



Securities Investors Association (Singapore)

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GST Reg No: M90367530Y

Issuer: British and Malayan Holdings Limited

Security: British and Malayan Holdings Limited

Meeting details:

Date: 25 October 2018

Time: 2.30 p.m.

Venue: 1 Coleman Street, #08-01 The Adelphi, Singapore 179803

Company Description

British and Malayan Holdings Limited provides trustee services to families, companies, financial institutions, charities, and high net worth individuals in Singapore. The company was incorporated in 1924 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=CJN)

1. As mentioned in the Chairman's statement, excluding the gain on available-for-sale assets sales, the group would have reported an operating loss before tax of \$(846,000), an improvement from the \$(1,632,000) operating loss in 2017. The reduction in operating losses was due to lower staff headcount and better cost management.

In accordance with its strategic plan, the group will focus on creating a one-stop shop platform that services the needs of companies, family offices and high net worth individuals. The group appears to be looking at potential acquisitions and working with suitable business partners.

While the group has a 94-year track record, it was mentioned that its independence (i.e. non-affiliation with any other financial institution) has been a hurdle to growth. Currently, the group has 12 full-time permanent staff and a war chest of approximately \$8 million in cash, following the liquidation of its AFS assets.

- (i) Can the board help shareholders understand if the ongoing "metamorphosis of BMH" can be revolutionary in nature, instead of being evolutionary?**
- (ii) How will the new business units, if/when they crystallise, help the group to overcome the hurdle of the group's non-affiliation with a financial institution?**
- (iii) Has the board/management explored how it could tap innovative solutions that leverage technology (i.e. fintech services and products)?**
- (iv) Would the strategic plan, if well executed, significantly improve the prospects of the group? How viable is it for the group to stay in the trust services business as a core business even with the additional services envisioned in a one-stop shop platform? Will the main issues of non-affiliation, high costs of servicing and competitive pricing remain and limit the group's performance?**
- (v) What is the experience/track record of the board in corporate turnaround, corporate restructuring and change management?**
- (vi) Has the board considered and evaluated if a strategic shift from trust services would be necessary?**

2. On 28 December 2017, the company announced the retirement of Mr James William Cox, effective 31 December 2017, and the appointment of Mr Paul Martin Pavey as executive director, chief operating officer/chief financial officer cum company secretary.

- (i) With the change in leadership, has the group further fine-tuned the current business model?**
- (ii) Is the management team looking to regain its market share, acquire new customers and to further improve its efficiency?**

- (iii) Has the change in leadership also held back the group's strategic transformation?**
- (iv) What are the roles played by management and by the board in the group's diversification efforts?**

3. With the liquidation of the AFS financial assets that yielded \$2.5 million, the group has cash holdings of approximately \$8 million. The group's other main asset is the 391 sq. m. office unit at The Adelphi, which has an unexpired lease term of 808 years. Based on a market comparables valuation technique, the independent valuer has determined the fair value of the office unit at \$9.6 million.

The net cash flow used in operating activities has been \$(1.29) million in 2018, \$(1.59) million in 2017 and \$(1.15) million in 2016.

- (i) What are the immediate steps by the new management team to improve its cost management and achieve better cash flow from operations?**
- (ii) What is the cash burn rate for the group?**
- (iii) How much of its \$8 million cash holdings can/will be used in the business diversification?**
- (iv) Even with \$8 million, what kind of scale can the new businesses bring that would allow the group to be cost efficient and to further scale up quickly?**
- (v) Has the board considered other forms of financing? Would an equity fund raising be considered assuming there are suitable opportunities that can add long-term shareholder value with the right management team in place?**

A copy of the questions for the Annual Report for the financial year ended 30 June 2017 and 30 June 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=British%20and%20Malayan%20Holdings%20Ltd>

The company's response could be found here:

2017:

https://sias.org.sg/media/qareport/1508895349_BMH---171023_SIAS_Final.pdf