

## 13 ACCOUNTANTS' REPORT (Cont'd)



## 8. PROFORMA STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

Notes to the Proforma Statements of Assets and Liabilities:-

## 8.1 SHARE CAPITAL

<b>Authorised:-</b>	<b>RM</b>			
Ordinary shares of RM1 each	<u>100,000</u>			
Issued and Fully Paid-up Share Capital:-	Minimum Subscription		Maximum Subscription	
Ordinary share of RM1 each	Number of Ordinary Shares	Ordinary Shares RM	Number of Ordinary Shares	Ordinary Shares RM
As at 31 May 2005	2	2	2	2
Public Issue	59,999,998	59,999,998	139,999,998	139,999,998
Per Proforma I	<u>60,000,000</u>	<u>60,000,000</u>	<u>140,000,000</u>	<u>140,000,000</u>

## 8.2 ACCUMULATED LOSS

	Minimum Subscription RM	Maximum Subscription RM
Accumulated loss as at 31 May 2005	(138,733)	(138,733)
Listing expenses	(2,200,000)	(2,800,000)
	<u>(2,338,733)</u>	<u>(2,938,733)</u>

## 9. NET TANGIBLE ASSETS PER ORDINARY SHARE

The net tangible assets cover of icapital.biz based on the Proforma Statements of Assets and Liabilities as at 31 May 2005 as set out in Paragraph 8 above is illustrated below:

	Minimum Subscription RM	Maximum Subscription RM
Shareholders' equity before Public Issue as at 31 May 2005	(138,731)	(138,731)
Increase in net tangible assets arising from Public Issue	59,999,998	139,999,998
Less: Estimated listing expenses	(2,200,000)	(2,800,000)
Proforma Net Tangible Assets ("NTA")	<u>57,661,267</u>	<u>137,061,267</u>

**13 ACCOUNTANTS' REPORT (Cont'd)****9. NET TANGIBLE ASSETS PER ORDINARY SHARE (CONT'D)**

Number of ordinary shares of RM1.00 each in icapital.biz that are in issue:

	Minimum Subscription	Minimum Subscription
Existing ordinary share in issue	2	2
Additional shares to be issued pursuant to the Public Issue	59,999,998	139,999,998
Enlarge share capital after the Public Issue	<u>60,000,000</u>	<u>140,000,000</u>

On the basis of the enlarged issued and paid-up share capital of 60,000,000 and 140,000,000 ordinary shares of RM1.00 each, icapital.biz's net tangible assets backing per ordinary share of is RM0.96 and RM0.98, respectively.

**10. AUDITED FINANCIAL STATEMENT**

As of the date of this report, no audited financial statements have been prepared in respect of any period subsequent to 31 May 2005 for icapital.biz.

**11. DETAILS OF CAPITAL DYNAMICS ASSET MANAGEMENT SDN. BHD. ("CDAM")****11.1 BACKGROUND INFORMATION**

CDAM was incorporated on 8 June 1996 in Malaysia as a private limited company under the Malaysian Companies Act, 1965.

CDAM is principally engaged in the business as a licensed fund manager.

The financial information on CDAM have been included for reference only. The results of CDAM do not form part of the results of icapital.biz.

**11.2 SHARE CAPITAL**

As at the date of this report, the authorised share capital of CDAM is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each.

The issued and paid-up share capital of CDAM as of the date of this report is RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each.

## 13 ACCOUNTANTS' REPORT (Cont'd)



## 11. DETAILS OF CAPITAL DYNAMICS ASSET MANAGEMENT SDN. BHD. ("CDAM") (CONT'D)

## 11.2 SHARE CAPITAL (CONT'D)

The changes in the issued and paid-up share capital of the CDAM since the date of incorporation are as follows:-

Date of Allotment	Number of ordinary shares issued	Resultant number of ordinary shares in issue	Par Value per share RM	Consideration/ Type of issue	Cumulative issued and paid-up ordinary share capital RM
8 June 1996	4	4	1.00	Subscribers shares	4
22 January 1997	1,999,996	2,000,000	1.00	Cash consideration	2,000,000

## 11.3 SUMMARISED INCOME STATEMENT

The summarised results of CDAM based on the audited financial statements for the last five financial years ended are set out below:-

	Financial year ended 31 December				
	2004 RM	2003 RM	2002 RM	2001 RM	2000 RM
Revenue	1,297,961	757,677	523,160	391,800	409,227
Profit before taxation	2,074,267	550,169	242,723	157,989	537,138
Taxation	(170,679)	(115,184)	(32,853)	(43,900)	(64,600)
Profit after taxation	1,903,588	434,985	209,870	114,089	472,538

