

icapital.biz proposes new dividend policy, to implement dividend reinvestment plan

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KUALA LUMPUR: icapital.biz Bhd (ICAP) is introducing a dividend policy to proactively narrow the gap between share price and net asset value (NAV) and possibly bring its share price back to trade at a premium, just as it did during the first three years as a listed company.

Secondly, 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.

ICAP spokesperson Tan Teng Boo said most shareholders invested in the company's stock because of long-term capital appreciation.

"We are mindful of this. This innovative dividend policy is designed precisely for this reason.

"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 as efficiently and prudently as possible," he said in a statement.

The dividend policy, subject to market and economic conditions and ICAP's value, will be on a base rate of one per cent of the NAV per share plus eight per cent of the difference between ICAP's share price and the NAV.

This additional eight per cent is referred to as the top-up rate. In summary, this dividend policy consists of the aggregate of the one per cent base rate and the eight per cent top-up rate.

The top-up rate will not apply if ICAP's share price trades at parity or a premium to NAV.

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

Under regular market and economic conditions, the expected dividend yield will be approximately four per cent. This dividend will be paid annually.

"The 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 promising 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 explain this dividend policy more extensively at ICAP's upcoming annual general meeting in November.

As of September 20, 2023, ICAP's total net NAV stood at RM505.4 million, with 140 million shares outstanding.

On a three-year basis, from September 21, 2020, to September 20 2023, the MSCI Malaysia index is down 8.66 per cent, while ICAP's NAV and share price have risen 34.03 per cent and 53.53 per cent, respectively.

ICAP will also call for an extraordinary general meeting (EGM) to seek shareholder approval for the DRP.

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