

BRITISH AND MALAYAN  
HOLDINGS LIMITED

Security  
Integrity  
Value

ANNUAL REPORT 2018

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# Introduction

**British and Malayan Holdings Limited, 100% wholly owned subsidiary is British and Malayan Trustees Limited** which has been providing trust services to families, companies, financial institutions, charities and high net worth individuals from its home in Singapore since 1924. As a pioneer member of the Singapore Stock Exchange, we are uniquely positioned as a licensed independent trust company offering the stability and flexibility to meet bespoke needs of clients. We are a full service Singapore based trust company assisting clients globally.

## Examples of Current Service Offerings:

### Family Services

- Family Holding Structures; Private Trust Companies; Succession Planning; Asset and Entity Administration

### Estates

- We have over the decades successfully administered and settled all manner of significant estates; both for a prompt and efficient resolution as well as for generational preservation and distribution.

### Charities

- We support a variety of charitable structures and activities, domestically and internationally.

### Real Estate Services

- We have throughout our history offered full real estate solutions for clients and their estates, including administration, transactions and development.

### Corporate

- Financing – We serve in various trustee and agency capacities to facilitate corporate and transactional financings, such as securities and bond offerings; MTN Programs; Securitisations, etc.
- Transactions – We facilitate corporate M&A and asset transaction in various capacities, such as Escrow agency, etc.
- Entity Administration – We facilitate SPV's, Holding, and Transactional entities to support corporate requirements

### Funds; Asset Structuring

- Fund Trustee and Administration – We have extensive experience with all manner of funds as Trustee, Administration and/or Custodian (We hold a CMS license to serve as Custodian and are an Approved Trustee for Collective Investment Schemes).
- REITS – We have a special expertise in servicing REITS and private equity type real estate funds.
- Specialty Assets – We actively support investors and their advisers in dealing with new asset classes and bespoke structures for separately managed accounts and platforms.

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# Financial Calendar

## **Financial Year End**

30 June 2018

## **Announcement of FY 2018 Annual Financial Results**

17 August 2018

## **Annual General Meeting**

25 October 2018

## **Payment of 2017 – 2018 Dividends**

Interim: 9 March 2018

Final: 20 November 2018

# Corporate Information

## **BOARD OF DIRECTORS**

Mr Colin Lee Yung Shih (Chairman)  
Mr Lee Boon Huat  
Mr Ng Kwan Meng  
Mr Soh Chung Hian

## **AUDIT AND RISK COMMITTEE**

Mr Soh Chung Hian (Chairman)  
Mr Colin Lee Yung Shih  
Mr Lee Boon Huat  
Mr Ng Kwan Meng

## **NOMINATING COMMITTEE**

Mr Lee Boon Huat (Chairman)  
Mr Colin Lee Yung Shih  
Mr Ng Kwan Meng  
Mr Soh Chung Hian

## **REMUNERATION COMMITTEE**

Mr Ng Kwan Meng (Chairman)  
Mr Colin Lee Yung Shih  
Mr Lee Boon Huat  
Mr Soh Chung Hian

## **COMPANY SECRETARIES**

Mr. Paul Martin Pavey  
Ms. Angela Ho Wei Ling  
Ms. Lee Pay Lee

## **REGISTERED OFFICE & SHAREHOLDER SERVICES FOR ORDINARY SHARES**

1 Coleman Street  
#08-01 The Adelphi  
Singapore 179803  
Tel : (65) 6535 4922  
Fax : (65) 6535 1258  
Email : enquiry@bmtrust.com

## **AUDITORS**

Ernst & Young LLP (Public Accountants and Certified Public Accountants)  
One Raffles Quay  
North Tower, Level 18 Singapore 048583

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of the Company will be held at the Board Room of British And Malayan Holdings Limited at 1 Coleman Street, #08-01 The Adelphi, Singapore 179803 on Thursday, 25 October 2018 at 2:30 p.m. for the purpose of transacting the following business:-

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2018 together with the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr Lee Yung-Shih Colin, the Director retiring pursuant to Article 94 of the Company's Constitution. **(Resolution 2)**

*[See Explanatory Note (i)]*

3. To re-elect Mr Lee Boon Huat, the Director retiring pursuant to Article 94 of the Company's Constitution. **(Resolution 3)**

*[See Explanatory Note (ii)]*

4. To approve the payment of Directors' fees of S\$150,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears. (2018: S\$150,000) **(Resolution 4)**

5. To declare a Final Dividend (tax exempt one-tier) of 2.7 cents per ordinary share for the financial year ended 30 June 2018. **(Resolution 5)**

6. To appoint Messrs RSM Chio Lim LLP as Auditors of the Company in place of the retiring auditors, Messrs Ernst & Young LLP and to authorise the Directors to fix their remuneration. **(Resolution 6)**

*[See Explanatory Note (iii)]*

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without modifications:-

7. **Authority to issue shares** **(Resolution 7)**

"That, pursuant to Section 161 of the Companies Act, Chapter 50 and the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given for the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

- (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

# Notice of Annual General Meeting

- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

and (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuant to any Instruments made or granted by the Directors while the authority was in force, provided always that:

- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the Company's total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary), and for the purpose of this Resolution, the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary) shall be the Company's total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary) at the time this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of convertible securities, or
  - (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, and
  - (iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares.
- (b) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

*[See Explanatory Note (iv)]*

## 8. **Authority to allot and issue shares under British and Malayan Holdings Employee Share Option Scheme and British and Malayan Holdings Performance Share Plan** **(Resolution 8)**

"That, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be allotted and issued pursuant to the exercise of the options under the British and Malayan Holdings Employee Share Option Scheme ("**ESOS**") and/or vesting of awards under British and Malayan Holdings Performance Share Plan ("**PSP**"), provided always that the aggregate number of additional Shares to be allotted and issued pursuant to the ESOS and PSP shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

*[See Explanatory Note (v)]*



# Notice of Annual General Meeting

9. To transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Paul Martin Pavey  
Angela Ho Wei Ling  
Lee Pay Lee  
Company Secretaries