Dividends declared by CDAM based on the audited financial statements for the last five financial years are as follows:-

Financial year ended 31 December	Issued And Paid-up Share Capital RM	Dividend Rate (Gross) %	Net Dividend RM
2003 – interim dividend	2,000,000	10	144,000
2003 - final dividend	2,000,000	10	144,000
2004 – interim dividend	2,000,000	10	144,000
2004 - final dividend	2,000,000	20	288,000

## 13 ACCOUNTANTS' REPORT (Cont'd)



## 11. DETAILS OF CAPITAL DYNAMICS ASSET MANAGEMENT SDN. BHD. ("CDAM") (CONT'D)

### 11.4 SUMMARISED STATEMENT OF CHANGES IN RETAINED PROFITS

The summarised Statements of Changes in Retained Profits of CDAM based on the audited financial statements for the last five financial years are set out below:-

	Financial year ended 31 December				
	2004 RM	2003 RM	2002 RM	2001 RM	2000 RM
Retained profits brought forward	1,136,622	845,637	635,767	521,678	49,140
Net profit for the year	1,903,588	434,985	209,870	114,089	472,538
Dividends declared	(288,000)	(144,000)	-	-	-
Retained profits carried forward	<u>2,752,210</u>	<u>1,136,622</u>	<u>845,637</u>	<u>635,767</u>	<u>521,678</u>

### 11.5 SUMMARISED BALANCE SHEET

The summarised balance sheets of the CDAM based on the audited financial statements for the last five financial years are set out below:-

	As at 31 December				
	2004 RM	2003 RM	2002 RM	2001 RM	2000 RM
Non-current assets:-					
Plant and equipment	11,594	11,882	20,321	19,513	73,342
Investment	4,250,464	2,751,019	2,696,802	1,868,418	1,602,707
Development expenditure	10,000	10,000	10,000	-	-
Deferred tax asset	756	317	-	-	-
Current assets	644,697	507,501	253,880	838,012	1,010,709
Current liabilities	(165,301)	(144,097)	(134,976)	(90,076)	(160,880)
Net current assets	<u>479,396</u>	<u>363,404</u>	<u>118,904</u>	<u>747,936</u>	<u>849,829</u>
	<u>4,752,210</u>	<u>3,136,622</u>	<u>2,846,027</u>	<u>2,635,867</u>	<u>2,525,878</u>
Financed by:-					
Share capital	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Retained profits	<u>2,752,210</u>	<u>1,136,622</u>	<u>845,637</u>	<u>635,767</u>	<u>521,678</u>
	<u>4,752,210</u>	<u>3,136,622</u>	<u>2,845,637</u>	<u>2,635,767</u>	<u>2,521,678</u>
Deferred taxation	-	-	390	100	4,200
	<u>4,752,210</u>	<u>3,136,622</u>	<u>2,846,027</u>	<u>2,635,867</u>	<u>2,525,878</u>



**11. DETAILS OF CAPITAL DYNAMICS ASSET MANAGEMENT SDN. BHD. ("CDAM") (CONT'D)**

**11.6 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted by CDAM in the preparation of this report are as follows:-

**(a) General**

All significant accounting policies set out below are consistent with those applied in the previous year.

**(b) Basis of Preparation**

The financial statements are prepared under the historical cost convention unless otherwise indicated in this summary significant accounting policies. The financial statements comply with applicable approved Accounting Standards in Malaysia, and the provisions of the Companies Act, 1965.

**(c) Plant and Equipment and Depreciation**

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on the straight line method to write off the costs of property, plant and equipment over the estimated useful lives of the assets concerned.

The principal annual rates used are:-

Office equipment	20% to 33%
Furniture and fittings	20%
Reference books	10%

Plant and equipment are reviewed for impairment in accordance with the company's accounting policy for impairment of assets.

**(d) Impairment of Assets**

The carrying amounts of non current assets (other than deferred tax assets and other investments) are reviewed for impairment at each balance sheet date. Impairment losses are provided when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use which is measured by reference to discounted future cash flows.



**11. DETAILS OF CAPITAL DYNAMICS ASSET MANAGEMENT SDN. BHD. ("CDAM") (CONT'D)**

**11.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(d) Impairment of Assets (Cont'd)**

An impairment loss is charged to the income statement unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is recognised directly against the revaluation surplus account for that asset to the extent that the impairment loss does not exceed the amount held in revaluation surplus account.

