

icapital.biz announces dividend policy to close share price gap



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Tan Teng Boo

KUALA LUMPUR: icapital.biz Bhd (ICAP) is introducing an innovative dividend policy to proactively narrow the gap between ICAP's share price and net asset value (NAV) and possibly bring its share price back to trade at a premium.

ICAP is also introducing a dividend reinvestment plan (DRP), which is a dividend reinvestment scheme that will allow shareholders to have the option to reinvest their dividends into new ICAP shares without incurring material transaction costs.

In a statement, ICAP said the innovative dividend policy, which is subject to market and economic conditions and ICAP's value investing investment philosophy, is formulated as follows: a base rate of 1% of the NAV per share, plus 8% of the difference between ICAP's share price and NAV.

This additional 8% is referred to as the top-up rate. In summary, this innovative dividend policy consists of the aggregate of the 1% base rate and the 8% top-up rate.

It said the top-up rate will not apply if ICAP's share price is trading at parity or at a premium to NAV.

"Here, the NAV will be calculated using a simple average of the relevant 4 weekly NAVs periodically announced by ICAP, while the share price will be based on the volume-weighted average price (VWAP) of the corresponding four weeks.

"Under normal market and economic conditions, the expected dividend yield will be approximately 4%. This dividend will be paid on a yearly basis," ICAP said.

ICAP designated person Tan Teng Boo said its shareholders seek long-term capital growth, and its innovative dividend policy aligns with this goal.

"Despite consistent outperformance against the benchmark MSCI Malaysia Index, ICAP's share price has been trading at a discount to its NAV for much of the last 18 years. Thus, we want to resolve this in the most efficient and prudent way possible."

"The proposed DRP anchors our main agenda. It also shows that we are confident in the growth prospects of ICAP. If you believe in the long-term capital appreciation of ICAP, the DRP provides a good avenue for shareholders to increase their participation in ICAP. The issuance of new ICAP shares will also improve the liquidity of the stock, which has been adversely affected by institutional parties," Tan said.

Together with two finance experts from the University of Technology Sydney in Australia, Tan will provide a more extensive explanation about this innovative dividend policy at ICAP's 19th annual general meeting on Nov 4 at the Kuala Lumpur Convention Centre.

ICAP will also conduct its annual Investor Day event on Nov 5 at the same venue. As of Sept 20, ICAP's total net NAV stood at RM505.4mil with 140 million shares outstanding.

RHB Investment Bank Bhd has been appointed as the principal adviser for the proposed DRP. Astramina Advisory Sdn Bhd is the financial adviser for ICAP's dividend policy and proposed DRP.