Singapore,  
5 October 2018

## Explanatory Notes:

- (i) Mr Lee Yung-Shih Colin will, upon re-election as Director of the Company, remain as the Chairman of the Board and a member of Audit Committee, Nominating Committee and Remuneration Committee. Mr Colin Lee is a non-independent non-executive Director and will not be considered independent for the purpose of Rule 704(8) of the Listing Manual of SGX-ST. Key information on Mr Colin Lee can be found on page 59 of the Annual Report 2018. Please also refer to page 62 of the Annual Report 2018 for Mr Colin Lee's shareholding interest in the Company.
- (ii) Mr Lee Boon Huat will, upon re-election as Director of the Company, remain as the Chairman of Nominating Committee and a member of Audit Committee and Remuneration Committee. Mr Lee is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Key information on Mr Lee can be found on page 59 of the Annual Report 2018. There are no relationships (including family relationship) between Mr Lee and the other Directors or the Company or its 10% shareholders.
- (iii) Ordinary Resolution 6 proposed above is to approve the appointment of Messrs RSM Chio Lim LLP as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young LLP and to authorise Directors to fix their remuneration. Please refer to the Appendix accompanying this Notice dated 5 October 2018 for further information.
- (iv) Ordinary Resolution 7 proposed above, if passed will empower the Directors of the Company, from the date of the passing of Ordinary Resolution 7 to the date of the next Annual General Meeting, to issue shares in the capital of the Company is required by law to be held and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares and shares (if any) held by a subsidiary) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares and shares (if any) held by a subsidiary) for issues other than on a pro rata basis to shareholders.

# Notice of Annual General Meeting

- (v) Ordinary Resolution 8 proposed above, if passed will empower the Directors of the Company, from the date of the passing of Ordinary Resolution 8 to the date of the next Annual General Meeting is required by law to be held, whichever is earlier, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the ESOS and vesting of the share awards under the PSP.

## Notes:

- (a) A member of the Company may appoint not more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.
- (b) Where a member appoints more than one (1) proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage as a whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- (c) A member who is a Relevant Intermediary\* is entitled to appoint more than two proxies to attend and vote at the meeting. He shall specify the proportion of his shares (expressed as a percentage of the whole) to be represented by each proxy.

### \*Relevant Intermediary is:

- (i) a banking corporation licensed under the Banking Act (Cap.19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or
  - (ii) a person holding a capital markets services license to provide a custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
  - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap.36), in respect of shares purchased on behalf of CPF investors.
- (d) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.
  - (e) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
  - (f) Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
  - (g) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Coleman Street, #08-01 The Adelphi, Singapore 179803, not less than seventy-two (72) hours before the time appointed for holding the Annual General Meeting.
  - (h) In the case of joint shareholders, all shareholders must sign the instrument appointing a proxy or proxies.

# Notice of Annual General Meeting

- (i) Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse the admission of any person or persons appointed under the instrument of proxy, to the Annual General Meeting.
- (j) The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member(s) are not shown to have shares entered against his/her/their name(s) in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
- (k) A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 72 hours before the time appointed for the Annual General Meeting.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis of the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy (ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

5 October 2018

APPENDIX

This appendix (the “**Appendix**”) is sent to Shareholders of British and Malayan Holdings Limited (the “**Company**”), together with the Company’s annual report for the financial year ended 30 June 2018 (the “**2018 Annual Report**”)

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

*Unless otherwise stated, capitalized terms on this cover are defined in this Appendix under the Section entitled “DEFINITIONS”.*

If you have sold or transferred all of your ordinary shares in the capital of the Company, held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix together with the Notice of Annual General Meeting and the Proxy Form which are enclosed with the 2018 Annual Report to be sent to the purchaser or transferee. If you have sold or transferred all of your ordinary shares in the capital of the Company, represented by physical share certificate(s), you should immediately forward this Appendix together with the Notice of the Annual General Meeting and the attached Proxy Form which are enclosed with the 2018 Annual Report, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The Appendix has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements made, reports contained/referred to, or opinions expressed in this Appendix.

## BRITISH AND MALAYAN HOLDINGS LIMITED

(Company Registration Number: 201632914Z)  
(Incorporated in the Republic of Singapore)

## APPENDIX TO THE NOTICE OF THE ANNUAL GENERAL MEETING

in relation to

## CHANGE OF AUDITORS

# Appendix – Definitions

Unless otherwise stated, the following definitions apply throughout this Appendix:

<b>“2018 AGM”</b>	: The annual general meeting of the Company to be held on 25 October 2018 at 2:30 p.m.
<b>“2018 Annual Report”</b>	The Annual Report of the Company for the financial year ended 30 June 2018
<b>“ACRA”</b>	: The Accounting and Corporate Regulatory Authority
<b>“AGM”</b>	: The annual general meeting of the Company
<b>“Appendix”</b>	: This appendix to Shareholders dated 5 October 2018
<b>“ARC”</b>	: The Audit and Risk Committee of the Company for the time being
<b>“Board”</b>	: The board of Directors of the Company as at the date of this Appendix
<b>“CDP”</b>	: The Central Depository (Pte) Limited
<b>“Companies Act”</b>	: The Companies Act (Chapter 50) of Singapore, as may be amended or modified from time to time
<b>“Company”</b>	: British and Malayan Holdings Limited
<b>“Constitution”</b>	: The Constitution of the Company, as may be amended, supplemented, or modified from time to time
<b>“Director(s)”</b>	: The director(s) of the Company as at the date of this Appendix
<b>“EY”</b>	: Messrs. Ernst & Young LLP
<b>“FY”</b>	: Financial year of the Company ended or ending 30 June as the case may be
<b>“Group”</b>	: The Company and its subsidiaries
<b>“Independent Director”</b>	: An independent director of the Company as at the date of this Appendix
<b>“Listing Manual”</b>	: The Mainboard Rules of the SGX-ST, as amended, modified or supplemented from time to time
<b>“Proposed Change of Auditors”</b>	: The proposed appointment of RSM Chio Lim LLP as Auditors of the Company in place of retiring Auditors, Ernst & Young LLP and to authorise the Directors to fix their remuneration
<b>“RSM”</b>	: Messrs. RSM Chio Lim LLP
<b>“SGX-ST”</b>	: Singapore Exchange Securities Trading Limited
<b>“Share(s)”</b>	: Ordinary share(s) in the capital of the Company

## Appendix – Definitions

- “Shareholder(s)”** : Registered holders of Shares in the register of members of the Company, except where the registered holder is CDP, the term **“Shareholders”** shall, in relation to such Shares, mean the Depositors whose securities accounts maintained with CDP are credited with Shares
- “Substantial Shareholder”** : A person who has an interest in not less than five per cent (5%) of all the issued voting shares of the Company

The terms **“Depositor”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

References to persons shall include corporations.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, or the Listing Manual or any modification thereof and not otherwise defined in this Appendix shall, where applicable, have the same meaning ascribed to it under the Companies Act, the Securities and Futures Act or the Listing Manual or such modification thereof, as the case may be.

