

CITY OF LONDON INVESTMENT GROUP PLC

TEXT OF LETTER TO ICAPITAL.BIZ BERHAD

(LONDON, 31 August, 2017) - City of London Investment Management has sent a letter (published in full below) to the board of icapital.biz Berhad (ICAP:MK) explaining its intention to oppose the re-election of directors at ICAP's forthcoming AGM.

Background

City of London Investment Group is an institutional fund manager which specialises in investing in closed-end investment companies. The firm is authorised and regulated by the Financial Conduct Authority and registered as an Investment Advisor with the Securities and Exchange Commission.

For further information, please contact:

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Full text of letter

The Directors
icapital.biz Berhad
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47800 Petaling Jaya
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Malaysia

31 August 2017

Dear Directors

13th Annual General Meeting of icapital.biz Berhad ("ICAP" or the "Company")

Funds advised by City of London Investment Management Ltd ("CLIM" or "we") are long term investors in ICAP. We first purchased ICAP shares on 19 May 2010. As at 31 August 2017 we own 24,056,100 shares, 17.18% of the Company. We write to advise that we will vote against the re-election of Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan at the 13th Annual General Meeting on Saturday, 9 September 2017.

CLIM has, in two open letters to you dated 26 August 2015 and 15 September 2016, expressed concerns regarding ICAP, including investment performance and the persistently wide discount to net asset value (NAV). In the absence of action to address these concerns, which are explained in more detail below, we will continue to oppose directors' re-election.

a) Poor Investment Returns

We remain disappointed with ICAP's investment performance. CLIM believes, along with the overwhelming majority of international investors, that investment returns should be measured on a total return basis. In our opinion a fair performance comparison should take account of dividend income. On this basis, the 9.2% increase in NAV in the 12 months to 31st May 2017 compares poorly

with the 12.1% benchmark FTSE Bursa total return over the same period. Over five years to 31 May 2017 ICAP's 19.5% NAV total return is also significantly behind the 30.9% benchmark total return over this period (all performance figures sourced from Bloomberg). We again urge the Company to report total return comparisons so that share owners can judge on an informed basis whether ICAP is meeting its objectives.

b) Wide Discount

ICAP's discount to NAV has averaged over 20% for many years and this is preventing loyal long term share owners from potentially realising the full value of their investment. The Chairman, Datuk Ng Peng Hong @ Ng Peng Hay, wrote in the 2017 Annual Report that investors "should not be overly concerned" by the discount. CLIM respectfully disagrees with this approach and urges the Board to bring forward proposals to deal effectively with the discount problem.

c) Excessive cash

ICAP's prospectus stated that the Company would invest primarily in equities listed on Bursa Securities. In recent years, however, ICAP has been invested predominantly in cash. The Company's cash exposure as at end May 2017 was 64% and it has been above 50% at every financial year end since 31 May 2014. The Company has, in CLIM's opinion, abandoned its principal investment policy in favour of accumulating an unacceptably high strategic cash position.

The decision to accumulate this strategic cash has not, in CLIM's opinion, helped create shareholder value. The rate of interest received has been low, particularly after considering the management fees which are payable on total net assets, including cash. The Designated Person assures share owners in ICAP's 2017 Annual Report that "when it is right for the cash level to drop, it will drop". CLIM believes that cash has been a drag on ICAP's NAV performance and that share owners deserve a fuller explanation of why cash remains so high. In CLIM's view it should either be substantially invested in Bursa Securities or returned to ICAP's share owners.

Yours sincerely,

City of London Investment Management Limited

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