An impairment loss is only reversed to the extent of previously recognised impairment losses on an asset. All reversals of an impairment loss is credited to the income statement unless the sheet is carried at revalued amount where the reversal is recognised directly to the revaluation surplus account of the same asset.

**(e) Development expenditure**

Development expenditure comprises direct and related expenses incurred on the development of web related business application software products and programs. These expenses are capitalised as development assets to the extent that such expenditure is expected to generate future economics benefits.

Development expenditure is amortised to the income statement upon the commencement of commercial use of the application software products and programs to which such expenditure relate on a straight line basis over the period of their expected benefits of three years. The development expenditure and the amortisation period are reviewed annually and the carrying amount of such expenditure will be written off when the directors consider that a continuing benefit will not accrue.

**(f) Investments**

Investments are stated at cost. An allowance is made only when the directors consider that there is a diminution in value which is other than temporary.

**(g) Trade and Other Receivables**

Receivables are carried at anticipate realisable value. Bad debts are written off as and when ascertained and allowance is made for any debts considered to be doubtful of collection.



**11. DETAILS OF CAPITAL DYNAMICS ASSET MANAGEMENT SDN. BHD. ("CDAM") (CONT'D)**

**11.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Provisions**

Provisions are recognised when the company has a present legal and constructive obligation as a result of past event and it is probable than an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

**(i) Share Capital**

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared on or before the balance sheet date are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

**(j) Statement of Cash Flows**

Cash and cash equivalents in the cash flow statement comprise cash and bank balances, deposits and short term investments which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, reduced by bank overdrafts. The statement of cash flows is prepared using the indirect method.

**(k) Revenue Recognition**

Revenue from fund management activity is recognised upon the rendering of services and is calculated based on the terms agreed with clients.

**(l) Taxation**

Tax expense/income is the aggregate amount of current and deferred tax included in the determination of net profit or loss for the year.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provide using the balance sheet liability method on temporary differences at balance sheet date between the carrying amounts of assets and liabilities and the amounts used for taxation purposes.



**11. DETAILS OF CAPITAL DYNAMICS ASSET MANAGEMENT SDN. BHD. ("CDAM") (CONT'D)**

**11.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(l) Taxation (cont'd)**

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

**(m) Employee Benefits**

**(i) Short Term Employee Benefits**

Wages, salaries and social security contributions, paid annual leave and paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees of the company.

**(ii) Defined Contribution Plan**

Defined contribution plans are post-employment benefits plans under which the company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The company's contribution to the state pension scheme and the employer's provident fund (EPF) are recognised as an expense in the period to which they relate.

**(n) Operating Lease**

Leases of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.



---

13 ACCOUNTANTS' REPORT (Cont'd)

---



**11. DETAILS OF CAPITAL DYNAMICS ASSET MANAGEMENT SDN. BHD. ("CDAM") (CONT'D)**

**11.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(o) Financial Instruments**

Financial instruments are recognised when a contractual relationship has been established.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income and distributions in respect of financial instruments classified as equity are charged to equity.

Financial instruments are offset when the company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

**11.7 AUDITORS' REPORT**

**11.7.1 AUDITORS**

The financial statements of CDAM for the financial years ended 31 December 2000, 2001, 2002, 2003 and 2004 were audited by another firm of chartered accountants.

**11.7.2 AUDIT REPORTS**

The audited financial statements of CDAM for the financial years were reported upon without any qualification.

Yours faithfully

A handwritten signature in black ink, appearing to be "Onn Kien Hoe".

**Horwath**  
Firm No: AF 1018  
Chartered Accountants

A handwritten signature in black ink, appearing to be "Onn Kien Hoe".

**Onn Kien Hoe**  
Approval No: 1772/11/06 (J/PH)  
Partner



19 September 2005

The Board of Directors  
icapital.biz Berhad  
Level 14, Uptown 1  
No. 1 Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan

**Horwath KL Tax  
Sdn Bhd** 10709-X  
Tax Consultants

C15-5 Level 15 Tower C  
Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur

603.2166.9100 Main  
603.2166.3100 Fax

www.horwath.com.my  
horwath@po.jaring.my

Dear Sirs

## **TAXATION OF CLOSED-END FUND COMPANY AND SHAREHOLDERS**

This letter has been prepared for inclusion in this Prospectus to be dated 26 September 2005 in connection with the Public Issue of shares in icapital.biz Berhad (the "Company").

### **1. TAXATION OF COMPANY**

The taxation of the Company is governed principally by Section 60H of the Malaysian Income Tax Act, 1967 ("ITA") which deals specifically with the taxation of closed-end fund companies resident in Malaysia.

