

1 SUMMARY INFORMATION ON THE COMPANY

THE FOLLOWING IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE COMPANY. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST, IF NECESSARY, CONSULT YOUR OWN PROFESSIONAL ADVISERS. INVESTORS SHOULD BE AWARE THAT THE VALUE OF THEIR INVESTMENT IN ICAPITAL.BIZ SHARES MAY GO DOWN AS WELL AS UP.

1.1 THE COMPANY

icapital.biz's principal activities are to engage in the business of investing in Malaysian Securities and/or Other Permitted Assets for the purpose of:-

- (i) spreading investment risks; and
- (ii) managing a portfolio of investments,

to gain revenue and profit for the benefit and on behalf of its shareholders.

icapital.biz is to be established as a CEF. CEFs are public companies, which are usually quoted on a stock exchange. The capital structure of CEFs is like any other company, but instead of selling goods or services, its principal business is to invest in the securities of other companies, whether listed or unlisted. As icapital.biz has only been incorporated on 11 December 2004, it has no performance track record.

CEFs are termed "closed" because they have a fixed number of shares in issue at any one time, the prices of which will fluctuate according to supply and demand. Buying and selling of shares in listed CEFs take place through the stock exchange via licensed stockbroking companies.

CEFs pool together money for investment and usually delegate the management of their assets to a fund management company. The fund manager is accountable to the directors of the CEF, who are in turn accountable to the company's shareholders. The fund manager of icapital.biz is CDAM. In addition, as a company, a CEF is a separate legal entity whose shareholders enjoy limited liability.

1.2 INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS

Investment Objectives

The primary investment objective of icapital.biz is long-term capital appreciation of its investments, whilst dividend and/or interest income from these investments would be of secondary consideration.

Investment Policies

The principal investment policies of icapital.biz are to primarily invest in a managed portfolio of securities, which includes shares, stocks, warrants and bonds issued by companies listed on the Main Board, the Second Board and the MESDAQ Market of Bursa Securities. Whilst icapital.biz will also invest in securities and bonds of unlisted companies, the focus will be primarily on companies listed on Bursa Securities. Presently, icapital.biz has no intention to invest in derivatives and securities listed on approved foreign stock exchanges. However, the Fund Management Agreement does cater for the possibility of offshore investments in the event that icapital.biz decides to revise its investment policies to include investments in derivatives and securities listed on foreign stock exchanges. Such investments abroad are subjected to the SC's approval on foreign markets and restrictions imposed by Bank Negara Malaysia on outflow of funds.

1 SUMMARY INFORMATION ON THE COMPANY (cont'd)

icapital.biz will select companies where there is a disparity between the company's market price (in the case of listed securities) and selling price (in the case of unlisted securities) and underlying business values over the medium to long-term. icapital.biz may also invest in cash deposits and/or in short-term obligations in order to have funds available for general corporate purposes. It may also maintain such cash deposits for defensive purposes or to enable it to take advantage of buying opportunities. icapital.biz will not invest in other collective investment vehicles.

The primary asset that icapital.biz will be investing in will be equities listed on Bursa Securities. Theoretically, the asset allocation can range from 0% equities to 100% equities. The actual asset allocation of icapital.biz's investments is a function of its value investment philosophy that is based on two (2) factors, the valuation of the company and its share price. When the market is undervalued and there are many investment opportunities whereby companies are trading below their valuation, icapital.biz may invest as much as 95% of its assets in equities with the balance in cash and/or near cash assets. Likewise, if the market is overvalued and there are minimal investment opportunities, icapital.biz's asset allocation would have a lesser bias towards equities and can go as low as 10% - 20%, for example. The balance 80% - 90% will be in cash and/or near cash assets. However, it should be highlighted that certain levels of cash and/or near cash assets will be maintained in order for icapital.biz to have funds available for general corporate purposes, defensive purposes and/or to enable it to take advantage of buying opportunities.

The investment approach/philosophy of the Fund Manager is set out in Section 5.1.2 of this Prospectus. icapital.biz's investment policies and objectives will not be changed within the first three (3) years from the date of its listing on Bursa Securities. Any amendment to the investment policies and objectives thereafter shall only be approved by the shareholders of icapital.biz by way of a special resolution.

Investment Restrictions

It is also icapital.biz's investment policy that the investment in any one (1) company listed on Bursa Securities shall not exceed ten percent (10%) of its NAV or ten percent (10%) of the issued share capital of the said listed company, whichever is lower. icapital.biz may also invest a maximum of ten percent (10%) of its NAV in unlisted Malaysian companies. icapital.biz also proposes that no borrowings shall be employed by it. Subject to the unanimous approval from shareholders present at a shareholders' meeting and voting thereat, icapital.biz will not enter into or undertake any borrowings. icapital.biz shall not grant or guarantee any credit facility.

icapital.biz shall not either itself or in conjunction with any other person take legal or effective management control of the entity in which it invests.

1.3 MINIMUM SUBSCRIPTION

The minimum subscription amount to be raised by icapital.biz pursuant to the Public Issue is RM59,999,998. If the minimum subscription is not received within one (1) month from the closing date of application for the Issue Shares, all subscription monies received will be repaid in full without interest. In this event, the Listing will not proceed.

1 SUMMARY INFORMATION ON THE COMPANY (cont'd)

1.4 THE FUND MANAGER

CDAM was incorporated on 8 June 1996 as a private limited company under the Act and commenced its operations in 1997, when it obtained its Fund Manager's licence issued by the SC. To date, CDAM holds a Fund Manager's licence, issued under the SIA, which expires on 22 May 2006, after which CDAM will apply for the necessary renewal. The issued and paid-up share capital of CDAM as at the Latest Practicable Date is RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each.

Funds under CDAM's management have consistently outperformed the KLCI and the EMAS Index over the last seven (7) years. From 27 April 1998 to 31 December 2004, funds under CDAM's management achieved an impressive compound return of 22.32% per annum (*Source: Messrs. Hewitt Associates¹*) versus a compound return of 5.84% per annum for the KLCI and a compound return of 4.82% per annum for the EMAS Index (*Source: Daily Diary issued by Bursa Securities and www.bursamalaysia.com*) over the same period. The funds under CDAM's management have outperformed the KLCI and EMAS Index in every single year since 1998 and have never recorded a negative return during the said period. For 2004, the funds under CDAM's management have achieved a respectable annual return of 16.21% (*Source: Messrs. Hewitt Associates¹*) compared with an annual return of 14.29% and 9.56% for KLCI and EMAS Index respectively over the same period (*Source: Daily Diary issued by Bursa Securities and www.bursamalaysia.com*). As at 31 August 2005, CDAM manages fifty-three (53) discretionary accounts for various types of investors with a total portfolio value of approximately RM160.7 million.