Any reference to a time of a day or date in this Appendix shall be a reference to Singapore time or date unless otherwise stated.

Any discrepancies in the figures in this Appendix between the figures listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

# Appendix – Letter to the Shareholders

## BRITISH AND MALAYAN HOLDINGS LIMITED

(Company Registration Number: 201632914Z)  
(Incorporated in the Republic of Singapore)

### Directors:

Colin Lee Yung-Shih (Non-Executive Chairman)  
Lee Boon Huat (Independent Non-Executive Director)  
Ng Kwan Meng (Independent Non-Executive Director)  
Soh Chung Hian (Independent Non-Executive Director)

### Registered Office:

1 Coleman Street  
#08-01 The Adelphi  
Singapore 179803

5 October 2018

To: The Shareholders of British and Malayan Holdings Limited

Dear Shareholders,

## PROPOSED CHANGE OF AUDITORS

### 1. INTRODUCTION

We refer to:

- (a) the Notice of AGM to the shareholders of the Company dated 5 October 2018, accompanying the Company's Annual Report for the financial year ended 30 June 2018, convening the AGM to be held on 25 October 2018; and
- (b) Ordinary Resolution 6 in relation to the Proposed Change of Auditors from EY to RSM under "Ordinary Business" set out in the Notice of AGM.

The purpose of this Appendix is to provide Shareholders with relevant information pertaining to the Proposed Change of Auditors and to seek Shareholders' approval for the resolution in respect thereof.

### 2. RATIONALE FOR THE PROPOSED CHANGE OF AUDITORS

The Company's existing Auditors, EY, has been auditors of the principal subsidiary, British And Malayan Trustee Limited since 2008 and the auditors of the Company since 2017. At the last AGM held on 23 October 2017, the Shareholders approved the re-appointment of EY as the auditors of the Company until the conclusion of the next AGM of the Company, and had authorised the Directors to fix EY's remuneration in connection with such re-appointment.

EY have been the Group's Auditors since year 2008 and in line with best corporate governance practice, a change in auditors is considered prudent. In addition, RSM are currently the auditors for The Nyalas Rubber Estates Ltd, the Company's parent company. As such having the same audit firm as the parent company would assist in the consolidation and audit process of the parent company.

## Appendix – Letter to the Shareholders

Based on the review of RSM's proposal for audit service for FY2019 rather than the specific Audit Quality Indicators Framework, the ARC is satisfied that the scope of work and review to be undertaken by RSM would not be reduced. The Directors together with the ARC, having considered the credentials of the proposed audit team from RSM who will be assigned for the audit of the Group, and after giving due consideration to the adequacy of resources and experience of RSM and the proposed audit team from RSM; the audit engagements of RSM; the proposed audit arrangements of RSM for the Group having regard to the size, complexity and nature of the Group's operations; and the number and experience of supervisory and professional staff assigned to the proposed audit team from RSM, are of the opinion that RSM will be able to fulfil the audit requirements of the Company and the Group at competitive fees without reducing the scope of audit work and review to be undertaken by RSM and without compromising the standard and effectiveness of the audit of the Company and the Group.

In connection with the Proposed Change of Auditors, EY has, on 14 September 2018 given notice to the Directors of their retirement as Auditors and RSM has, on 17 September 2018, given their formal consent to act as Auditors, subject to the approval of Shareholders at the AGM.

The Board wishes to express its appreciation for the past services rendered by EY.

### 3. ABOUT MESSRS RSM CHIO LIM LLP

RSM is part of the RSM International network of independent public accounting firms providing assurance, tax and business advisory services. The RSM International network has over 800 offices worldwide and global staff strength of 43,000. It is the sixth largest global provider of audit, tax and consulting services.

With the total staff strength of over 950 staff in Singapore, including over 280 audit professionals and 22 audit partners, RSM is ranked the largest accounting and business advisory group outside the big four accounting firms in Singapore<sup>(1)</sup>.

(1) Singapore's Top 25 Accounting Firms, Singapore Business Review – January 2018

For more information about RSM, please visit RSM's website at [www.RSMSingapore.sg](http://www.RSMSingapore.sg).

#### 3.1 The Audit Engagement Partner

The designated audit engagement partner-in-charge will be Mr Chow Khen Seng. Mr Chow is a practicing member of the Institute of Singapore Chartered Accountants ("ISCA") and public accountant registered with ACRA. He has more than 18 years of experience in providing audit and assurance services to a variety of clients, including companies listed on the SGX-ST. Mr Chow also leads RSM's Financial Service Practice Group in RSM Singapore and is the audit partner in charge of the audits of a number of trust companies in Singapore. Although Mr Chow was not previously been inspected under the Practice Monitoring Programme, his last internal inspection was in 2016 and he passed the inspection. As such, the ARC believes he has the requisite experience and knowledge required to audit the Company.



# Appendix – Letter to the Shareholders

## 3.2 The Engagement Quality Control Reviewer

Singapore Standard on Quality Control (SSQC) 1, “Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements” requires engagement quality control review for all audits of listed entities. Mr Paul Lee Seng Meng will be the designated engagement quality control partner. Mr Lee is the managing partner of RSM in Singapore. He has more than 25 years of experience in providing audit and assurance services to a variety of clients, including public companies listed on the SGX-ST. Mr. Lee also serves as a council member of ISCA and as a board member of the Accounting and Corporate Regulatory Authority (ACRA). Mr Lee was inspected under the Practice Monitoring Programme in 2005 and he passed the inspection.