The company will be regarded as resident for Malaysian tax purposes if the control and management of its business are exercised in Malaysia at any time during the year.

The chargeable income of the Company is ascertained by deducting deductible expenses specified in 1.3 below and approved gifts under Section 44(1)(c) of the ITA from the gross taxable income specified in 1.1 below. The applicable corporate tax rate on the chargeable income is 28 per cent. In arriving at the net tax liability, credit will be allowed for tax deducted at source from dividends received as stated in 1.1.1 below.

#### **1.1 DIVIDEND AND INTEREST INCOME**

##### **1.1.1 Dividend income**

Dividend income other than those below will be subject to income tax. Dividends received from Malaysian Companies will be net of tax deducted at source of 28 per cent. The tax credit will be available for offset against the Company's tax liability.

##### **a) Tax exempt dividend income**

Tax exempt dividend income is not subject to tax if the dividend received is a First Tier or Second Tier dividend. A First Tier dividend is a dividend paid by a company which originally derived the exempt income on its own or which derived it from foreign sourced income as specified in (b) below. A Second Tier dividend is a dividend paid by a company which derived the exempt income from a First Tier tax

**Horwath Offices in Malaysia:**

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang • Prai



exempt dividend received. If the dividend received is a First Tier dividend, the said dividend may be credited to an "exempt income" account for the distribution of tax exempt dividends to shareholders. If the dividend received is a Second Tier dividend, the income may not be so credited.

b) *Foreign dividends*

Dividend income derived from foreign sources such as those paid by non-Malaysian companies will be exempt from tax. If the dividend is remitted to Malaysia, the dividend income may be credited to an "exempt income" account for the distribution of tax exempt dividends to shareholders.

1.1.2 **Interest income**

a) *Malaysian interest income*

Interest income from investments other than those below will be subject to Malaysian income tax:

- (i) securities or bonds issued or guaranteed by the Government of Malaysia;
- (ii) debentures, other than convertible loan stock, approved by the Securities Commission;
- (iii) Bon Simpanan Malaysia issued by the Central Bank of Malaysia;
- (iv) bonds or securities issued by Pengurusan Danaharta Nasional Berhad;
- (v) bonds, other than convertible loan stocks, paid or credited by any company listed on the Malaysian Exchange of Securities Dealing and Automated Quotation Berhad (MESDAQ).

b) *Foreign interest income*

Interest income derived from sources outside Malaysia will be exempt from Malaysian income tax. If the interest income is remitted to Malaysia, the income may be credited to an "exempt income" account for the distribution of tax exempt dividends. However, interest income may have suffered withholding tax in the paying country.

1.2 **GAINS FROM REALISATION OF INVESTMENTS**

Gains from the realisation of investments (whether local or foreign) by the Company will be exempt from income tax and real property gains tax.

1.3 **DEDUCTIBLE EXPENSES**

Expenses generally allowable for deduction under Section 33 and 34 of the ITA such as interest expense incurred in financing of investments, will not be allowed as a deduction.

Close-end fund companies are allowed the following deductions:

1.3.1 **Proportion of permitted expenses**

The allowable deduction is 10 per cent of the total permitted expenses or the following proportion of permitted expenses, whichever is higher:



Proportion of permitted expenses =

$$A \times \frac{B}{4C}$$

where

- A is the total of the permitted expenses incurred for that basis period;
- B is the gross income consisting of dividend and interest chargeable to tax for that basis period; and
- C is the aggregate of the gross income consisting of dividend and interest (whether exempt or not) and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period.

Permitted expenses mean expenses incurred by the Company in respect of the manager's remuneration, maintenance of register of shareholders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage.

Any unabsorbed proportion of the permitted expenses will not be allowed for carry forward to future years.

### 1.3.2 Approved gifts

Deduction is allowed for approved gifts under Section 44(1)(c) but is restricted to 5 per cent of the aggregate income of the Company.

## 2. TAXATION OF SHAREHOLDERS

### 2.1 NON-TAX EXEMPT DIVIDENDS RECEIVED

Non-tax exempt dividends received from the Company are taxable in Malaysia at the rates below but attributable tax credits are available for offset against the tax payable:

- a) Individuals and non-corporate shareholders who are resident in Malaysia will be taxed at graduated rates ranging from 1 per cent to 28 per cent.
- b) Individuals and non-corporate shareholders who are not resident in Malaysia will be taxed at the non-resident tax rate of 28 per cent.
- c) Corporate shareholders whether resident or non-resident in Malaysia will be taxed at the corporate tax rate of 28 per cent. Recipients which are small and medium scale companies defined as companies with paid-up capital of RM2.5 million and below will be subject to tax at the corporate tax rate of 20 per cent on chargeable income of up to RM500,000 and 28 per cent on the excess of RM500,000 with effect from year of assessment 2004.