CDAM's clients include individuals, reputable corporations and institutions, who among others, are ACE Synergy Insurance Bhd (part of ACE Ltd, an insurance company listed on the New York Stock Exchange), KESM Industries Bhd and Cement Industries (Sabah) Sdn Bhd.

As at the Latest Practicable Date, the Fund Manager does not have any equity holding in icapital.biz. icapital.biz is a debtor of CDAM in respect of RM6,317 incurred from the date of incorporation of icapital.biz to 31 May 2005, which consists of preliminary and pre-operating expenses.

The Fund Manager, i.e. CDAM, has appointed Tan Teng Boo as the Designated Person for icapital.biz. The Designated Person will be responsible for managing the investments of icapital.biz.

Further information on CDAM is set out in Section 5.1 of this Prospectus.

¹ CDAM has requested Hewitt Associates to verify its time weighted rate of return ("TWRR") from 27 April 1998 to 31 December 2004. The scope of Hewitt Associates' verification covers the following:

- (a) Review and confirm that the formulas provided by CDAM are appropriate for calculation of the TWRR;
- (b) Review and confirm that the formulas are correctly applied;
- (c) Checking the correctness of extraction and input of amounts and dates of cashflow to calculate the TWRR;
- (d) Checking the calculation of market values of the composite investment portfolio as at 31 December 1998, 1999, 2000, 2001, 2002, 2003 and 2004, which is limited to verifying the correctness of the last transacted price at the relevant dates; and
- (e) Review and confirm the accuracy of the TWRR for 1999-2004, actual and annualised TWRR for 27 April 1998 to 31 December 1998 and for 27 April 1998 to 31 December 2004.

1 SUMMARY INFORMATION ON THE COMPANY (cont'd)

1.5 THE CUSTODIAN

Deutsche Bank established a presence in Kuala Lumpur in 1967 and has since expanded its activities in the Malaysian market. Deutsche Bank combines local expertise with the resources of its regional and global network to offer a vast range of products and services to both international and domestic clients. These include amongst others, banks, stockbrokers, insurance companies, fund managers and trustee corporations.

The Custodian will on behalf of icapital.biz hold the investments and cash of icapital.biz. The Company will maintain a securities account with the Custodian who will handle all matters relating to the registration of securities acquired by icapital.biz. The Custodian, on behalf of icapital.biz, will also receive all dividends and distribution paid on the Company's investment.

The Custodian does not have any equity holding in icapital.biz nor has it extended any credit facilities to icapital.biz.

Further information on Deutsche Bank is set out in Section 5.2 of this Prospectus.

1.6 TAXATION POLICY

The income of icapital.biz in respect of taxable dividend income and interest income derived from or accruing in Malaysia is liable to income tax (the prevailing tax rate is 28%). Foreign sourced income derived by icapital.biz would be exempted from Malaysian income tax. Interest income from certain investment assets are exempted from income tax.

Capital gains from the realisation of investments (whether local or foreign) by icapital.biz will be exempted from income tax and real property gains tax.

Dividends paid out of non-exempt income received by shareholders will be chargeable to tax but attributable tax credits are available for offset against the tax payable. The distribution of tax-exempt dividend income by icapital.biz will be exempt from tax in the hands of the shareholders.

Please refer to Sections 4.6, 7.2 and 14 for further details on the taxation policy of icapital.biz and its shareholders.

1.7 DIVIDEND POLICY

icapital.biz carries a dividend policy that will be in line with its objectives. The Board may recommend the payment of either cash or stock dividends, while maintaining the NAV at an appropriate level.

1.8 BORROWING LIMITATIONS

In accordance with icapital.biz's Memorandum and Articles of Association, the Company shall not enter into or undertake any borrowing without the unanimous approval of members present at a members' meeting and voting thereat.

icapital.biz is not allowed to guarantee or grant any credit facility.

1 SUMMARY INFORMATION ON THE COMPANY (cont'd)

1.9 GROWTH AND PROSPECTS

CEFs (or investment trusts) have come a long way since 1868 when it was first introduced in the UK. Buying a CEF is one of the cheapest and simplest ways of accessing the stock market.

The one important factor that differentiates CEFs is the quality of the fund manager. In order to enjoy superior investment returns, having the right fund manager is imperative. Since its inception, the annual returns (net of expenses) of funds under CDAM's management have consistently outperformed the KLCI and EMAS Index.

- (i) Funds under CDAM's management have beaten the KLCI and the EMAS Index in every single year;
- (ii) Funds under CDAM's management have beaten the KLCI and the EMAS Index on a cumulative basis;
- (iii) No negative returns have been recorded in any year; and
- (iv) In 1998, 2000 and 2002, CDAM registered positive returns despite the negative returns recorded by the bearish general market.

From 27 April 1998 to 31 December 2004, funds under CDAM's management earned an annual compound return of 22.32%, compared with only 5.84% and 4.82% for the KLCI and EMAS Index respectively.

The best time to invest in a CEF is when the market is undervalued or when there is a lack of excessive optimism. Bursa Securities is currently trading at the low end of its valuation, despite the Malaysian economy recording healthy economic performance in recent years. Furthermore, based on the market capitalisation to GDP ratio, the valuation of Bursa Securities is undemanding. Clearly, such a scenario makes for a positive environment to launch icapital.biz.

Please refer to Section 6.9 for further details on the prospects of icapital.biz.

1.10 FEES, CHARGES AND EXPENSES

The Public Issue will incur fees and commissions such as listing expenses, placement commission and management fees, underwriting commission and brokerage fees.

There are operating fees in running a CEF such as management fees, custodian fees and investment advisory fees, among others. These fees are deducted from the gross income of icapital.biz.

Details of the management fees, custodian fees, investment advisory fees and administrative fees are as follows:-

(i) Management fees:-

The fees payable to CDAM under the Fund Management Agreement and the frequency of payments are as follows:-

(a) The first quarter payment:

$(0.75\% \text{ divided by } 4) \text{ multiply by } NAV^{(\text{first quarter})}$

$NAV^{(\text{first quarter})}$, being the NAV of the portfolio initially deposited by icapital.biz in the accounts held and maintained by the Custodian.

