

MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD (Incorporated in Malaysia)

Company No. 20-0001022382 (524989-M)

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Analyst: Trading in BSL, Metronic warrants caution

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PETALING JAYA: Investors are advised to exercise due diligence and make informed decisions with regards to the price action in BSL Corp Bhd and Metronic Global Bhd's shares and warrants.

An anomaly occurred in the price of Metronic and BSL shares which closed at a discount to their respective warrants on Thursday. Warrants normally trade at a discount to the underlying company's share price.

Metronic shares closed the trading week at 8.5 sen apiece while BSL closed at 10 sen.

The Metronic warrant B, that was listed on Wednesday, meanwhile, closed at 25 sen with BSL warrant A ending the day at 9.5 sen.

"With the warrants at these prices, investors should pick up the mother share instead. The exercise price of the BSL warrant is 50 sen, so if an investor buys the warrant from the market at the current price, they will still have to fork out another 50 sen to convert to the mother share that can be bought for nine sen from the market. There is no logic to the price jump in the warrants," a trader with a local brokerage said.

The Metronic warrant can be converted to a new share at a cost of six sen. He added that the price action in the two securities could be due to more manipulative rather than speculative reasons, as there has been no big improvement in the fundamentals of the companies.

Minority Shareholders Watch Group chief executive officer Devanesan Evanson said the regulators were in a better position to determine whether there was manipulation, as they had access to more data and personnel and sophisticated surveillance systems.

"Part of the share/warrant price increase could be due to speculators hoping to make a quick buck trying to ride on the upward momentum. Speculation is not illegal – manipulation is," he told *StarBizWeek*.

He advises retail investors to be aware that it is an oddity when warrant prices exceed the mother share prices. "The situation is not normal. Therefore, investors should be aware of the risks should they wish to speculate."

He added that regulators will probably be viewing the situation with concern. "Perhaps a market alert may be in order," he said.

The big swings in the price of BSL and Metronic securities are not new. BSL shares rallied from about 14 sen in early 2021 to a high of RM2.25 on Nov 10, 2021 before undergoing a sharp and sustained price correction to a low of 6.5 sen on Wednesday before buying on Thursday saw it close at 9.5 sen.

Its warrants hit a high of RM1.62 upon listing on Nov17, 2021 and have since fallen to a low of 3.5 sen on Wednesday before fresh buying saw it jump to a high of 12.5 sen in early intraday yesterday.

Metronic's shares have been on a down-trend since November 2020 from a high of RM1.18 to a low of six sen in May. Its share price spiked to a high of 30 sen in intraday trade on Tuesday before falling to close at eight sen on the day, just a day ahead of the listing of its new warrants.