

MINORITY SHAREHOLDERS WATCH GROUP

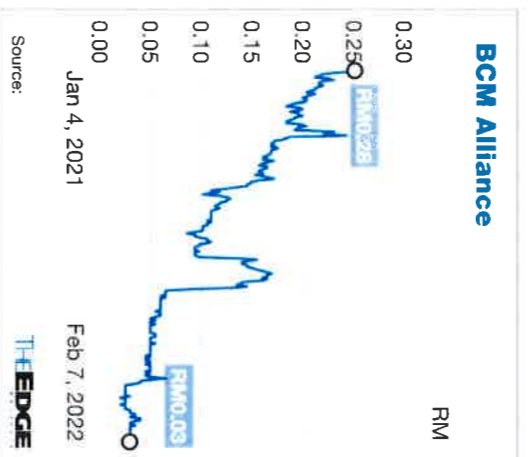
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M))

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BCM Alliance's ESOS offered to two staff only

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KUALA LUMPUR (Feb 7): The Minority Shareholders Watch Group (MSWG) has said the regulator should get in touch with BCM Alliance Bhd regarding the latter's employee share option scheme (ESOS), which was only offered to two employees.

Interestingly, the duo emerged as the largest shareholders of BCM Alliance after exercising their share options.

According to filings with the bourse, the two employees, namely Kiu Cu Seng and Cheng Li Ping, exercised a total of 469 million shares at 2.91 sen apiece — a 17% discount to its closing price of 3.5 sen on Jan 17, when the offer was made.

Kiu exercised some 305.12 million shares, or a 15% stake, making him the largest shareholder of BCM, followed by Cheng, who exercised 164.29 million shares for a 8.08% stake.

MSWG chief executive officer (CEO) Devanesan Evanson said that it is “very odd” that the two employees can emerge as the largest shareholders of BCM Alliance with a combined 23% stake after exercising their options.

“What makes it even more odd is that the ESOS was apparently only offered to these two employees, who took up the entire portion of 469 million shares — each holding a 15% and 8% stake respectively.

“Typically, the large blocks of the ESOS are offered to CEOs, executive directors and the C-suite. Also, typically, the ESOS is made available to a larger cross-section of employees,” he said in an email reply to *The Edge*.

“It is “very odd” that the two employees can emerge as the largest shareholders of BCM Alliance with a combined 23% stake after exercising their options,” says MSWG

“As the ESOS allotment looks odd. The regulator should get in touch with the company to better understand the rationale for such allocations,” said Devanesan.

It is unclear what roles Kiu and Cheng have in BCM Alliance, as they are neither on the board nor among the top executives, based on the company's website and exchange filings.

However, Kiu's name has appeared in the filings of Energem Corp, a Nasdaq-listed blank-check company. He is listed as Energem's chief financial officer. Energem was listed on Nov 16, 2021 with an initial public offering price of US\$10 per unit for 10 million units.

According to Energem's prospectus filed with the US Securities and Exchange Commission, Kiu served as group accountant for BCM Alliance, as well as other Malaysian public listed companies including Sanichi Technology Bhd and Trive Property Group Bhd.

BCM Alliance's share price has been on a downward slope since early last year, falling from 28.2 sen to three sen on Monday, giving a market capitalisation of RM61.02 million.

The ESOS was proposed in February last year. The rationale of the reward scheme, the company said in the filing to Bursa, was to motivate the eligible persons to achieve the group's goal and objectives.

The proceeds raised from the ESOS will be used for working capital.

BCM Alliance is expected to receive RM13.7 million from the duo as a result of them exercising the ESOS. The company is sitting on a net cash position of about RM95 million after taking into account its borrowings of RM110.78 million.

For the third quarter ended Sept 30, 2021, BCM returned to the black with a net profit of RM1.51 million, versus a net loss of RM5.33 million in the preceding quarter. Year-on-year, its net profit jumped 21% from RM1.24 million in the previous year's corresponding quarter.

Quarterly revenue, however, fell 17% to RM16.97 million from RM20.39 million a year earlier.

For the cumulative nine months ended Sept 30, 2021, BCM made a net loss of RM3.79 million, versus a net profit of RM2.32 million in the same period a year earlier, while revenue fell 5% to RM49.71 million from RM52.5 million.