1 SUMMARY INFORMATION ON THE COMPANY (cont'd)

(b) Quarterly payments thereafter:

$(0.75\% \text{ divided by } 4) \text{ multiply by } NAV^{(\text{quarter})}$

$NAV^{(\text{quarter})}$, being the NAV of the portfolio based on the last business day of the preceding quarterly fee period.

(ii) Custodian fees:-

The fees payable to Deutsche Bank under the Custodian Agreement and the frequency of payments are as follows:-

A portfolio fee of 0.04% per annum and a transaction fee of RM65 per receipt/delivery. The Custodian's portfolio fee is calculated based on icapital.biz's asset valuation (Securities only) on a monthly basis. The transaction fee is incurred when there is a receipt or delivery of Securities in and out of icapital.biz's custody account with the Custodian, whether against payment or free of payment. These fees are inclusive of registration services and corporate action services. Cash transactions directly related to securities settlement will be waived. Clean cash payments will be subject to normal bank charges.

(iii) Investment advisory fees:-

The fees payable to CDSB under the Investment Advisory Agreement and the frequency of payments are as follows:-

(a) The first quarter payment:

$(0.75\% \text{ divided by } 4) \text{ multiply by } NAV^{(\text{first quarter})}$

$NAV^{(\text{first quarter})}$, being the NAV of the portfolio initially deposited by icapital.biz in the accounts held and maintained by the Custodian.

(b) Quarterly payments thereafter:

$(0.75\% \text{ divided by } 4) \text{ multiply by } NAV^{(\text{quarter})}$

$NAV^{(\text{quarter})}$, being the NAV of the portfolio based on the last business day of the preceding quarterly fee period.

(iv) Administrative fees:-

The fees payable to PFA under the Administration Agreement and the frequency of payments are as follows:-

Under the Administration Agreement, total fees of RM91,000 per annum is payable to the Administrator for administrative, accounting and reporting services, including the preparation of quarterly and annual financial reports.

Details of the fees and charges applicable to icapital.biz are set out in Sections 5, 15.6 and 15.7 of this Prospectus.

INVESTORS ARE ADVISED TO CONSIDER THE FEES AND CHARGES BEFORE INVESTING IN ICAPITAL.BIZ.

1 SUMMARY INFORMATION ON THE COMPANY (cont'd)

1.11 INVESTOR PROFILE

icapital.biz is suited to investors with a longer term investment horizon, typically three (3) years and above. icapital.biz will suit sophisticated investors who understand and are able to take advantage of the premiums and discounts of CEFs, attracted to the prospects of capital gains and want to have a portfolio which is professionally managed. Investors of icapital.biz are likely to seek long-term capital growth on their investments at an acceptable level of risk.

1.12 RISK FACTORS

Applicants for the Issue Shares should carefully consider the following risk factors (which are not exhaustive), in addition to the other information contained in this Prospectus before applying for the Issue Shares. For a detailed commentary on the risk factors, please refer to Section 3 of this Prospectus:-

- (i) Risk of Premium / Discount to NAV
- (ii) Volatility and Market Risk
- (iii) Market Factors
- (iv) Dependence on the Malaysian economy
- (v) Interest rate risks
- (vi) Risk of investment in unlisted Securities
- (vii) Minority interest in investee companies
- (viii) Foreign exchange risks
- (ix) Management risks
- (x) Non - compliance risks
- (xi) No prior market for icapital.biz Shares
- (xii) Volatility of icapital.biz Shares' market price
- (xiii) Political, economic and legislative considerations
- (xiv) Forward looking statements
- (xv) Delay in or abortion of the Public Issue
- (xvi) Termination of Underwriting Agreement

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1 SUMMARY INFORMATION ON THE COMPANY (cont'd)

1.13 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE

(i) Share capital		RM
Authorised:-		
1,000,000,000 icapital.biz Shares		<u>1,000,000,000</u>
Issued and paid-up:-		
The issued and paid-up share capital of icapital.biz upon listing will depend on the level of subscription. The minimum size of the Company's issued and paid-up share capital upon listing will be RM60,000,000 and the maximum will be RM140,000,000.		
(a) Minimum Subscription		
• Existing issued and paid-up		
2 ordinary shares of RM1.00 each		2
• To be issued as fully paid-up pursuant to the Private Placement		
46,999,998 ordinary shares of RM1.00 each		46,999,998
• To be issued as fully paid-up pursuant to the Public Offer to the Entitled Subscribers		
10,000,000 ordinary shares of RM1.00 each		10,000,000
• To be issued as fully paid-up pursuant to the Public Offer to the general public		
3,000,000 ordinary shares of RM1.00 each		3,000,000
		<u>60,000,000</u>
• NTA		57,661,267
• NTA per share		0.96
(b) Maximum Subscription		
• Existing issued and paid-up		
2 ordinary shares of RM1.00 each		2
• To be issued as fully paid-up pursuant to the Private Placement and Public Offer		
139,999,998 ordinary shares of RM1.00 each		139,999,998
		<u>140,000,000</u>
• NTA		137,061,267
• NTA per share		0.98
(ii) Issue Price per Issue Share		RM1.00

1 SUMMARY INFORMATION ON THE COMPANY (cont'd)**(iii) Classes of shares and ranking**

There is only one class of shares in icapital.biz namely icapital.biz Shares. The new icapital.biz Shares will rank pari passu in all respects with the other existing issued and paid-up icapital.biz Shares except that they will not rank for any dividends, rights and/or distributions declared or paid prior to the date of allotment of the new icapital.biz Shares.

Subject to any special rights attaching to any shares which may be issued by icapital.biz in the future, the holders of icapital.biz Shares shall, in proportion to the amount paid-up on icapital.biz Shares held by them, be entitled to share in the whole of the profits paid out by icapital.biz as dividends and other distributions and in the event of liquidation of the Company, any surplus shall be distributed amongst the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the liquidation, in accordance with the Company's Articles of Association.

Each shareholder shall be entitled to vote at any general meeting of icapital.biz in person or by corporate representative or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or a corporate representative or proxy or attorney shall have one vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each icapital.biz Share held. A proxy may but need not be a member of icapital.biz.