Any excess of tax credits over tax chargeable will be due as a tax refund.



## 2.2 TAX EXEMPT DIVIDENDS RECEIVED

Exempt dividends received by shareholders will be exempt from tax if the dividend is a First Tier dividend or Second Tier dividend. A First Tier dividend is a dividend distributed by the Company from exempt income received originally on its own or from foreign sourced income whilst a Second Tier dividend is a dividend distributed from exempt income derived by the Company from First Tier dividends received.

## 2.3 GAIN ON DISPOSAL OF SHARES IN THE COMPANY BY SHAREHOLDERS

Gains realised by shareholders (other than dealers in securities, insurance companies or financial institutions) on disposal of shares in the Company will be treated as capital gains and not subject to income tax in Malaysia.

We hereby confirm that, as at the date of this letter, the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. Shareholders of the Company are advised to seek professional advice on their respective tax positions.

Yours faithfully  
**Horwath KL Tax Sdn Bhd**

A handwritten signature in black ink, appearing to read "Poon Yew Hoe".

**Poon Yew Hoe**  
*Director*

---

## 15 STATUTORY AND OTHER GENERAL INFORMATION

---

### 15.1 SHARE CAPITAL

- (i) No securities will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of the issue of this Prospectus.
- (ii) There are no founder, management or deferred shares. There is only one (1) class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another.
- (iii) No person has been or is entitled to be given an option to purchase or subscribe for any shares, stocks or debentures of the Company.
- (iv) No shares or debentures of the Company have been or is proposed to be issued partly or fully paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this Prospectus.
- (v) The Company has no outstanding convertible debt securities.

### 15.2 ARTICLES OF ASSOCIATION

The following provisions are reproduced from the Company's Articles of Association (the words and expressions appearing in the following provision shall bear the same meanings used in the Company's Articles of Association)

#### **Transfer of shares**

##### Article 32:-

- (1) There shall be no restrictions on the transfer of fully paid up shares in the Company except as required by law.
- (2) The transfer of any securities or class of securities of the Company which are Deposited Securities shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such securities.

##### Article 33:-

A share which is not a Deposited Security may be transferred by an instrument of transfer prescribed under the Act or by an instrument in writing in any common form or in any other form which the Directors may approve. Such instrument of transfer shall be executed by or on behalf of the transferor and transferee and, the transferor shall be deemed to remain the holder of the share until the name of the transferor is entered in the Register of Members in respect thereof. All instruments of transfer, when registered, may be retained by the Company. There shall be no restriction on the transfer of fully paid securities of the Company which are quoted or to be quoted, except where required by law including the Guidelines.

---

**15 STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

---

Article 34:-

The Directors may, in their discretion, refuse to register a transfer of any share (not being a fully paid share) and which is not a Deposited Security, and they may also refuse to register a transfer of any share on which the Company has a lien or which transfer would result in a breach of the law including the Guidelines. If the Directors refuse to register a transfer they shall within thirty (30) days after the date on which the transfer was lodged with the Company send to the transferor, the lodging broker and the transferee notice of the refusal in accordance with Section 105 of the Act and the precise reason thereof. Any instrument of transfer which the Directors may decline to register shall be returned to the person who tendered the same for registration save and except in cases where the Directors suspect fraud.

Article 35:-

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Article 36:-

In respect of shares which are not Deposited Securities, the Directors may decline to recognise any instrument of transfer, unless:-

- (a) Such fee, not exceeding Ringgit Malaysia Three (RM3.00) per transfer plus the amount of the proper duty with which each certificate is chargeable under the law relating to stamp duty as the Directors may from time to time require, is paid to the Company in respect thereof;
- (b) The instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so; and
- (c) The instrument of transfer is in respect of only one class of share.

All instruments of transfer which are registered may be retained by the Company.

Article 37:-

The Company shall maintain a book called "Register of Transfers" which shall be kept by the Secretary or such other person authorised by the Directors. Particulars of the transfer or transmission of every share which is not a Deposited Security shall be entered into the Register of Transfers.