## 3.3 Compliance with Rule 712 of the Listing Manual

The ARC and the Board have considered and are satisfied with the adequacy of the resources and experience of RSM, including the number and experience of the supervisory and professional staff who will be assigned to the audit of the financial statements of the Group, and RSM’s proposed audit arrangements for the Group. Pursuant to Rule 712(3) of the Listing Manual, the proposed change of Auditors must be specifically approved by the Shareholders in general meeting. Accordingly, the appointment of RSM would take effect upon the approval of the same by Shareholders at the AGM. RSM are registered with ACRA and thus have fulfilled the requirements imposed by Rule 712(2) of the Listing Manual. The Board is of the opinion that RSM will be able to meet the audit requirements of the Group and that Rule 712 of the Listing Manual has been complied with and/or will be complied with upon obtaining Shareholders’ approval for the Proposed Change of Auditors.

## 3.4 Compliance with Rule 715 of the Listing Manual

Following Shareholders’ approval of the Proposed Change of Auditors, RSM will become the Auditors of the Company in place of EY.

The Board confirms that pursuant to the Proposed Change of Auditors, RSM would be engaged to audit (i) the financial statements of the Company; and (ii) the financial statements of the Group’s significant subsidiary. Accordingly, Rule 715 of the Listing Manual has been complied with and/or will be complied with upon obtaining Shareholders’ approval for the Proposed Change of Auditors.

## 3.5 Compliance with Rule 1203(5) of the Listing Manual

For the purposes of Rule 1203(5) of the Listing Manual:

- (a) EY has confirmed, by way of its letter dated 14 September 2018, that it is not aware of any professional reasons why RSM, being the new Auditors, should not accept the appointment as Auditors;
- (b) The Board confirms that there were no disagreements with EY on accounting treatments within the last 12 months from the date of this Appendix;
- (c) The Board confirms that the Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders;
- (d) As mentioned in paragraph 2 above, the Board is of the view that a change of auditor should take place, is prudent and assists in the consolidation and audit process of the parent company.

# Appendix – Letter to the Shareholders

- (e) As mentioned in paragraph 3.3 and 3.4 above, the Board confirms that it has complied with Rules 712 and 715 in relation to the Proposed Change of Auditors.

## 4. AUDIT AND RISK COMMITTEE'S RECOMMENDATION

The ARC has reviewed the Proposed Change of Auditors and recommends the appointment of RSM as the Company's Auditors to the Board, after taking into consideration the suitability of RSM to meet the Group's audit requirements, as set out in paragraph 2 of this Appendix and compliance with the requirements of the Listing Manual. Accordingly, the ARC has recommended the Proposed Change of Auditors for approval by the Board.

## 5. DIRECTORS' RECOMMENDATION

The Board having considered the rationale and benefit of the Proposed Change of Auditors and the ARC's recommendation, is of the opinion that the Proposed Change of Auditors is in the best interests of the Company and the Shareholders. Accordingly, the Board recommends that the Shareholders vote in favour of the ordinary resolution in respect of the Proposed Change of Auditors at the AGM.

## 6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote on their behalf, should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the Company's registered office at 1 Coleman Street #08-01 The Adelphi Singapore 179803, not less than seventy-two (72) hours before the time fixed for the AGM. Appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2018 AGM if he so wishes. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.

A Depositor holding shares through CDP in Singapore shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless Shares are entered against his name on the Depository Register not less than seventy-two (72) hours before the time fixed for the AGM.

## 7. INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection at the registered office of the Company at 1 Coleman Street #08-01 The Adelphi Singapore 179803, during normal business hours from the date of this Appendix to the date of the AGM:

- (a) the Constitution of the Company;
- (b) the Annual Report for the financial year ended 30 June 2018;
- (c) EY's Notice of Retirement as Auditors dated 14 September 2018;

# Appendix – Letter to the Shareholders

- (d) EY’s professional clearance letter to RSM dated 14 September 2018;
- (e) Nomination Letter from The Nyalas Rubber Estate Ltd, the parent company of the Company; and
- (f) RSM’s letter to the Company dated 17 September 2018 in respect of its consent to act as Auditors of the Company

## 8. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

Yours faithfully

For and on behalf of the Board of Directors

**BRITISH AND MALAYAN HOLDINGS LIMITED**

Colin Lee Yung Shih

Non-Executive Chairman

# Chairman's Statement

## Review of the year

For the year ended 30 June 2018, the Group's total revenue was \$3,912,000 (2017: \$2,573,000). This amount includes recognition of gain from the sale of AFS assets. Excluding the gain on AFS assets, total revenue was \$ 2,434,000 compared to \$2,573,000 in the corresponding period, or a decrease of 5% which is due to lower other income received.

The Group achieved an operating profit before tax for the year of \$632,000 (2017: loss \$1,632,000). Excluding the gain on AFS assets sales, the Group incurred an operating loss before tax of \$846,000 (2017: loss \$1,632,000). The reduction in the normalised operating loss is due to lower staff headcount and better cost management.

The trust business in Singapore is challenging, one that continues to see strong competitive pressures resulting in weak pricing power. Consequently, the Group will look to diversify its revenue and income streams as well as seek further efficiencies in accordance with its strategic plan.

## Dividend

During the year an interim tax exempt dividend of 3.0 cents per share was paid in March 2018. The Board is recommending a final tax exempt dividend of 2.7 cents per share to be approved at the forthcoming Annual General Meeting to be held on 25 October 2018.

## Outlook

Business conditions remain tough and competitive in the trust business. Since BMT is not affiliated with any other financial institution, we compete primarily by providing a high level of competence and non-conflicted services while adequately pricing risk. Increased regulatory requirements have added to compliance costs and our adherence to both regulatory requirements and our own strict internal policies have led to increased foregone opportunities, but has resulted in a sustainable practice that attracts low compliance risks.

Nonetheless, potential trust clients remain fee sensitive and have not as yet accorded the recognised premium that our service deserves. As such, it has been recognised that we need to develop complimentary business units to broaden our fee income base.

To that end, BMH was created as a holding company to facilitate this vision. Over the course of fiscal year 2019, we will seek to identify businesses and business partners that are most suited for our intended goal of creating a one-stop shop platform that services the needs of both corporates, family offices and high net worth individuals.

Financial markets are expected to be volatile in view of the geopolitical tensions that have developed over the last six months and the reversal of the declining trend in interest rates will result in increased default risks as interest rates rise. We have conscientiously sold off all our available-for-sale investments to focus on creating new business units mentioned in the previous paragraph.