1.14 PROCEEDS FROM THE PUBLIC ISSUE AND PROPOSED UTILISATION

The minimum and maximum gross proceeds from the Public Issue amounting to RM59,999,998 and RM139,999,998 respectively will accrue entirely to icapital.biz and will be utilised as follows:-

Utilisation	Minimum Subscription (RM)	Maximum Subscription (RM)
Investment in Securities and/or Other Permitted Assets	57,799,998	137,199,998
Estimated listing expenses *	2,200,000	2,800,000
	59,999,998	139,999,998

*Note *: Any unutilised amount shall be used towards investment in Securities and/or Other Permitted Assets.*

Additional proceeds received from subscription above the minimum subscription level will contribute to a larger pool of funds for investment in Securities and/or Other Permitted Assets.

Full details of the proposed utilisation are set out in Section 2.7 of this Prospectus.

1 SUMMARY INFORMATION ON THE COMPANY (cont'd)**1.15 DIRECT AND INDIRECT SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**

The shareholdings of the substantial shareholders and directors of icapital.biz as at the Latest Practicable Date are as follows:-

	Nationality	Before the Public Issue				After the Public Issue			
		Shareholding		Shareholding		Shareholding		Shareholding	
		Direct	%	Indirect	%	Direct	%	Indirect	%
Substantial Shareholders									
YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya	Malaysian	1	50.00	-	-	See Note 1		-	-
Tan Teng Boo ²	Malaysian	1	50.00	-	-	-	-	-	-
Directors									
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).*

1 SUMMARY INFORMATION ON THE COMPANY (cont'd)

Detailed information on the substantial shareholders and directors of icapital.biz are set out in Section 8 of this Prospectus.

1.16 MATERIAL LITIGATION, COMMITMENTS AND CONTINGENT LIABILITIES

As at the Latest Practicable Date:-

- (i) icapital.biz and CDAM have no outstanding material litigation and contingent liabilities;
- (ii) icapital.biz and CDAM have no capital commitments; and
- (iii) icapital.biz and CDAM are not engaged in any material litigation or arbitration proceedings either as plaintiff or defendant and the respective Boards of Directors of icapital.biz and CDAM have no knowledge of any proceedings pending or threatened against the respective company or any facts likely to give rise to any proceedings which might materially affect the position and business of the respective company.

1.17 FINANCIAL HIGHLIGHTS

The following information has been extracted from the Accountants' Report in Section 13 of this Prospectus and should be read in conjunction with the notes thereto. There were no audit qualifications for the financial period under review. The summarised results of icapital.biz since incorporation on 11 December 2004 to 31 May 2005 are as follows:-

	Financial Period from 11.12.2004 (date of incorporation) to 31.5.2005 RM
Turnover	-
Administrative expenses	(138,733)
Loss before taxation	<u>(138,733)</u>
Depreciation	-
Interest expense	-
Loss before interest, depreciation, tax and amortisation	<u>(138,733)</u>
Less: Depreciation	-
Interest expense	-
Loss before taxation	<u>(138,733)</u>
Taxation	-
Loss after taxation	<u><u>(138,733)</u></u>
Number of ordinary shares of RM1 each in issue	<u><u>2</u></u>
Gross loss per share (RM)	<u>(69,366)</u>
Net loss per share (RM)	<u><u>(69,366)</u></u>

Notes:-

- (a) icapital.biz was dormant for the financial period under review.
- (b) All expenses of icapital.biz for the financial period under review were mainly due to preliminary expenses, pre-operating expenses and professional fees in respect of the Public Issue.

1 SUMMARY INFORMATION ON THE COMPANY (cont'd)

The following information has been extracted from the Accountants' Report in Section 13 of this Prospectus and should be read in conjunction with the notes thereto. The proforma balance sheets of icapital.biz as at 31 May 2005 and the corresponding effects of the Public Issue are as follows:-

	As at	Proforma I	
	31 May 2005	After Public Issue	
	RM	Minimum Subscription RM	Maximum Subscription RM
CURRENT ASSETS			
Other receivables, deposits and prepayments	1,280	1,280	1,280
Cash in hand	2	57,800,000	137,200,000
	1,282	57,801,280	137,201,280
CURRENT LIABILITIES			
Other payables	(140,013)	(140,013)	(140,013)
NET CURRENT (LIABILITIES) /ASSETS	(138,731)	57,661,267	137,061,267
	(138,731)	57,661,267	137,061,267
(REPRESENTED)/ FINANCED BY:-			
Share capital	2	60,000,000	140,000,000
Accumulated loss	(138,733)	(2,338,733)	(2,938,733)
Shareholders' equity	(138,731)	57,661,267	137,061,267
Number of ordinary shares of RM1 each in issue	2	60,000,000	140,000,000
Net tangible (liabilities)/assets per share (RM)	(69,366)	0.96	0.98

1.18 FUTURE FINANCIAL INFORMATION

Due to the uncertainty of the revenue arising from the nature of the business of icapital.biz, the Board has decided not to include any future financials in this Prospectus.

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2 PARTICULARS OF THE PUBLIC ISSUE

2.1 OPENING AND CLOSING OF APPLICATION LIST

The Application for the Public Issue will open at 10:00 a.m. on 26 September 2005 and will remain open until 5:00 p.m. on 7 October 2005, or for such period or periods as the Board and Kenanga at their absolute discretion may jointly decide. Late applications will not be accepted.

2.2 IMPORTANT DATES

The indicative timing of events leading up to the listing of and quotation for icapital.biz's entire enlarged issued and paid-up share capital on Bursa Securities is set out below: -

Event	Tentative Date
Opening of Application for the Issue Shares	26 September 2005
Closing of Application for the Issue Shares*	7 October 2005
Balloting Date	11 October 2005
Despatch of Notices of Allotment of the Issue Shares to successful applicants	18 October 2005
Listing and Quotation of icapital.biz's entire enlarged issued and paid-up share capital on the Main Board of Bursa Securities	19 October 2005

These dates are tentative and are subject to changes which may be necessary to facilitate implementation procedures. The application will be closed at the date stated above or such later date as the Board and Kenanga at the absolute discretion may decide.

* Should the date of closing of the application for the Issue Shares be extended, the dates for despatch of notices of allotment of the Issue Shares to successful applicants and listing of icapital.biz's entire enlarged issued and paid-up share capital of the Main Board will be extended accordingly. In the event the date of the closing of application for the Issue Shares is extended, applicants will be notified of such extension by way of advertisements placed in a widely circulated English and Bahasa Malaysia newspaper in Malaysia.