Article 38:-

Subject to the provisions of the Central Depositories Act and the Rules, the registration of transfers may be suspended at such time and for such period as the Directors may from time to time determine. At least twelve (12) market days' notice or such other period as may be specified, extended or prescribed by the Exchange of intention to close shall be given by advertisement in a daily newspaper in Malaysia and to the Exchange stating the period and the purpose or purposes of such closure. The Company shall also give notice in accordance with the Rules to prepare the appropriate Record of Depositors.

**15 STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

---

Article 39:-

There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title of any share which is not a Deposited Security, such fee, not exceeding Ringgit Malaysia Three (RM3.00) as the Directors may from time to time require or prescribe.

Article 40:-

Subject to the provisions of the Central Depositories Act and the Rules, nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Article 41:-

Neither the Company nor the Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or the Directors or other officers be legally in-operative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assigns alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

**Transmission of Securities**

Article 42:-

In the case of the death of a member, the survivor or survivors, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder shall be the only persons recognised by the Company as having any title to interest in his shares; but nothing herein contained shall release the estate of the deceased share holder (whether sole or joint holder) from any liability in respect of any share which had been held by him alone or jointly with some other person.

Article 43:-

In respect of Deposited Securities:-

- (a) a transfer of such share by any person becoming entitled to such share in consequence of the death or bankruptcy of a member may be carried out by the person becoming so entitled in accordance with the Rules and other applicable laws;
- (b) where the person becoming so entitled elects to have such share transferred to him, he shall comply with all other procedures prescribed by the Depository and lodge all documents pertaining to transfer of securities.



---

15 STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

---

Article 44:-

In respect of shares which are not Deposited Securities;

- (a) any person becoming entitled to such share in consequence of the death or bankruptcy of any member may upon such evidence of title being produced as may from time to time be required by the Directors (but subject to the provisions hereinafter contained) elect either to be registered himself as a member in respect of such shares or to have some person nominated by him registered as transferee thereof but the Directors shall in either case have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death or bankruptcy. Before recognising any executor or administrator, the Directors may require him to take out probate or letters of administration as evidence;
- (b) if the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice of transfer were a transfer signed by that member; and
- (c) a person entitled to shares in consequence of the death or bankruptcy of a member shall be entitled upon the production of such evidence as may from time to time be properly required by the Directors in that behalf to receive and may give a discharge for all dividends and other moneys payable in respect of the shares, but he shall not be entitled to receive notice of or to attend or vote at any meeting, or, save as aforesaid, to exercise any of the rights and privileges of a member, unless and until he shall have become a member in respect of the shares. Where two or more persons are jointly entitled to any share in consequence of the death of the registered holder they shall, for the purposes of these Articles, be deemed to be the joint holders of the share.

Article 45:-

(1) Where: -

- (a) the securities of the Company are listed on an Approved Market Place; and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities.

- (2) For the avoidance of doubt, where the Company fulfils the requirements of subparagraphs (a) and (b) of Article 45(1), the Company shall not allow any transmission of Securities from the Malaysian Register into the Foreign Register.

---

**15 STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

---

**Remuneration of directors**

**Article 104:-**

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always that:-

- (a) fees payable to non-executive Directors shall be by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting; and
- (c) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

**Article 105:-**

- (1) The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of the Audit Committee or any committee established by the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.
- (2) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

**Voting and Borrowing Powers of Directors**

**Article 111:-**

- (1) Subject to the unanimous approval of the members in general meeting, the Directors may exercise all the powers of the Company to borrow for the purposes of the Company such sums of money as they think proper not exceeding 30% of the Net Asset Value or other restrictions imposed by the SC from time to time, and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party. PROVIDED ALWAYS that nothing contained in these Articles shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

**15 STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

---

- (2) Notwithstanding the Guidelines, the Company shall not enter into or undertake any borrowing without the unanimous approval of members present at a members' meeting and voting thereat.
- (3) The Directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 108 of the Act in regard to the registration of mortgages and charges therein specified and otherwise.
- (4) If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

Article 121:-

Subject to these Articles, questions arising at any meeting of the Directors shall be decided by a majority of votes. Where two (2) Directors form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue, shall not have a second or casting vote.

Article 125:-

A Director who is also an alternate Director shall be entitled, in addition to his own vote, to a separate vote on behalf of the Director whom he is representing, unless Article 127 applies.

Article 126:-

Every Director shall comply with the provisions of Sections 131 and 135 of the Act in connection with the disclosure of his shareholding and interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.

Article 127:-

- (1) No Director may deliberate and vote in respect of any other contract or proposed contract or arrangement in which he is interested, directly or indirectly, nor any contract or proposed contract or arrangement with any other company in which he is interested, directly or indirectly, either as an officer of that other company or as a holder of shares or other securities in that other company. A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act.

