

City of London move to be referred to the board

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PETALING JAYA: iCapital.biz Bhd will be seeking the guidance of its board on a matter raised by one of its shareholders, City of London Investment Management (CLIM), which is opposing the reappointment of one of its directors.

“I need to discuss with the board of directors and see what they are going to say and get their permission,” iCapital founder Tan Teng Boo told StarBiz when asked to comment on CLIM’s letter last week.

Last week, CLIM had sent a letter to the board of directors of iCapital explaining its intention to oppose the re-election of a director at iCapital’s AGM on Sept 24. CLIM, which has a 15.7% stake in iCapital, intends to vote against the re-election of Leong So Seh.

It said there had been no action on any points it had raised in its letter dated Aug 26 on its concerns regarding iCapital’s poor performance and persistent wide discount to the net asset value (NAV).

This is not the first time CLIM is opposing the re-election of iCapital’s board members.

Last year, CLIM had opposed the re-election of three iCapital directors – Datuk Ng Peng Hong, Datuk Seri Syed Ismail Syed Azizan and Datuk Seri Md Ajib Anuar. All three directors were re-elected.

Then, CLIM had said that there was inadequate response from the board to iCapital’s performance and that there was a discount between the company’s share price and its NAV.

Tan said iCapital’s fund size has been growing at a compounded annual growth rate of about 11% to 12% annually since its listing in 2005.

The fund had raised RM140mil in proceeds, equivalent to 99 sen per share, from its listing exercise. iCapital’s funds are managed by Capital Dynamics Asset Management Sdn Bhd. iCapital closed at RM2.38 a share yesterday, which is a 32% discount to its NAV of RM3.13 a share as at Sept 15.

“We have no control on iCapital’s share price. It is something decided by the market. It is probably because of the overall bearish sentiment in the broader market,” said Tan. He said about 70% or RM306.6mil of the NAV is in the form of cash because the fund is still on the lookout for stocks to buy.

“Cash is the most precious call option. There is a report done by Harvard that share buybacks are not good for the market and the economy,” he said.