BRITISH AND MALAYAN HOLDINGS LIMITED
(Company Registration No.201632914Z)
(Incorporated in the Republic of Singapore)

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS") ON ANNUAL REPORT 2024

The Board of Directors (the "Board" and "Directors") of British and Malayan Holdings Limited (the "**Company**" or "**BMH**" and together with its subsidiary, collectively the "**Group**") refer to its Annual Report for the financial year ended 30 June 2024 ("**Annual Report 2024**"). The Company has received several queries from Securities Investors Association (Singapore) and the Company wishes to provide the Company's responses to the queries raised as follows:

Question 1

For the financial year ended 30 June 2024, the group recognised fee revenue of $1.58 million from trustee and other services, representing a 14% increase compared to the previous year. Despite this growth, the group remained loss-making, reporting a loss of $(1.77) million in FY2024 as compared to $(2.61) million in FY2023 (before extraordinary gains).

From the consolidated statement of comprehensive income, it can be seen that employee benefits expense is significantly greater than revenue (page 89 of the annual report).



	Notes	Group 2024 $	2023 $
Revenue	5	1,580,269	1,390,897
Interest income		298,629	221,671
Other income and gains	6	4,317	132,084
Gain from disposal of asset held for sale	15	–	8,441,487
Employee benefits expense	7	(2,171,466)	(2,284,420)
Other expenses	8	(1,088,383)	(1,912,639)
Depreciation of property, plant and equipment	12	(79,431)	(63,502)
Depreciation of right-of-use-assets	22	(163,287)	(112,376)
Other losses	6	(222,606)	(53,999)
Finance costs		(35,239)	(28,306)
Share of profit from equity-accounted associates	14	110,778	101,543
(Loss) / profit before tax		(1,766,419)	5,832,440
Income tax expense	9	–	–
(Loss) / profit for the year		(1,766,419)	5,832,440

(Source: company annual report; emphasis added)

(i) **What are the specific bespoke services that BMT provides to differentiate itself from its competitors?**

Company's response

BMT is an independent licensed trust company with 100 years of experience, to service large families with substantial amount of assets and beneficiaries. We hold land titles of the oldest, prestigious clubs in Singapore. We are an approved Trustee for Collective Investment Schemes and have experience in servicing a REIT and an aircraft leasing company. Not many trustee companies in Singapore have the same level of depth and breadth in providing trustee services as BMT.

BMT currently manages over 100 SG properties under its Trusts portfolio.

(ii) **What is the group's pricing strategy?**

Company's response

BMT adopts a flexible customized pricing strategy for each client based on complexity of their structures, type of trust assets, the value of assets and relevant jurisdictions for the structures. We strive to provide a competitive pricing to ensure a more bespoke relationship with our clients.

(iii) **Given the rapid growth of single-family offices in Singapore, how has the group leveraged this trend? Can management highlight specific strategies or new client acquisitions that demonstrate the group's ability to capitalise on this growing market?**

Company's response

In view of increasing Single Family Offices in Singapore, we are seeing more demand for trusts set up as part of succession and legacy planning for such families. BMT has an open architecture where we are work with a number of law firms who are the advisors to large International Families.

(iv) **How is the board addressing the group's competitiveness given that employee benefits expense far exceeds revenue? What specific measures have been taken to ensure that compensation structures are aligned with both market standards and long-term profitability?**

Company's response

For the past 2 years,
a) We have strengthened our Balance Sheet (by the sale of Adelphi)
b) We have redeveloped BMT's bench strength and business development.
c) We have rationalized costs at the Group.
d) We have acquired new business in the form of PreceptsGroup.

By building an open architecture and establishing referral programs with third parties, we are able to provide bespoke solutions to clients.

We have seen an increase in the revenue at the BMT level over the past years via new client acquisitions.

The Group has aligned the remuneration structures with the roles and responsibilities of the individual employees with both market standards and long-term profitability.