In order to achieve our vision, it is essential that we attract new talent capable of building a bigger and more forward-looking institution. This talent will likely come from the entities that we will eventually absorb into our holding company. The independent non-executive directors of the Board will play a critical role in ensuring that the metamorphosis of BMH is carried out in a responsible manner.

I would like to take this opportunity to thank existing clients, shareholders and staff for their continued support and dedication during the transitory years and their continued commitment to the cause going forward.

# Corporate Governance Statement

The Board of Directors (the “**Board**”) of British and Malayan Holdings Limited (“**BMH**”, the “**Company**”) is committed to upholding good corporate governance practices to protect the interests of the Company’s shareholders.

This Corporate Governance Report (the “**Report**”) describes the Company’s corporate governance practices that were in place during the financial year ended 30 June 2018 (“**FY2018**”) with specific reference to the Principles of the Code of Corporate Governance 2012 (the “**Code**”). The Board confirmed that the Company has, for the FY2018, generally adhered to the principles and guidelines as set out in the Code. Where there are deviations from the Code, appropriate explanations are provided under the relevant sections of this Report.

## Board Matters

### THE BOARD’S CONDUCT OF AFFAIRS

*Principle 1: Effective board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.*

The primary role of the Board is to protect and enhance long-term shareholders’ value and to ensure that the Company is run in accordance with best international management and corporate governance practices, appropriate to the needs and development of the Company.

Apart from its statutory duties and responsibilities, the Board oversees the management and affairs of the Company and approves important business decisions involving the Company’s corporate strategy and direction. The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.

In delegating responsibility for the day-to-day operations and leadership of the Company to the Management team, the Board has implemented a system of processes and procedures to ensure that significant issues, risks and major strategic decisions are monitored and considered at the Board level.

#### Delegation by the Board

In addition, to assist in carrying out its responsibilities, the Board has delegated certain functions to various board committees, namely the Audit and Risk Committee (“**ARC**”), Nominating Committee (“**NC**”), and Remuneration Committee (“**RC**”). Each Committee has its own written Terms of Reference, which clearly sets out its objectives, duties, powers and responsibilities. The Board accepts that while these board committees have the authority to examine particular issues they will report back to the Board with their decisions and /or recommendations, the ultimate responsibility on all matters lies with the Board.

All the Board members are actively engaged and play an important role in ensuring good corporate governance within the Company. Visits to the Company’s business premises are also arranged to acquaint the non-executive Directors with the Company’s operations and ensure that the Directors are familiar with the Company’s business, policies and governance practices.

Directors are also provided with an insight into the Company’s operational facilities and periodically meet with the Management to gain a better understanding of the Company’s business operations. The Board as a whole is updated on risk management and the key changes in the relevant regulatory provisions which have an important bearing on the Company and the Directors’ obligations to the Company.

The profile of each Director is presented in the section headed “Board of Directors” of this Annual Report.

# Corporate Governance Statement

## Board Approval

The Board has adopted and documented internal guidelines setting forth matters that require Board approval. The types of material transactions that require Board approval under such guidelines are listed below:

- Strategies and objectives of the Company;
- Annual budgets and business plans;
- Announcement of quarterly and full year results and release of annual reports;
- Issuance of shares;
- Declaration of interim dividends and proposal of final dividends;
- Convening of shareholders' meetings;
- Investments, divestments or capital expenditure exceeding S\$ 1 million;
- Commitments to term loans and lines of credits from banks and financial institutions if any; and
- Interested party transactions.

Apart from the matters that specifically require the Board's approval, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to management so as to optimize operational efficiency.

The schedules of all the Board and Board Committee meetings for the financial year are given to all directors well in advance. To assist directors in planning their attendance, the Company Secretaries consult every director before fixing the dates of these meetings. The Board meets at least four (4) times a year and ad hoc meetings are also convened to deliberate on urgent substantive matters. Telephonic attendance and conference via audio-visual communication at Board and Board Committee meetings are allowed under the Company's Constitution. The Board and Board Committees may also make decisions by way of written resolutions.

The number of Board and Board Committee meetings held and the attendance of each Director for FY2018 where relevant are as follows:

	Board	Board Committee		
		Audit and Risk Committee	Remuneration Committee	Nominating Committee
<b>No. of Meetings Held</b>	4	4	2	2
	<b>No. of Meetings Attended</b>			
Mr Colin Lee Yung-Shih	4	4	2	2
Mr Lee Boon Huat	4	4	2	2
Mr Ng Kwan Meng	4	4	2	2
Mr Soh Chung Hian	4	4	2	2

# Corporate Governance Statement

## Induction of Directors

The Directors have access to the Company Secretaries and Management. They may also seek independent professional advice concerning the Company's affairs at the Company's expense when necessary. Prior to their respective appointments to the Board, each of the Directors was given an orientation and induction programme, so as to familiarize themselves with the Company's business activities, strategic directions and policies. In addition, newly appointed directors are also introduced to the senior Management team. The Company does not provide a formal appointment letter detailing the duties and obligations of the incoming new directors as this is discussed verbally with each director prior to his appointment.

## Training of Directors

The Company Secretaries and auditors provide regular updates on the latest governance, listing rules and financial reporting standards during Board meetings, as and when required. All Directors are updated regularly concerning any changes in company policies. During the year, the Board was briefed and/or updated on the following: (1) Current issues in corporate governance; (2) The new auditor's report and other information; (3) Overview of the changes in accounting standards, laws and regulations; (4) Changes to the regulatory environment and requirements in both Singapore and other jurisdictions; and (5) Prevention of money laundering and countering the financing of terrorism.

The Directors may also attend training, conferences and seminars at the Company's expense, to keep themselves updated on the latest developments concerning the Company and to keep abreast of regulatory changes.

## **BOARD COMPOSITION AND GUIDANCE**

### Principle 2: Strong and independent element on the Board

The Board consists of four (4) Directors, comprising four (4) Non-Executive Directors. Of the Non-Executive Directors, three (3) of them are Independent Directors. The Company has adopted the Code's definition of "Independent Director" and its guidance in respect of relationships which would deem a Director to be regarded as non-independent.