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2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2.3 SHARE CAPITAL

(i) Share capital		RM
Authorised:-		
1,000,000,000 icapital.biz Shares		<u>1,000,000,000</u>
Issued and paid-up:-		
The issued and paid-up share capital of icapital.biz upon listing will depend on the level of subscription. The minimum size of the Company's issued and paid-up share capital upon listing will be RM60,000,000 and the maximum will be RM140,000,000.		
(a) Minimum Subscription		
• Existing issued and paid-up		
2 ordinary shares of RM1.00 each		2
• To be issued as fully paid-up pursuant to the Private Placement		
46,999,998 ordinary shares of RM1.00 each		46,999,998
• To be issued as fully paid-up pursuant to the Public Offer to the Entitled Subscribers		
10,000,000 ordinary shares of RM1.00 each		10,000,000
• To be issued as fully paid-up pursuant to the Public Offer to the general public		
3,000,000 ordinary shares of RM1.00 each		3,000,000
		<u>60,000,000</u>
• NTA		57,661,267
• NTA per share		0.96
(b) Maximum Subscription		
• Existing issued and paid-up		
2 ordinary shares of RM1.00 each		2
• To be issued as fully paid-up pursuant to the Private Placement and Public Offer		
139,999,998 ordinary shares of RM1.00 each		139,999,998
		<u>140,000,000</u>
• NTA		137,061,267
• NTA per share		0.98
(ii) Issue Price per Issue Share		RM1.00

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

(iii) Classes of shares and ranking

There is only one class of shares in icapital.biz namely icapital.biz Shares. The new icapital.biz Shares will rank pari passu in all respects with the other existing issued and paid-up icapital.biz Shares except that they will not rank for any dividends, rights and/or distributions declared or paid prior to the date of allotment of the new icapital.biz Shares.

Subject to any special rights attaching to any shares which may be issued by icapital.biz in the future, the holders of icapital.biz Shares shall, in proportion to the amount paid-up on icapital.biz Shares held by them, be entitled to share in the whole of the profits paid out by icapital.biz as dividends and other distributions and in the event of liquidation of the Company, any surplus shall be distributed amongst the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the liquidation, in accordance with the Company's Articles of Association.

Each shareholder shall be entitled to vote at any general meeting of icapital.biz in person or by corporate representative or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or a corporate representative or proxy or attorney shall have one vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each icapital.biz Share held. A proxy may but need not be a member of icapital.biz.

2.4 PARTICULARS OF THE PUBLIC ISSUE

The Issue Shares are made available for subscription by way of Private Placement and Public Offer at the Issue Price, subject to the terms and conditions of this Prospectus as follows:-

(a) Minimum Subscription

	Number of icapital.biz Shares
(i) Private Placement	47,000,000
(ii) Public Offer to the Entitled Subscribers	
▪ Subscribers of i Capital and 《资本投资®》	8,800,000
▪ Subscribers of www.icapital.biz	1,200,000
(iv) Public Offer to the general public	3,000,000
Total Issue Shares	60,000,000

The allocation of the Issue Shares between the Private Placement, the Public Offer to the Entitled Subscribers and the Public Offer to the general public is subject to adjustment. In the event that either categories are undersubscribed and there is a corresponding oversubscription in the other categories, the Issue Shares may be clawed back from the undersubscribed category and reallocated to the oversubscribed category. The clawback and reallocation shall not apply in the event of over-subscription, i.e. when the aggregate subscriptions of the Issue Shares amount to more than 60,000,000 Shares.

(b) Subscription of between 60,000,000 and 140,000,000 Shares

Should the aggregate subscription of the Issue Shares for all categories, i.e. the Private Placement, the Public Offer to the Entitled Subscribers and the Public Offer to the general public amount to between 60,000,000 Shares and 140,000,000 Shares, all applications for subscription of the Issue Shares will be accepted.

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

(c) Maximum Subscription

The maximum subscription of the Issue Shares shall be an aggregate of 140,000,000 Shares.

The basis of allocation to be determined under (c) above shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants with a view of broadening the shareholding base of icapital.biz to meet the public spread requirements and to establish a liquid and an adequate market in icapital.biz Shares.

The Issue Shares under the Public Offer to Entitled Subscribers and the Public Offer to the general public of an aggregate of 13,000,000 Shares have been underwritten. The Placement Agent has received irrevocable undertakings from selected investors to take up the Issue Shares by way of private placement under the Private Placement portion.

2.5 PURPOSE OF THE PUBLIC ISSUE

icapital.biz's principal activities are to engage in the business of investing in Malaysian Securities and/or Other Permitted Assets for the purpose of:-

- (i) spreading investment risks; and
- (ii) managing a portfolio of investments,

to gain revenue and profit for the benefit and on behalf of its shareholders.

The rationale for the Public Issue are as follows:-

- (i) To source and pool funds from various investors into a collective fund principally to invest in Securities listed on Bursa Securities; and
- (ii) To obtain a listing of and quotation for the entire enlarged issued and paid-up share capital of icapital.biz on the Main Board.

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2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2.6 PRICING OF THE PUBLIC ISSUE

The issue price of RM1.00 per icapital.biz Share was determined and agreed upon by icapital.biz and Kenanga as Adviser, Underwriter and Placement Agent, after taking into account, inter-alia, the following:-

- (i) The nature of icapital.biz's business as described in Section 4 of this Prospectus;
- (ii) The industry overview, future plans and strategies and outlook of icapital.biz as described in Section 6 of this Prospectus; and
- (iii) The requirements of the SC Guidelines-CEF.

Investors should form their own views on the valuation of the Issue Shares before deciding to invest in the Issue Shares.

2.7 PROCEEDS OF THE PUBLIC ISSUE AND PROPOSED UTILISATION

The gross proceeds from the Public Issue amounting to a minimum of RM59,999,998 and a maximum of RM139,999,998 will accrue entirely to icapital.biz and icapital.biz shall bear all expenses relating to the listing of and quotation for the entire enlarged issued and paid-up share capital on the Main Board.