(v) **Has the group been directly or indirectly impacted by the recent multibillion-dollar money laundering case? What comprehensive safeguards are in place to ensure that the group has robust policies to prevent and detect money laundering activities?**

Company's response

The Group has not been impacted by recent money laundering case. BMT's philosophy has always been to maintain stringent KYC and AML standards when onboarding new clients. BMT's reputation and heritage has enable us to maintain prestigious clients and large Estates.
BMT's staff are trained and updated with Compliance/AML/KYC training periodically including keeping abreast of new MAS guidelines.
We have a Client Committee that addresses and screens all new clients being onboarded.
Periodic reviews of existing clients & fund movements are being monitored and completed in a timely manner.

(vi) **What are the major opportunities identified by management that will drive growth over the next 18-24 months?**

Company's response

BMT has an open architecture and work with various referral parties to leverage on the increase in HNWIs coming to Singapore.
We are also seeing an increase in various overseas trusts (e.g. from Cayman Islands, Bermuda, etc.) looking to relocate into Singapore given Singapore is deemed as a prominent financial center and a preferred jurisdiction.

(vii) **Can management outline the key operational and financial milestones necessary for the group to achieve profitability? What specific steps are being taken to improve cost efficiency and revenue generation to turn the group around?**

Company's response
Key financial milestone is to drive new revenue (both organic and inorganic) while rationalizing costs.
We have hired and strengthen our talent pool of the Group.
We have strengthened operational processes.
We continue to source for new clients via our open architecture and referral programs.

(viii) **In light of the confidential settlement with certain beneficiaries, has the group's reputation been impaired? What safeguards are being implemented to prevent future disputes or "mistaken construction of settlement deeds"? What level of oversight does the board maintain over operational matters?**

Company's response
BMT has always maintained that it has acted in accordance with its fiduciary duties as a trustee and that there is no basis for it to be made personally liable. Both parties have mutually agreed to settle out-of-court and a notice of discontinuance was filed by the Plaintiff to the court on 6th May 2024.
Having regard to the terms of the settlement agreement between the parties, which are confidential, the Board is of the view that the performance of BMT's obligations under the settlement agreement will not have any material impact on the financial position of the Company, nor the ability of the Company to continue its existing business operations.

Question 2

On 5 April 2023, the company acquired a 35% stake in PreceptsGroup International Pte Ltd ("Precepts"), which specialises in wealth succession services for mass affluent and high net-worth clients. The company has the option to purchase an additional 30% of Precepts. As disclosed in Note 26 (Acquisition of interest in associate), Precepts met its performance targets for the financial years ending 31 December 2022 and 31 December 2023.

The total consideration for Precepts amounted to $2.1 million, with goodwill from the acquisitions amounting to $875,581 and intangible assets, namely brand name and customer relationships, recognised at $1.29 million.

The group's share of profit from Precepts was $101,543 for FY2023 and $130,024 for FY2024.

(i) **Can management provide more details on the specific synergies between Precepts and BMT?**

Company's response
PreceptsGroup (formerly known as Rockwills Sg) consist of the following subsidiaries involved in:
(1) Wills writing & Wills custody & Wills executorship
(2) Trust services
(3) Corporate Secretarial services both on shore SG and offshore incorporations
(4) Professional training and education programs for financial planners for the region.
(5) Accreditation of AEPP designation (Associate Estate Planning Practioner) for financial planners in SG.

BMH has an option to increase its stake in PGI from 35% to 65% in 2025.
The acquisition will bring benefits to the BMH group's business as well as expand the scope of its service offerings. This is in line with the BMH group's aspirations to grow within the financial wealth planning sector.
We are exploring potential synergies between the 2 parties.

(ii) **What factors will determine if the company exercises its call option to purchase an additional 30% of Precepts?** The call option is exercisable within 6 months upon the receipt of the 31 December 2024 audited financial statements of Precepts.