As three out of four Directors are Independent Directors, the Board recognizes that this is in accordance with the Code's guidelines that Independent Directors should make up at least half of the Board where the Chairman of the Board is not an Independent Director. The Board is of the view that the current Board size and composition are appropriate and effective to provide the necessary objective inputs to the various decisions made by the Board. The Board will periodically examine its composition to ensure a strong and independent element on the Board.

Each year, the Board's composition is reviewed by the NC to ensure that the Board has the appropriate mix of expertise and experience. The NC is of the view that the current Board comprises persons whose diverse skills, experience and attributes provide for an effective Board.

The Board in concurrence with the NC is of the view that the current Board and Board Committees comprises an appropriate balance and diversity of skills, experience and knowledge of the Company which provides broad diversity of expertise such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge who as a group provide core competencies necessary to meet the Company's requirements. Further details on the key information and the profile of the Directors including their academic and professional qualification, and other directorship in other listed companies are set out on page 26 in this Annual Report.



# Corporate Governance Statement

The Non-Executive Directors provide constructive views and assist the Board to facilitate and develop proposals on strategy and monitor the performance of the Management in meeting agreed objectives. The Non-Executive Directors have full access to and co-operation from the Company's Management and officers. They have full discretion to have separate meetings without the presence of Management and to invite any Directors or officers to the meetings as and when warranted.

To facilitate a more effective review the Non-Executive Directors meet as and when necessary and at least once a year with Auditors without the presence of the Management.

The Board and Management fully appreciate that an effective and robust Board whose members engage in open and constructive debate and challenge Management on its assumptions and proposal is a fundamental to good corporate governance. The Company has adopted initiatives to put in place processes to ensure that the non-executive directors are well supported by accurate, complete and timely information, have unrestricted access to management and have sufficient time and resources to discharge their oversight function effectively. These initiatives include informal meetings for management to brief the directors on prospective deals and providing the Board with regular updates on projects and initiatives at early stage, circulation of relevant information on business initiatives on matters in relation to the Company and the industries in which it operates to keep the board abreast of the business developments.

## Directors' independent review

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent, bearing in mind the Guidelines set forth in the Code of Corporate Governance and any salient factors which would render a director to be deemed not independent. Each Director is required to declare his independence based on the guidelines set forth in Guideline 2.3 of the Code by submitting a "Confirmation of Independence Form" which requires each Director to assess whether he considers himself independent and not having any relationships identified in the Code. The NC will review and deliberate the independence of each Independent Director before giving its recommendation to the Board for deliberation. The NC has reviewed and determined that all the Independent Directors are considered independent.

The Board is of the view that the three (3) Independent Directors namely, Mr Lee Boon Huat, Mr Ng Kwan Meng and Mr Soh Chung Hian continue to demonstrate strong independence in character and judgement in the discharge of their responsibilities as directors of the Company. Based on the declaration of independence received from Mr Lee Boon Huat, Mr Ng Kwan Meng and Mr Soh Chung Hian combined with the fact that they have no association with the Management or substantial shareholders that could compromise their independence. After taking into account these factors, the Board has determined that Mr Lee Boon Huat, Mr Ng Kwan Meng and Mr Soh Chung Hian continue to be considered as independent directors.

None of the Independent Directors has served on the Board beyond nine (9) years from their respective date of appointment.

The Independent Directors have full access to and co-operation of the Company's Management and officers. They also have full discretion to convene separate meetings without the presence of Management and to invite any Directors or officers to the meetings as and when warranted by certain circumstances.



# Corporate Governance Statement

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

*Principle 3: Clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. Chairman and Chief Executive Officer to be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision makings.*

Mr Colin Lee Yung-Shih is the Non-Executive Chairman, while Mr Paul Martin Pavey is the Executive Director of British and Malayan Trustees Limited ("BMT") the main operating subsidiary of the Company.

There is a clear division of responsibilities between the Chairman and Executive Director, which ensures a balance of power and authority at the top of the Company. With the separation of roles, the Chairman will bear responsibility for providing guidance on the corporate direction of the Company and leadership to the Board. The Chairman ensures that Board meetings are held when necessary and sets the agenda in consultation with other Directors. The Chairman reviews all Board papers, prior to their distribution to the Board, and ensures that Board members are provided with complete, accurate and timely information on a regular basis to enable them to be fully cognizant of the affairs of the Company.

In addition, the Chairman monitors communications and relations between the Company and its shareholders and between the Board and Management with a view to encourage constructive relations and dialogues amongst them. Also, the Chairman works to facilitate the effective contribution of directors and assists to ensure procedures are in accordance with the Company's guidelines on corporate governance.

The Executive Director sets the business strategies and directions for the Company and manages the business operations of the Company with senior management. The Chairman and Executive Director are not related to each other.

Taking into account the relatively small size of the Board and that Independent Non-Executive Directors make up more than half of the Board, the Board is of the view that there is currently no need to appoint one of them as the Lead Independent Director. The Chairman of each Board Committee will provide feedback to the Board after the meeting. Shareholders can channel any concerns they may have to any one of the Independent Non-Executive Directors.

The Board's size, composition and diversity of skills and experiences are considered appropriate for the Company to ensure that the board will make independent decisions. Matters requiring the board's approval are discussed and deliberated with participation from each member of the board and collective decisions ensure that no individual influences or dominates the decision-making process. The Board will constantly review the contribution of its directors to ensure a strong and independent element of the Board.

## BOARD MEMBERSHIP

*Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

The NC comprises four (4) Directors, a majority of whom, including the Chairman of the NC, are Independent Non-Executive Directors:

- (i) Mr Lee Boon Huat (Chairman)
- (ii) Mr Colin Lee Yung-Shih
- (iii) Mr Ng Kwan Meng
- (iv) Mr Soh Chung Hian

# Corporate Governance Statement

According to the written terms of reference of the NC, the NC assists in performing the following functions:

- (a) nominates directors (including Independent Directors) taking into consideration each Director's contribution, performance and ability to provide valuable insights and strategic networking to enhance the businesses of the Company;
- (b) reviews and recommends to the Board the composition of the ARC, and RC;
- (c) re-nominate directors for re-election in accordance with the Constitution at each annual general meeting ("AGM") having regard to the director's contribution and performance;
- (d) determines annually whether or not a director of the Company is independent;
- (e) decides whether or not a director is able to and has been adequately carrying out his duties as a director;
- (f) assesses the performance of the Board as a whole and the contribution of each director to the effectiveness of the Board;
- (g) reviews and recommends succession plans for directors, in particular, the Chairman and for the CEO; and
- (h) reviews and recommends training and professional development programs for the Board.