The proceeds are proposed to be utilised as follows:-

Utilisation	Minimum Subscription (RM)	Maximum Subscription (RM)
Investment in Securities and/or Other Permitted Assets ¹	57,799,998	137,199,998
Estimated listing expenses ^{2,3}	2,200,000	2,800,000
	59,999,998	139,999,998

Notes:-

- 1 The proceeds will form the pool of funds for investment in accordance with icapital.biz's investment policies and objectives.
- 2 The estimated listing expenses incidental to the listing and quotation for the entire issued and paid-up share capital of icapital.biz on the Main Board for both Minimum Subscription and Maximum Subscription, to be borne by icapital.biz, are as follows:-

	Minimum Subscription	Maximum Subscription
	RM	RM
Professional fees	600,000	600,000
Regulator's processing, perusal, registration and listing fees	145,500	165,500
Advertising & printing costs	512,000	512,000
Underwriting, placement and brokerage*	625,000	1,118,000
Issuing House	85,000	85,000
Miscellaneous & Contingencies	232,500	319,500
Total	2,200,000	2,800,000

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

*Note *:* Based on the estimated underwriting commission of 2.0% of the value of the 13,000,000 Issue Shares underwritten by Kenanga, placement management fee of 0.5% on the total aggregate value of Issue Shares under the private placement, placement commission of 1.5% on the total aggregate value of the Issue Shares placed out by Kenanga and brokerage fee of 1.0% on the total aggregate value of the Issue Shares under the Public Offer.

3 *Any unutilised amount shall be used towards investment in Securities and/or Other Permitted Assets.*

2.8 FEES AND COMMISSIONS RELATING TO THE PUBLIC ISSUE

The total fees and commissions relating to the Public Issue are as follows:-

- (i) estimated listing expenses (excluding underwriting, brokerage and placement fees) payable to various parties ranging from RM1,575,000 to RM1,682,000 (depending on the level of subscription of the Public Issue) representing between 1.20% and 2.63% of the gross proceeds of the Public Issue;
- (ii) placement commission of one point five percent (1.5%) of the Issue Price for the aggregate of the total value of the Issue Shares successfully placed out by the Placement Agent;
- (iii) placement management fee of point five percent (0.5%) of the Issue Price for the aggregate of the total value of the Issue Shares placed out by way of Private Placement;
- (iv) underwriting commission of two percent (2.0%) of the Issue Price of the aggregate value of the Issue Shares to be issued pursuant to the Public Offer which have been underwritten by Kenanga; and
- (v) brokerage fees of one percent (1.0%) of the Issue Price per Issue Share in respect of successful applications which bear the stamps of Kenanga, a member company of Bursa Securities or the Issuing House.

THERE ARE FEES AND CHARGES INVOLVED AND INVESTORS ARE ADVISED TO CONSIDER THE FEES AND CHARGES BEFORE INVESTING IN THE COMPANY. Other fees and charges applicable to icapital.biz are set out in Sections 5, 15.6 and 15.7 of this Prospectus.

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2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2.9 SUMMARY OF THE UNDERWRITING AGREEMENT

An underwriting agreement was entered into between icapital.biz and Kenanga, being the underwriter, on 3 August 2005 to underwrite 13,000,000 Issue Shares to be issued pursuant to the Public Offer to Entitled Subscribers and the general public ("Underwritten Shares") for an underwriting commission of 2.0% of the Issue Price multiplied by the total number of Underwritten Shares.

A summary of the salient terms of the Underwriting Agreement are set out below:-

- (A) The Underwriting Agreement is conditional upon the fulfillment of several conditions, which include the following main conditions:-
- (a) the SC having approved this Prospectus and Bursa Securities having agreed in principle on or prior to the closing date of the Public Issue ("Closing Date") to the listing of and quotation for all the issued ordinary share capital of the Company on the Main Board on terms satisfactory to Kenanga and Kenanga being reasonably satisfied that such listing and quotation will be granted two (2) clear market days (or such other period as Bursa Securities may permit) after Bursa Securities has received all the necessary supporting documents and receipt of confirmation from Bursa Depository that all accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants; and
 - (b) all other approvals and consents obtained in relation to the Public Issue as at the date of the Underwriting Agreement (including but not limited to the approval of the SC) having been obtained and being in full force and effect and not being withdrawn, revoked, suspended or terminated on or prior to the Closing Date.

If any of the conditions set forth in the Underwriting Agreement are not satisfied on or before the Closing Date and if after the Closing Date it shall become apparent to Kenanga that the public shareholding spread as required pursuant to the Listing Requirements has not been met, Kenanga shall thereupon be entitled to, terminate the Underwriting Agreement by notice in writing to the Company and in that event the Company and Kenanga shall be released and discharged from their respective obligations provided that the Company shall remain liable for the payment of the underwriting commission and of all other cost and expenses incurred in accordance with the terms of the Underwriting Agreement.

- (B) On or before the Closing Date, Kenanga shall be entitled to terminate the Underwriting Agreement by notice in writing delivered to the Company, if:-
- (a) any of the conditions referred to in the Underwriting Agreement is not satisfied, unless waived by Kenanga; or
 - (b) any adverse change or any development reasonably likely to involve an adverse change in the condition (financial or otherwise) of the Company from that set forth in the Prospectus which is material in the context of the Public Issue, or the occurrence of any event rendering untrue or incorrect to an extent which is material any representations or warranties contained in the Underwriting Agreement as though they had been given or made on such date; or

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- (c) there is withholding of information of a material nature from Kenanga, which is required to be disclosed pursuant to the Underwriting Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of Kenanga, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Company and related companies, the success of the Public Issue, or the distribution or sale of the new Shares pursuant to the Public Issue; or
- (d) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of Kenanga by reason of the coming into force of any laws or Governmental regulations or directives or any change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange or unforeseen circumstances beyond the reasonable control of Kenanga and by reason of force majeure which would have, or can reasonably be expected to have, a material adverse effect on the business or the operations of the Company or the success of the Public Offer, or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
- (e) there is failure on the part of the Company to perform any of its obligations; or
- (f) the imposition of any moratorium, suspension or material restriction on trading in any securities generally on Bursa Securities which would prejudice materially the success of the Public Offer.

Upon any such notice(s) being given pursuant to (B) above, Kenanga shall be released and discharged from its obligations as stipulated in the Underwriting Agreement whereupon the Underwriting Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of the Underwriting Agreement, save and except that the Company shall remain liable for the payment of the underwriting commission and in respect of its obligation and liabilities for the payment of costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies, and for any antecedent breach.

