transactions on behalf of your Fund.

### 4.2.3. Foreign Exchange Risk

When investing in securities listed on exchanges outside Malaysia, such investments are usually denominated in the currency of the country in which the investment takes place and therefore profits and losses are subject to foreign exchange risk. Exchange rules and laws in other countries are different to those of Malaysia and risk will arise where those rules or laws impact adversely on your Fund's investment activities in those countries.

Shares in your Fund are denominated in RM. However, securities in which the Fund may invest may be denominated in other currencies. Fluctuations in the exchange rates between RM and other currencies may impact the value of your investment.

### 4.2.4 Investing in Fixed Interest Risk

Generally, a fall in interest rates will reduce the income generated by fixed income securities held by your Fund. There is a risk that the issuer of the securities will not be able to meet principal and interest payments as and when they become due. A rise in interest rates will affect adversely the value of fixed income securities.

#### 4.2.5. Legal / Regulatory Changes and Taxation Risk

Relevant changes to laws or their interpretation including taxation laws, corporate regulatory and money laundering laws could have a negative impact on your Fund's returns.

#### 4.2.6. Underlying Security Risk

Financial markets, such as stock markets, can change rapidly. Prices depend on a number of factors including for example, interest rates, demand and supply, actions by the company or entity concerned and actions of governments. In some cases, underlying securities may be suspended from trading or have their quotation withdrawn from the exchange where they are traded.

#### 4.2.7. Macroeconomic Risk

The general state of the global economy as well as changes in taxation policy, monetary policy, interest rates, currency exchange rates and statutory requirements are some of the factors which may influence the progress of financial markets.

In view of the above risk factors, not all Share owners may share the same risk appetite, so therefore the change of Investment Policy and Objectives may not be appealing to Share owners who may want to limit their exposure to the local stock market, economy and/or currency. If the Ordinary Resolution to retain the existing Investment Policy and Objectives is rejected and the Special Resolution to amend the Investment Policy and Objectives is approved, this may cause such Share owners to sell their shares of your Fund and if significant, the selling may impact the price of your Fund.

### 5. **CONDITION FOR THE PROPOSAL**

The Proposal is conditional upon approval being obtained from the Share owners of the Fund at the forthcoming EGM to be convened.

### 6. **DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

None of the Directors of icapital.biz and/or persons connected to them as defined in the Listing Requirements, have any interest, direct or indirect, in the Proposal. icapital.biz does not have any Major Shareholder.

### 7. **DIRECTORS' RECOMMENDATION**

Your Board is of the opinion that any option recommended and chosen must protect and enhance the interests of Share owners of your Fund while achieving the objective of investing globally. It must add value to your Fund.

Having considered the analysis of the feasibility of retaining or changing your Fund's Investment Policy and Objectives to allow global investing, your Board is of the opinion that:-

- I. the Proposal pertaining to the "Ordinary Resolution - Retaining the Existing Investment Policy and Objectives" is in the best interest of the Share owners and the Company and accordingly, your Board recommends that you vote **IN FAVOUR** of the Ordinary Resolution to retain the existing Investment Policy and Objectives; and

- II. the Proposal pertaining to the “Special Resolution - Proposed Amendments to existing Investment Policy and Objectives” would not be in the interest of the Share owners and the Company and therefore, your Board recommends that you vote **AGAINST** the Special Resolution to amend the existing Investment Policy and Objectives.

Please note that the Ordinary Resolution and the Special Resolution are in the alternative. If the Ordinary Resolution has been passed, then there is no need to consider the Special Resolution at all, i.e. the Special Resolution will not be tabled for voting.

If Share owners resolved to retain the existing Investment Policy and Objectives, your Board will, at the appropriate time, revisit the issue on the Investment Policy.

However, if the Share owners approve the change in Investment Policy, then your Board, in consultation with the Fund Manager and the Investment Adviser, will explore feasible options to invest in a managed portfolio of securities listed on foreign stock exchanges, which are approved by the Securities Commission, at an opportune time.

In implementing the change in Investment Policy, your Fund will adhere to the Listing Requirements, Securities Laws and other guidelines regulated by Bursa Securities, SC and other relevant authorities. Where so required, appropriate announcements will be made and approval from the Share owners and/or the relevant authorities will be sought.

Your Board wishes to express their sincere appreciation for your support all these years.

## **8. EXTRAORDINARY GENERAL MEETING**

The forthcoming EGM, Notice of which is enclosed in this Circular, will be held at Selangor I and II, Grand Dorsett Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Saturday, 21 November 2009 at 10.00 a.m. for the purpose of seeking your approval for the Proposal.

If you are unable to attend and vote in person at the forthcoming EGM, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the registered office of the Company no later than forty-eight (48) hours before the time set for the EGM.

The completion and return of the Form of Proxy does not preclude you from attending and voting in person at the forthcoming EGM should you subsequently wish to do so.