The process for the selection and appointment of new Board members is as follows:

- the NC evaluates the balance of skills, knowledge and experience of the Board and prepares a summary description of the role and the required competencies for the appointment;
- If required, the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Boards;
- the NC meets with short-listed candidates to assess their suitability and to ensure that the candidates are aware of the expectations; and
- the NC makes recommendations to the Board for approval.

Pursuant to Article 100 of BMH's Constitution, any person so appointed by the Directors shall hold office only until the next annual general meeting. He shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. Under Article 94 of BMH's Constitution, at each annual general meeting, one-third of the Directors for the time being (of, if their number is not multiple of three, the number nearest to but not less than one-third), selected in accordance with Article 95, shall retire from office by rotation.

The Directors who retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Pursuant to Article 94 of the Company's Constitution, the following named Directors will be offering themselves for re-election at the forthcoming AGM of BMH.

1. Mr Colin Lee Yung-Shih
2. Mr Lee Boon Huat

# Corporate Governance Statement

The NC makes a recommendation to the Board on the re-election of Directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current board members, and the needs of the Board.

For the year under review, the NC evaluated the Board's performance as a whole and the contribution of each Director to the effectiveness of the Board. The NC has adopted a formal process and criteria to assess the effectiveness of the Board and each of the directors. The evaluation is carried out annually.

As at the date of this Report, the Board comprises four (4) Directors. Details of the Directors' qualifications, initial appointment, last re-election and their directorships are as follows:

Name of Directors	Date of initial appointment	Date of last re-election	Academic and Professional Qualifications	*Present Directorship or Chairmanship in other listed companies	*Past Directorship or Chairmanship in other listed companies
Mr Colin Lee Yung-Shih	10 February 2017	23 October 2017	Bachelor of Science	CAM-GTF Limited	–
Mr Lee Boon Huat	10 February 2017	23 October 2017	Bachelor of Business	Alliance Bank Malaysia Berhad; AfrAsia Bank Limited Mauritius	NIB Bank Pakistan;
Mr Ng Kwan Meng	10 February 2017	23 October 2017	Bachelor of Arts and Social Science	–	–
Mr Soh Chung Hian	10 February 2017	23 October 2017	Bachelor of Accountancy	Lum Chang Holdings Limited Vicom Limited	Eu Yan Sang International Ltd; QAF Limited

\* Within the past three years

During FY2018, the NC is satisfied that sufficient time and attention was given by the Directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations there is presently no need to implement internal guidelines to address their competing time commitments. The NC is also of the opinion that the current board size is adequate for the effective functioning of the Board. The NC will continue to review from time to time, the Board representations and other principal commitments to ensure that Directors continue to meet the demands of the Company and are able to discharge their duties adequately.

The Company does not have a practice of appointing alternate directors.

# Corporate Governance Statement

## BOARD PERFORMANCE

*Principle 5: Formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.*

The NC is responsible for setting the performance criteria to assess the effectiveness of the Board. In the assessment, the NC takes into consideration a number of factors, namely the size and composition of the Board, the Board's access to information, Board's proceedings, the discharge of the Board's functions and the communications and guidance given by the Board to the Management.

A formal review of the Board's performance was undertaken collectively by the Board annually. Each Director undertakes a self-assessment to evaluate their contribution to the Board. This self-assessment process takes into account, amongst other things, the board commitment, standard of conduct, competency, training and development and interaction with the other Directors, Management & Stakeholders. The Board's performance was also being reviewed by the NC with inputs from other Board members. The completed assessment forms are collated by one of the Company Secretaries and the results of the evaluation exercise are subsequently considered by the NC before making recommendations to the Board. The Chairman of the Board will act on the results of the performance evaluation and recommendation, and where appropriate, propose new members to be appointed to the Board or seek resignation of the Directors, in consultation with the NC.

The performance of each individual Director are assessed based on various factors which includes their attendance and participation to the Board and Board Committee Meetings and contributions to the Board in the business strategies including their industry and business knowledge. The performance criteria are not subject to changes annually and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify this decision.

The NC is satisfied that each member of the Board has been effective in carrying out their duties and contributed to the Board during the year.

The Board has not engaged any external facilitator in conducting the assessment of the effectiveness of the Board, the Board Committees and the performance of individual Directors. Where relevant, the NC may consider such engagements.

Each member of the NC shall abstain from voting on any resolution and making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his own performance.

## ACCESS TO INFORMATION

*Principle 6: Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.*

The Board has separate and independent access to the senior Management of the Company and the Company Secretaries at all times. Requests for information are dealt with promptly by Management. The Board is informed of all material events and transactions as and when they occur. The Management consults Board members as necessary and appropriate. Detailed board paper agenda and related material, background or explanatory information relating to matters to be discussed such as quarterly and yearly financial results, progress reports of the Company's operations, corporate developments, business developments, budgets, capital expenditure, shares price movements and shareholders trading transactions, HR matters and relevant regulatory updates are sent out to the Directors prior to each meeting so that all Directors may better understand the issues beforehand, allowing more time at such meetings for questions and deliberations that the Directors may have.

# Corporate Governance Statement

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings. In order to keep the Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.

The Company Secretaries administer, attend and document all Board meetings, and assist the Chairman in implementing appropriate Board procedures to facilitate effective compliance with the Company's Constitution. The Company Secretaries also ensure the requirements of the Companies Act (Chapter 50) of Singapore, Listing Manual and other relevant rules and regulations applicable to the Company are complied with. The Company Secretaries work together with the respective divisions of the Company to ensure that the Company complies with all relevant rules and regulations. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

The Board in fulfilling its responsibilities can, as a collective body or individually as Board members, when deemed appropriate, directs the Company, at the Company's expense, to appoint independent professionals to render advice.

