

## MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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

The Star, Starbizweek - Wednesday 9, February 2022 (c)

# BCM Alliance's Esos raises eyebrows

By INTAN FARHANA ZAINUL  
intanzainul@thestar.com.my

**PETALING JAYA:** New substantial shareholders have emerged in BCM Alliance Bhd in an unusual corporate exercise through an employee share option scheme (Esos).

In a filing with Bursa Malaysia on Monday, the medical equipment supplier announced that two of its employees, Kiu Cu Seng and Cheng Li Ping, have exercised their share option and emerged as the largest shareholders in the company.

BCM Alliance said Kiu has exercised about 305.1 million shares or 15% stake for RM8.88mil, making him the single-largest shareholder in the company.

Meanwhile, Cheng exercised 164.3 million shares or 8.1% stake in BCM Alliance for RM4.78mil.

Both Kiu and Cheng exercise their Esos at 2.91 sen a share, which is about 17% discount to market price.

Minority Shareholder Watchdog Group (MSWG) chief executive officer Devanesan Evanson said it is "not normal for Esos shares of that size" to be granted to just two employees.

"Normally, larger portions of Esos shares are granted to the CEO, the executive directors and the C-suites.

"Also, shares are granted across a larger

cross section of employees. The board should further explain their Esos," he told *StarBiz*.

A market observer pointed out that it is unusual for a company to issue Esos to only two employees.

"Esos can be used for fundraising purposes but you can't only issue it to two employees. This is my first time seeing such a case," he said. "It is more of a reward for the company." BCM Alliance's management could not be reached at press time.

It is worth noting that the Esos was proposed in February last year, involving up to 30% of its total number of issued shares for "eligible directors and employees of the company and its subsidiaries."

In a circular to shareholders last year, BCM Alliance said the proposed Esos is primarily to drive and motivate the eligible persons to work towards achieving the group's goals and objectives.

It is also to reward the eligible persons in recognition of their accumulated contribution to the operations and continued growth of the group.

"It is also to retain the eligible persons by giving a sense of ownership, loyalty and belonging to the group by enabling them to participate directly in the equity of the company," it said.

BCM Alliance noted that any proceeds from

the Esos will be utilised for the company's working capital purposes.

Interestingly, prior to the Esos, BCM Alliance has also embarked on several fundraising exercises including rights issues and private placement.

In total, BCM Alliance has issued 1.6 billion new shares over the span of 12 to 14 months to raise some RM1.38mil.

Presently, the company has a total share base of almost two billion, up five-fold from 422 million shares as at Dec 31, 2020.

The company is already in a net cash position of RM95mil, thanks to its various corporate exercises, which is bigger than its market capitalisation of RM61mil.

It is unknown what is the role of Kiu and Cheng in the company but the duo is expected to fork out more than RM1.3mil for their shares.

It is worth noting that shares in BCM Alliance have been on a downward spiral since last year, falling from 28.2 sen to three sen yesterday.

"Company's shares are not commodities or currencies. There are also similar small-cap companies on Bursa Malaysia that have been on a private placement spree that saw their share-based ballooning by three to four times since 2020," said an analyst.

"It is something to be looked into by the authorities."