## **9. ADDITIONAL INFORMATION**

Share owners are advised to refer to the attached Appendix I for further information.

Yours faithfully  
for and on behalf of the Board  
**icapital.biz Berhad**

**YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya**  
Chairman

**ADDITIONAL INFORMATION**

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by your Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular in so far as it relates to icapital.biz and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

**2. MATERIAL CONTRACTS**

There are no contracts which are material (not being contracts entered into in the ordinary course of business) which have been entered into by the Company within the two (2) years preceding the date of this Circular, other than contracts entered into in the ordinary course of business.

**3. MATERIAL LITIGATION**

icapital.biz is not engaged as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offences, which has a material and adverse effect on the financial position of the Company and the Board does not know of any other proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of the Company.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of icapital.biz during normal office hours from the date of the Circular to the date of the forthcoming EGM:-

- (a) Memorandum and Articles of Association of icapital.biz; and
- (b) Investment Policy and Objectives of icapital.biz.

**icapital.biz Berhad (674900 X)**  
(Incorporated in Malaysia)

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of **icapital.biz Berhad** will be held at Selangor I and II, Grand Dorsett Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan, on Saturday, 21 November 2009 at 10.00 a.m. for the following purposes:-

**A G E N D A**

1. To receive the presentation from the Designated Person of the Fund Manager and Investment Adviser on the advantages and disadvantages of the Proposal in connection with the Investment Policy.
2. To consider and if thought fit, to pass the following resolution, with or without any modifications, as an Ordinary Resolution of the Company:-

**“ORDINARY RESOLUTION**  
**- RETAINING THE EXISTING INVESTMENT POLICY AND OBJECTIVES**

THAT the existing Investment Policy and Objectives of the Company (in particular paragraph 2.a. thereof) be retained.”

3. If (and only if) the preceding Ordinary Resolution has NOT been passed by the shareholders of the Company, to consider and if thought fit, to pass the following resolution, with or without any modifications, as a Special Resolution of the Company:-

**“SPECIAL RESOLUTION**  
**- PROPOSED AMENDMENTS TO EXISTING INVESTMENT POLICY AND OBJECTIVES**

THAT the existing Investment Policy of the Company be amended by substituting with the amended Investment Policy and Objectives as set out below:-

<b>Paragraph</b>	<b>Existing Investment Policy</b>	<b>Amended Investment Policy</b>
2.a.	The principal Investment Policies of the Company are to primarily invest in a managed portfolio of securities, which includes shares, stocks, warrants and bonds issued by companies listed on the <u>Main Board, Second and MESDAQ Market</u> of Bursa Malaysia Securities Berhad (“Bursa Securities”). Whilst the Company will also invest in securities and bonds of unlisted companies, the focus will be primarily on companies listed on Bursa Securities.	The principal Investment Policies of the Company are to primarily invest in a managed portfolio of securities, which includes shares, stocks, warrants and bonds issued by companies listed on the <b>Main Market and ACE Market</b> of Bursa Malaysia Securities Berhad (“Bursa Securities”) <b>and foreign stock exchanges approved by the Securities Commission</b> . Whilst the Company will also invest in securities and bonds of unlisted companies, the focus will be primarily on companies listed on Bursa Securities <b>and foreign stock exchanges approved by the Securities Commission</b> .

Paragraph	Existing Investment Policy	Amended Investment Policy
2.d.i.	The primary asset that the Company will be investing in will be equities listed on Bursa Securities.	The primary asset that the Company will be investing in will be equities listed on Bursa Securities <b>and foreign stock exchanges approved by the Securities Commission.</b>

**By Order of The Board**

**Kuan Hui Fang** (MIA 16876)  
**Tham Wai Ying** (MAICSA 7016123)  
Company Secretaries  
Kuala Lumpur  
30 October 2009

**Notes:**

1. *A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his place. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply.*
2. *Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
4. *The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the Meeting or any adjournment thereof.*

**icapital.biz Berhad (674900-X)**  
(Incorporated in Malaysia)

CDS Account No.

**PROXY FORM**

No. of shares held

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
of [Full name in block, NRIC No./Company No. and telephone number]  
\_\_\_\_\_

being a member/members of icapital.biz Berhad, hereby appoint:-

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at Selangor I and II, Grand Dorsett Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Saturday, 21 November 2009 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
1	Ordinary Resolution – Retaining the Existing Investment Policy and Objectives		
2	Special Resolution – Proposed Amendments to Existing Investment Policy and Objectives		

*Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit. Since the resolutions are in the alternative, your direction to your proxy for one resolution should be opposite for the other resolution. For example, if you direct your proxy to vote for resolution no. 1, then you should direct your proxy to vote against resolution no. 2, and vice versa.*

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2009

\_\_\_\_\_  
Signature of Shareholder/Common Seal

Notes:

1. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his place. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply.
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Fold this flap for sealing

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AFFIX  
STAMP

The Company Secretary  
icapital.biz Berhad  
Level 18, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Then fold here

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