Company's response
BMH has the right to exercise its call option based on the positive and growth performance of PreceptsGroup.
Upon receiving the audited financial statements of PreceptsGroup for the year ended 31 December 2024, BMH will also consider other internal factors before making a final decision to exercise.

(iii) The exercise price is based on 6.5 times the average EBITDA of Precepts in FY2023 and FY2024. Based on the profit of $130,024 in FY2024, the Price/Earnings ratio is approximately 16 times. **What were the board's key considerations when approving this investment? How does the board ensure that this acquisition will drive long-term, sustainable value creation for shareholders?**

Company's response
The Board believes that the acquisition of PreceptsGroup expands the Group's scope of its service offerings.
This is in line with the Group's aspirations to grow within the financial wealth management sector.
We believe in the future accretive value of PreceptsGroup.

(iv) **Can the board provide insights into the group's M&A experience with Taurus Point Capital Pte. Ltd. which was acquired in December 2020 and sold off in March 2022? What specific lessons were learned from this acquisition, and how has the board refined its acquisition strategy to mitigate risks and enhance the success of future investments?**

Company's response
Taurus Point was a startup company, and they required further equity injection. The Board had made a strategic decision not to proceed with the investment, when the opportunity arise for BMH to sell back its stake to the founding shareholders.
The shares were disposed at the original acquisition price.

Question 3.

As disclosed in the corporate governance statement, the company has outsourced the internal audit function to BDO LLP (IA). The IA carried out a review of the adequacy and effectiveness of the company's key internal controls, including financial, operational, compliance and information technology controls as well as risk management systems to the extent of their scope as laid out in their audit plan.

(i) **What were the key findings and recommendations by the internal auditor for FY2024?**

Company's response
There were no key and material findings in the report for FY 2024.

In the section on key audit matters, the independent auditors have noted that the investment in Precepts accounted for approximately 15% of the group's total assets as at the reporting year end.

(ii) **Can the board/audit and risk committee (ARC) clarify if Precepts has been included in the IA? If not, how does the ARC assess the adequacy and effectiveness of Precepts' internal controls and risk management systems to ensure they align with group-wide standards, particularly given Precepts' materiality to the group?**

Company's response
BMH has a 35% stake in Precepts. Precepts has its own Board and its own internal audit process.
We are not aware of any material issues reported.
BMH and Precepts use the same external auditors.

Separately, it is noted that Mr Ng Kwan Meng resigned as a director on 23 September 2024. Nevertheless, the director was listed as a director of the company in the annual report (Corporate information; page 12); a member of the ARC and the nominating committee; and the chairman of the remuneration committee. Mr Ng Kwan Meng is also listed as a director in the Statement by Directors, which was dated 28 August 2024.

(iii) **Has the abrupt resignation of the director affected the board?**

Company's response
The resignation of Mr Ng Kwan Meng has been accepted by the Board and the Board has commenced its search for the replacement Independent Director.

(iv) **Should the annual report be updated given that it was only published on SGXNet on 24 September 2024?**

Company's response
28 August 2024: the date of Statement of Directors.
18 September 2024: The approval of the annual report was approved by the Board.
19 September 2024: The annual report was sent for printing.
23 September 2024: BMH SGX announcement on the resignation of Mr Ng Kwan Meng.
24 September 2024: The annual report was uploaded on SGX.

In the circumstances, Ng Kwan Meng's resignation could not be updated in the annual report.

(v) **Is there any information related to the director's cessation that needs to be brought to the attention of shareholders?**

Company's response

Per BMH announcement to SGX on the 23 September 2024:

'The Board of Directors of BMH wishes to announce the resignation of Mr Ng Kwan Meng as a Director of the Company with effect from 23 September 2024. Following his resignation as a director, Mr Ng Kwan Meng shall cease to be Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and Nominating Committee.'

The Board in the midst of appointing a new replacement Independent Director in the next few months.