



**Securities Investors Association (Singapore)**

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: [admin@sias.org.sg](mailto:admin@sias.org.sg) [www.sias.org.sg](http://www.sias.org.sg)

UEN No: S99SS0111B

GST Reg No: M90367530Y

**Issuer:** British and Malayan Holdings Limited

**Stock code:** CJNI

**Meeting details:**

Date: 20 October 2021

Time: 2.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

**Q1.** On page 2 of the annual report, the company provided an overview of the current service offering by its operating subsidiary, British and Malayan Trustees Limited (BMT), which includes family services, estates, corporates, funds and asset structuring.

For FY2021, the group's total revenue decreased by 28% to \$1.56 million (FY2020: \$2.15 million) although trustee and service fees (which excludes grants and other income) amounted to just \$1.44 million (FY2020: \$1.97 million) (Note 5 – Revenue; page 83).

In the chairman's statement (page 12), it was disclosed that the decline in revenue was due to lower trustee fees from both the corporate and private trust businesses and income commission was particularly lower on the private trust side *"owing to the difficult economic environment arising from Covid-19"*.

- (i) **How did the pandemic affect the group's revenue from trustee services given the nature of the services (i.e. recurring trustee fees)?**
- (ii) **Can management elaborate further on how its fee income was negatively affected by the pandemic? What are the key drivers of fee income?**

In the introduction (page 2), the group highlighted that BMT is a "pioneer member of the Singapore Stock Exchange" and that BMT has been providing trust services to families, companies, financial institutions, charities and high net worth individuals from its headquarters in Singapore since 1924. It is observed that, after nearly a century, BMT has just 11 full-time staff and generated revenue of \$1.44 million while its total employee cost was higher at \$1.63 million in FY2021. In particular, the group CEO received \$190,365 in remuneration for March 2021- June 2021 (more than 13% of the group's annual revenue in 3 months, including a bonus of \$41,245) while the 2 key management personnel at BMT received nearly \$600,000 or approximately 40% of the group's revenue.

- (iii) **Can the board/management (re)state BMT's competitive advantage as a service provider of trustee services? How does it create and capture value for shareholders?**

In addition, the board has acknowledged that the trust business in Singapore is competitive (page 12). The trend in revenue in the past ten years is shown below:

FY2012: \$3,272,722  
 FY2013: \$3,977,544  
 FY2014: \$3,282,454  
 FY2015: \$3,173,313  
 FY2016: \$2,509,800  
 FY2017: \$2,269,656  
 FY2018: \$2,290,326  
 FY2019: \$2,022,536  
 FY2020: \$1,968,316  
 FY2021: \$1,442,946

Other than an increase in revenue in FY2013 (partly due to one-off acceptance fees), revenue has steadily decreased in the past decade. By FY2021, revenue has fallen by approximately two-thirds from the peak revenue in FY2013.

- (iv) **As a pioneer in the trust business, what is the group's estimated market share in FY2021?**
- (v) **Has the board carried out a strategic review to understand BMT's competitiveness and value proposition?** In the 2017 annual report, the chairman had already stressed that "[c]osts must come down, productivity has to increase, future growth areas have to be identified and developed, and partnerships with comparable mindsets and integrity have to be forged". **Has BMT maintained/improved its productivity and cost-competitiveness?**
- (vi) **What were the major factor that led to BMT's decline even as Singapore status as a financial hub grew in the past decade?**
- (vii) **Has the board held management accountable for performance? (Provision 1.1 of the Code of Corporate Governance 2018)**
- (viii) **How well-positioned is the group to tap on any opportunities in the trust business as Singapore continues to attract inflow of global capital given its status as a financial hub?**

**Q2.** As highlighted above, the group went through a restructuring in 2017. It was said then, in the annual report, that "the change in controlling ownership, the modernisation of operational systems and corporate restructuring into a holding structure is only the beginning". The restructuring was referred to as a "metamorphosis" in the 2018 annual report.

- (i) **Can the board help shareholders understand the progress made in the "metamorphosis" of the group since 2017/2018? What are the reasons for the slow progress made in diversifying the group's revenue?**
- (ii) **What guidance, and targets, did the board, especially the independent directors, give to management?**
- (iii) **How has the pandemic affected the group's expansion/diversification plans?**

In December 2020, the group invested \$200,000 in a start-up exempt corporate finance advisory services, Taurus Point Capital (TPC). TPC is an exempt private limited company in the business of providing exempt corporate finance advisory services.

- (iv) **Can management elaborate further on the business model of TPC? What is the unique selling point of TPC? How does it differentiate itself from other corporate finance advisory firm?**
- (v) **How large is the team in TPC?**
- (vi) **Given that the group has total assets of \$7.2 million (FY2020: \$9.0 million), will a \$200,000 investment into a start-up (for a 50% stake) “move the needle”?**
- (vii) **Can the board elaborate further on the group’s growth plans (including its M&A strategy) and help shareholders understand the directors’ expertise and track record in corporate turnaround and growing professional services firms?**

**Q3.** In recent news, there have been investigative reports on the use of offshore companies and trusts to obscure the true owners and the control of wealth, and also allegations of corruption, money laundering and tax avoidance/evasion.

- (i) **What are the safeguards put in place to ensure that the group carries out its activities in compliance with all applicable regulations with integrity and professionalism?**
- (ii) **What is the level of training provided to its staff to recognise and report money laundering, terrorism financing, theft, fraud, bribery etc in the course of the group’s business?**
- (iii) **What is the level of oversight by the board on such risks?**
- (iv) **In addition, what is the level of awareness and competence of its staff in data privacy and cybersecurity? Does the group have in place a robust business continuity plan should it be the target of hackers?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

**Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.**

**Can’t attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)**

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<sup>^</sup> Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation  
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)