---

**15 STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

---

Article 129:-

A Director of the Company may be or become Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Director may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them Directors or other officers of such corporation) and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid provided always that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles.

**Changes in capital & variation of class rights**

Article 13:-

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.

Article 58:-

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

Article 59:-

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company. All new shares shall be subject to the provisions herein contained with reference to allotments, the payment of calls and instalments, transmissions, forfeiture, lien or otherwise.

---

**15 STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

---

Article 60:-

- (1) Subject to the Guidelines, the Act and any applicable law or regulation, the Company may from time to time by ordinary resolution:-
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
  - (b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject nevertheless to the provisions of the Act and the Guidelines) and so that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived.
  - (c) cancel any shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
- (2) The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner authorised by the Act and subject to any consent required by law.

Article 61:-

Notwithstanding Article 62 hereof the repayment of preference share capital other than redeemable preference capital, or any other alteration of preference shareholders' rights, shall only be made pursuant to a special resolution of the preference shareholders concerned, PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Article 62:-

If at any time the share capital is divided into different classes of shares, the right attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

Article 63:-

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

---

**15 STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

---

**Amendment to Investment Policies and Objectives**

**Article 108:-**

- (3) The Company shall not change its Investment Policy and Objectives within the first three (3) years from the date the Company is listed. Any amendment to the Investment Policy and Objectives thereafter shall be approved by the members by way of a special resolution. The Company shall inform the SC and the Exchange or any other relevant regulatory authority of any proposal to change its Investment Policy and Objectives.

**Maximum Control**

**Article 110:-**

- (2) The Directors shall ensure that the Company shall not either on its own or in conjunction with any other person take legal or effective management control of its underlying investments.

**Maximum Holdings**

**Article 16:-**

- (2) Notwithstanding anything contained in these Articles to the contrary, no member shall hold more than 20% of the total issued and paid up capital of the Company.

**Prohibition against Conduct of Other Business**

**Article 108:-**

- (2) The Directors shall ensure that the Company shall not conduct any business other than that of a Closed-end fund.

**15.3 INVESTMENT RESTRICTIONS**

- (a) It is the Company' intention to observe the investment restrictions as imposed on it by the relevant authorities in order to maintain its listing on Bursa Securities.
- (b) The restrictions imposed on the Company include the following:
- (i) the Company may invest in securities of any other entity listed on Bursa Securities as long as the value of the investment is less than ten percent (10%) of the issued capital of the listed entity or ten percent (10%) of the Company's NAV, whichever is lower;
  - (ii) the Company may invest up to twenty percent (20%) of its NAV in securities listed on foreign stock exchanges in the region which the SC has prescribed as approved stock exchanges;
  - (iii) the Company will not invest in other collective investment vehicles unless it is the most appropriate mechanism for investing in a particular country;
  - (iv) the Company may invest up to a maximum of ten percent (10%) of its NAV in unlisted Malaysian companies;

**15 STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (v) the Company shall not enter into or undertake any borrowings without the unanimous approval of its shareholders present at a general meeting and such borrowings shall not exceed thirty percent (30%) of its NAV at any time; and
- (vi) the Company will only enter into foreign exchange transactions where such transactions are incidental to the management of its investments.

**15.4 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (i) The names, addresses and occupations of the Directors of icapital.biz are set out in the Corporate Directory section at the front of this Prospectus.
- (ii) A director of the Company is not required to hold any qualification shares in the Company.
- (iii) There are no remunerations paid to the directors of the Company for the financial period ended 31 May 2005. For the financial year ending 31 May 2006, the remuneration payable to the directors of the Company is estimated up to RM100,000.

The number of Directors in the various remuneration bands are set out below:-

Up to RM100,000	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">-</td> <td style="text-align: center;">4</td> </tr> </table>	-	4
-	4		

- (iv) None of the Directors of the Company had or has any interest, direct or indirect, in the promotion of or in any assets acquired or proposed to be acquired or assets disposed of or proposed to be disposed of or leased to or proposed to be leased to the Company within the two (2) years preceding the date of this Prospectus.
- (v) None of the Directors and/or substantial shareholders of the Company has any interest, direct or indirect, in any businesses and corporations carrying on a similar trade as any of the Company.
- (vi) None of the Directors save as disclosed above have received any amounts or benefits paid or given by the Company other than by the virtue of their directorships as disclosed in Section 15.4 of this Prospectus within the two (2) years preceding the date of the Prospectus, or intended to be so paid or given.
- (vii) Save as disclosed in Section 10.1, none of the Directors and substantial shareholders have any interest in any contract or arrangement which is significant in relation to the business of the Company subsisting at the date of this Prospectus.