- (C) The Company has made several representations and warranties under the Underwriting Agreement. Upon any material breach of the said representations or warranties or any material failure to perform any of the said agreements or undertaking or any change rendering any of the said warranties, representations or agreements inaccurate in a material respect coming to the notice of Kenanga prior to the Closing Date, Kenanga shall be entitled (but not bound) by written notice to the Company, to elect to treat such breach, failure or change as releasing or discharging Kenanga from its obligations under the Underwriting Agreement.

3 RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF THE COMPANY AS OUTLINED IN THIS PROSPECTUS, APPLICANTS FOR THE ISSUE SHARES SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF THE COMPANY IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE HEREIN, BEFORE APPLYING FOR THE ISSUE SHARES.

INVESTORS SHOULD BE AWARE THAT THE VALUE OF AN INVESTMENT IN SECURITIES MAY GO DOWN AS WELL AS UP.

THERE IS NO GUARANTEE THAT THE MARKET PRICE OF ICAPITAL.BIZ'S SHARES WILL REFLECT THEIR UNDERLYING NAV PER ORDINARY SHARE. ACCORDINGLY, IT IS POSSIBLE FOR THE PRICE OF ICAPITAL.BIZ'S SHARES TO TRADE BELOW THE COMPANY'S NAV PER ORDINARY SHARE.

BURSA SECURITIES MAY EXPERIENCE SHORT TERM VOLATILITY AND AS SUCH, THE INVESTMENT IN THE COMPANY SHOULD ACCORDINGLY BE REGARDED AS LONG TERM IN NATURE.

(i) Risk of Premium / Discount to NAV

Shares of a CEF typically trade in relation to its NAV, which is the value of its assets less its liabilities. When demand is greater than supply, a CEF's share price may trade at a premium to its NAV. Likewise, when supply exceeds demand, a CEF's share price may trade at a discount to its NAV. Hence, if the premium narrows or the discount widens, investors' returns may be impacted negatively.

Principally, the performance of a CEF and the demand for it as an investment will drive changes in the level of premium or discount. For instance, if a CEF has a consistently poor performance track record, investors may be disillusioned by the fund manager and decide to exit by selling their shares, causing a decline in a CEF's market price and thereby, narrowing the premium or widening the discount.

In addition, low trading volumes and liquidity in the shares of a CEF may also result in changes to the premium/discount. Illiquid shares tend to trade less actively, thereby generating a wider price gap or mismatch between buyers and sellers in the open market. This differential may in turn, induce greater price volatility and changes in the level of the premium/discount to NAV.

Like the shares of any listed company, the shares of a CEF are bought and sold at market price. Like all companies traded on a stock exchange, the share price of a CEF is subject to the forces of demand and supply. Like the price of any listed company, the share price of a CEF need not equal its NAV. The movements in a CEF's share price are, nevertheless, influenced by the performance of the underlying investments and market sentiments.

In view of the above, while there is no assurance that the market price of icapital.biz will reflect its underlying NAV, there may be several mechanisms or options available to narrow or eliminate the discount if it occurs. These may include, among others, share repurchases, conversion to an open-end structure and liquidation. See Section 6.7 for more details.

3 RISK FACTORS (cont'd)

(ii) Volatility and Market Risk

icapital.biz principally invests in Securities listed on Bursa Securities. These Securities may be exposed to fluctuation due to unforeseen circumstances, i.e. changes due to political and economic uncertainties. Equity securities generally have greater price volatility than fixed income securities. Movement in the overseas market may also add additional risks and affect the performance of the local stock exchange. Price changes may be temporary or extended and these changes could impact the NAV of a CEF.

Nonetheless, icapital.biz's stock selections are primarily driven by the value investing philosophy of its fund manager, with emphasis on a margin of safety created by the divergences between the market prices and the underlying intrinsic values of the companies. As such, the impact of volatility and market risks will be somewhat mitigated by the margin of safety that is incorporated. Further information on CDAM's value investing philosophy is set out in Section 5.1.2 of this Prospectus.

(iii) Market factors

The performance of icapital.biz is dependent upon the level of market activity, the volume and value of the Securities and/or Other Permitted Assets to be invested by the Company. icapital.biz has no direct control over such variables except for the type of Securities and Other Permitted Assets invested in by the Company whether listed or unlisted.

The level of market activity, volume and value of the Securities to be invested by icapital.biz are influenced by the overall economic conditions of Malaysia and Asia as well as the world in general, particularly the domestic economic growth levels, political stability, regulatory environment for investment in Securities and/or Other Permitted Assets and the relative activity and performance of the global markets. For instance, icapital.biz may be adversely affected by a significant downturn in the global and regional stock markets, which in turn could negatively affect the Malaysian stock markets.

As such, there is no assurance that the level of market activity, volume and value of the Securities and/or Other Permitted Assets to be invested by icapital.biz will be at a level which would optimise the performance of the Company.

Whilst recognising the effects of market factors, icapital.biz's stock selections are driven primarily by the value investing philosophy of its fund manager, with emphasis on a margin of safety created by the divergences between the market prices and the underlying intrinsic values of the companies. As such, the existence of a margin of safety partially mitigates the potential impact of market factors on the portfolio. Further information on CDAM's value investing philosophy is set out in Section 5.1.2 of this Prospectus.

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3 RISK FACTORS (cont'd)

(iv) Dependence on the Malaysian economy

The Company's business is very dependent on the economy of Malaysia, in particular the performance of Bursa Securities. Substantially, all of the companies listed on Bursa Securities are Malaysian companies that have operations in Malaysia. The financial condition and financial performance of these listed companies have a direct impact on their share prices, which may also have an impact on the volume and value of trading on Bursa Securities.

The Malaysian economy is also affected by the economies in Asia, and in particular, those of the major economies like the USA, Japan, Europe and the PRC. During 1997, many Asian countries, including Malaysia, experienced significant adverse economic developments, including substantial depreciation in currency exchange rates, increased interest rates, reduced availability of credit from banks and financial institutions, reduced economic growth rates, corporate insolvencies and declines in market values of shares listed on their respective stock exchanges, real properties and other assets.

While there is general economic recovery in many Asian countries since 1997, including Malaysia, there is no assurance that no further adverse economic developments in Malaysia and/or other Asian countries could occur which would adversely affect the economic and/or financial performance of companies listed on Bursa Securities which in turn would have a material adverse effect on the Company's financial performance.

Furthermore, as economic conditions in Asia are affected by wider global economy, and as certain key sectors of the Malaysian economy are dependent on exports beyond Asia, the state of the global economy may also have a material effect on companies listed on Bursa Securities and hence, the Company's business.