## 15 STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (viii) According to the Register of Directors and Register of Substantial Shareholders, the direct and indirect interests of the Directors and substantial shareholders are as follows:-

	Nationality	Before the Public Issue				After the Public Issue			
		←-----Shareholding-----→				←-----Shareholding-----→			
		Direct	%	Indirect	%	Direct	%	Indirect	%
<b>Substantial Shareholders</b>									
YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya	Malaysian	1	50.00	-	-	See Note 1		-	-
Tan Teng Boo <sup>2</sup>	Malaysian	1	50.00	-	-	-	-	-	-
<b>Directors</b>									
Michael Vitus Wong Kuan Lee	Malaysian	-	-	-	-	-	-	See Note 3	
YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya	Malaysian	1	50.00	-	-	See Note 1		-	-
Dato' Raja Nong Chik bin Raja Zainal Abidin	Malaysian	-	-	-	-	-	-	See Note 4	
Yeoh Ah Tu	Malaysian	-	-	-	-	-	-	-	-

*Note:*

- 1 *YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya has applied for 3,000,000 Shares under the Private Placement and the final allocation will only be confirmed after the closing date. Assuming 3,000,000 Shares are allotted to YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya through the Private Placement, his shareholding in icapital.biz will range between 2.14% (under the Maximum Subscription) and 5.00% (under the Minimum Subscription).*
- 2 *Tan Yuen-Lin, the son of Tan Teng Boo has applied for 300,000 Shares under the Private Placement and the final allocation will only be confirmed after the closing date. Assuming 300,000 Shares are allotted to Tan Yuen-Lin through the Private Placement, his shareholding in icapital.biz will range between 0.21% (under the Maximum Subscription) and 0.50% (under the Minimum Subscription).*
- 3 *Ong Siok A, the spouse of Michael Vitus Wong Kuan Lee has applied for 400,000 Shares under the Private Placement and the final allocation will only be confirmed after the closing date. Assuming 400,000 Shares are allotted to Ong Siok A through the Private Placement, Michael Vitus Wong Kuan Lee's indirect shareholding in icapital.biz will range between 0.29% (under the Maximum Subscription) and 0.67% (under the Minimum Subscription).*
- 4 *Rasma Corporation Sdn Bhd, a company in which Dato' Raja Nong Chik bin Raja Zainal Abidin is a director and holds substantial shareholdings, has applied for 500,000 Shares under the Private Placement and the final allocation will only be confirmed after the closing date. Assuming 500,000 Shares are allotted to Rasma Corporation Sdn Bhd through the Private Placement, Dato' Raja Nong Chik bin Raja Zainal Abidin's indirect shareholding in icapital.biz will range between 0.36% (under the Maximum Subscription) and 0.83% (under the Minimum Subscription).*



**15 STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

---

- (ix) Save for the risk factors which are described in Section 3 of this Prospectus, the Board is not aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company.
- (x) Save as disclosed in Section 10.1 of this Prospectus, none of the Directors and/or substantial shareholders of the Company and/or person(s) connected with them are interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company taken as a whole.

**15.5 GENERAL**

- (i) The nature of the Company's business and the names of all corporations, which are deemed to be related to the Company by virtue of Section 6 of the Act are set out in Section 4 of this Prospectus.
- (ii) The manner in which copies of this Prospectus together with the Application Form may be obtained is set out in Section 16.1 of this Prospectus.
- (iii) The time of the opening of the Application List of the Public Issue is set out in Section 16.1 of this Prospectus.
- (iv) The amount payable in full on application is RM1.00 per Issue Share.
- (v) Save as disclosed in Section 3 of this Prospectus, the financial condition and operations of the Company are not affected by any of the following:-
  - (a) known trends, demands, commitments, events or uncertainties that have had or that the Company reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Company;
  - (b) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the Company;
  - (c) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position; and
  - (d) pending and threatened litigation and arbitration proceedings having an impact on the financial position of the Company.
- (vi) As at the date of this Prospectus, the Company does not have any outstanding convertible debt securities.
- (vii) Particulars relating to the working capital, borrowings, material litigation and contingent liabilities of the Company are disclosed in Section 7.6 of this Prospectus.
- (viii) The name and address of the Auditors and Reporting Accountants of the Company are set out under the "Corporate Directory" of this Prospectus.