Despite its dependence on the global and Malaysian economies, icapital.biz's stock selections are driven primarily by the value investing philosophy of its fund manager, with emphasis on a margin of safety created by the divergences between the market prices and the underlying intrinsic values of the companies. Hence, the effect of economic conditions will be somewhat mitigated by the margin of safety. Further information on CDAM's value investing philosophy is set out in Section 5.1.2 of this Prospectus.

(v) Interest rate risks

Although icapital.biz invests primarily in equities, it may invest in debt related instruments that are interest rate sensitive such as bonds or fixed income instruments, which means that their value and consequently, the NAV of the Company will fluctuate as interest rates fluctuate. In general, an increase in interest rates will generally reduce the value of such instruments, which may cause a CEF's share price to decline faster as investors sell their shares in the open market. However, when interest rates fall and the NAV of a CEF rise, the CEF's share price tends to rise faster as investors buy in. In view of this, there can be no assurance that the NAV of the Company and its share price will not be affected by fluctuations in interest rates. Additionally, bonds and fixed income securities are subject to credit risks, such as risks of default by issuers.

Besides applying a value investing approach to its stock selections, icapital.biz's fund manager also incorporates top-down analysis, in which inflation and interest rates is one of the fundamental drivers of the analysis. By incorporating these analyses, the associated risks and impact on the investments will be partially mitigated. Further information on CDAM's value investing philosophy is set out in Section 5.1.2 of this Prospectus.

3 RISK FACTORS (cont'd)

(vi) Risk of investment in unlisted Securities

The Company is allowed to invest a maximum of 10% of its NAV at all times in unlisted Malaysian companies. Securities of unlisted companies generally have no liquidity in that there is no ready and open market for the acquisition and disposal of such Securities. The strategies for recognising returns in such investments are limited, i.e. either through trade sale, listing and/or dividend returns from the operations of such unlisted companies. However, it should also be noted that returns from investments in unlisted companies are generally higher due to the lower cost of investment.

Nevertheless, additional risks exist as compared to the investments in listed Securities due to the illiquidity of such Securities and the returns from such investments may not yield expected returns. As the Company is only allowed to invest 10% of its NAV in unlisted companies, this somewhat mitigates the risks of exposure to the uncertainties of investing in unlisted Securities.

(vii) Minority interest in investee companies

Pursuant to the Company's investment policies, icapital.biz is allowed to invest in the Securities of any other listed company not exceeding:-

- (a) ten percent (10%) of icapital.biz's NAV; or
- (b) ten percent (10%) of the issued capital of such listed company,

whichever is lower.

In view of the above, icapital.biz is restricted in the level of investment it can make in a particular listed company and in turn enabling the Company to only hold minority positions in such companies. As a result, icapital.biz would not be able to exert much control and/or influence the outcome of certain corporate actions in a manner that could be in the best interest of the minority shareholders of such listed companies, which in turn could adversely affect the Company's investment in that particular listed company. Nevertheless, this situation can be mitigated via shareholder activism through engagement with the investee companies.

Further, for all companies listed on Bursa Securities, at least two (2) directors or one third (1/3) of the board of directors of such companies, whichever is higher, are independent directors. The appointment of such independent directors is a step towards good corporate governance practice and protects the interest of minority shareholders. Furthermore, in the event of related party transactions involving the directors or substantial shareholders of companies listed on Bursa Securities, such director or substantial shareholders or persons connected to them are required to abstain from voting on such transactions.

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3 RISK FACTORS (cont'd)

(viii) Foreign exchange risks

On 2 September 1998, Bank Negara Malaysia adopted a fixed exchange rate of RM3.80 to USD1.00. However, on 21 July 2005, Bank Negara Malaysia announced that the exchange rate of the ringgit will be allowed to operate in a managed float. Exchange rate volatility, changes in current exchange rate policy, including the discontinuance of managed exchange rates, could adversely affect the companies listed on Bursa Securities and may affect share prices, if for example, foreign investors decide to invest elsewhere.

Nevertheless, in applying a value investing approach and incorporating a margin of safety, foreign exchange risks would have been factored in during the stock selection process, thus partially mitigating the impact of foreign exchange volatility on the investments. Further information on CDAM's value investing philosophy is set out in Section 5.1.2 of this Prospectus.

(ix) Management risks

The performance of the Company will depend on the management quality of the Fund Manager. The Fund Manager is in turn dependent on the Designated Person for the management of the CEF. The loss of the Fund Manager and/or the Designated Person who is the central decision maker for the investments by the Company may have an adverse impact on the Company's performance. In view of this, the appointment of the Fund Manager has been formalised through the Fund Management Agreement and the Designated Person has signed a letter of appointment with the Fund Manager. The respective salient terms of the Fund Management Agreement and the letter of appointment of the Designated Person are set out in Sections 5.1.4 and 5.1.6 of this Prospectus.

Due to the importance of the Fund Manager and the Designated Person for the continued performance of the Company in the future, it is therefore imperative that set investment objectives, policies, strategies and codes of practise are maintained and strictly adhered to before any investment activities are considered. The Fund Manager is also taking efforts to groom the younger members of its team and/or recruit additional fund managers and fund manager trainees to assist the Designated Person and ensure smooth transition, if necessary in the event of the departure of the Designated Person.

There is no assurance that the management quality of the Fund Manager and/or the Designated Person will be maintained in the future. However, in the event of any decline in the management quality of the Fund Manager and/or the Designated Person, icapital.biz has, through the Fund Management Agreement, certain provisions to call for the termination of the Fund Manager and upon such termination, icapital.biz may appoint a new fund manager.

(x) Non - compliance risks

In managing the investments of the Company, the Fund Manager is governed by laws, regulations and internal policies and procedures including the Fund Management Agreement. Risks may arise when compliance with the provisions of applicable laws, regulations and internal policies are not ensured and/or adhered to. The magnitude of such risk and its impact on the operation and/or financial performance of the Company is unquantifiable.

In order to mitigate such compliance risks, icapital.biz may outsource such compliance functions to a third party or engage a full time compliance officer, who will be responsible for ensuring that icapital.biz complies with the SC's requirements in respect of CEFs. The Fund Manager has its own internal code of conduct, which is to ensure that the Fund Manager's Board of Directors, management and employees operate within the requirements of the SIA and other regulations, guidelines and acts.