## REMUNERATION MATTERS

*Principle 7: The policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent. No director should be involved in deciding his own remuneration.*

The RC comprises the following four (4) Non-Executive Directors, a majority of whom including the Chairman are Independent Directors:

- (i) Mr Ng Kwan Meng (Chairman)
- (ii) Mr Colin Lee Yung-Shih
- (iii) Mr Lee Boon Huat
- (iv) Mr Soh Chung Hian

According to the written terms of reference of the RC, the RC assists in performing the following functions:

- (a) recommends to the Board a framework of remuneration for the directors and key management personnel;
- (b) determines specific remuneration packages for each executive director and key management personnel;
- (c) reviews annually the remuneration of employees related to the directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities; and
- (d) performs such other acts as may be required by the SGX-ST and the Code from time to time.

The RC is responsible for ensuring formal and transparent procedures for developing policies on executive remuneration and reviewing the remuneration packages of individual directors, key management personnel and employees related to the Executive Director and Controlling Shareholders of the Company.

# Corporate Governance Statement

The recommendations of the RC should be submitted for endorsement by the Board as a whole. Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration package. Also, in the event that a member of the RC is related to the employee under review, he will abstain from participating in the review. Directors shall not be involved in the discussion and in deciding their own remuneration.

The RC has established a framework of remuneration for the Board and key management personnel covering all aspects of remuneration but not limited to directors' fees, salaries, allowances, bonuses, incentives schemes and benefits-in-kind.

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Director and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

When necessary, the RC will consult external professionals on remuneration matters of Directors and key management personnel. In FY 2018, the Company did not engage any consultant to deal with the remuneration of the Directors.

*Principle 8: The level of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

In making its recommendations to the Board on the level and mix of remuneration, the RC strives to be competitive, linking rewards with performance. It takes into consideration the essential factors to attract, retain and motivate the Directors and senior management needed to run the Company successfully, linking rewards to corporate and individual performance, aligning their interest with those of the shareholders and giving due regard to the financial and commercial health and business needs of the Company. The performance of the Executive Director of BMT together with other Key Management Personnel is reviewed annually by the RC and the Board.

At the extraordinary general meeting of the Company held on 4 July 2017, the shareholders of the Company approved the adoption of BMH Employee Share Option Scheme 2017 (“**BMH ESOS**”) and Performance Share Plan 2017 (“**BMH PSP**”). The RC of BMH would oversee the administration of the BMH ESOS and BMH PSP upon the rules as defined in the BMH ESOS and BMH PSP. Both BMH ESOS and BMH PSP were established on 4 July 2017 with a 10 year tenure commencing on the establishment date.

The Executive Director of BMT does not receive director's fee but is remunerated as member of Management. The remuneration for the Executive Director and key management personnel comprises fixed and variable components under their respective service agreements. The fixed component is in the form of monthly salary whereas the variable component is linked to the performance of the Company and individual. In addition, short term and long term incentives such as BMH ESOS and BMH PSP, are in place to strengthen the pay-for-performance framework by rewarding and recognizing the key executives' contributions to the growth of the BMH group. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long term growth of BMH.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company. The Executive Director and key management personnel owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director and key management personnel in the event of such a breach of their fiduciary duties.

# Corporate Governance Statement

The RC ensures that the remuneration of the Non-Executive Directors is appropriate to their level of contribution taking into account factors such as effort and time spent, as well as their responsibilities and obligations. The RC also ensures that the Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised. Each member of the RC abstains from voting on any resolution, participating in any deliberation of the RC, and making any recommendation in respect of his remuneration.

The Non-Executive Directors receive a basic fixed fee and the Directors' fees will be subject to shareholders' approval at the AGM.

*Principle 9: Clear disclosure on remuneration level and mix of remuneration, and the procedure for setting remuneration in the Company's annual report.*

The remuneration of the directors and the Top Three Key Management Personnel, who are not Directors or the CEO of the Company, for FY2018, are disclosed below. The disclosure is to enable investors to understand the link between remuneration paid to Directors and Key Management Personnel, and performance.

Name of Director	Directors' Fees S\$	Salary S\$	Bonus S\$	Allowance S\$	Total S\$
Mr Colin Lee Yung-Shih	37,500	–	–	–	37,500
Mr Lee Boon Huat	37,500	–	–	–	37,500
Mr Soh Chung Hian	37,500	–	–	–	37,500
Mr Ng Kwan Meng	37,500	–	–	–	37,500

Name of Key Management	Designation	Salary* S\$	Bonuses S\$	Allowance S\$	Total S\$
Mr Paul Martin Pavey <sup>(1)</sup>	Executive Director of BMT	307,361	27,300	–	334,661
Ms Angela Ho Wei Ling	Financial Controller	230,755	21,022	–	251,777
James William Cox <sup>(2)</sup>	Executive Director of BMT	196,615	60,000	–	256,615

\* Salary includes Central Provident Fund employer contributions

(1) Mr Paul Martin Pavey was appointed as an Executive Director of BMT with effect from 1 January 2018.

(2) Mr James William Cox retired from BMT on 31 December 2017.

Notwithstanding Guidelines 9.3 of the Code, the Company is disclosing the remuneration of three Key Management Personnel because the Company had only such a number of Key Management Personnel (who were not also directors) during FY2018.

The annual aggregate remuneration paid to all the above mentioned Key Management Personnel (who were not also directors) of the Company in FY2018 was S\$ 843,053.

The Company does not have any employees who are immediate family members of a Director or the CEO of the Company.

The RC is of the view that their remunerations are in line with the Company's staff remuneration guidelines and commensurate with their job scopes and level of responsibilities.



# Corporate Governance Statement

There are no termination, retirement and/or post-employment benefits granted to Directors or Key Management Personnel during FY2018.

## ACCOUNTABILITY AND AUDIT

*Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.*

The Board is responsible to provide a balanced and understandable assessment of the Company's performance, position and prospects, to its shareholders, the public and regulators. The Board is accountable to its shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to its shareholders in compliance with the statutory requirements and the Listing Manual.

The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Manual, where appropriate. The Independent Directors in consultation with Management will request for Management's consideration for establishment of written policies for any particular matter that is deemed to be essential to form part of Management control.

The Board recognizes the importance and aims to provide the shareholders with a balanced and understandable assessment of the Company's performance including accurate, relevant and appropriate information of the financial position, detailed explanatory analysis and the prospects of the Company when it announces the interim and annual financial statements. The announcements submitted for shareholders and the public will be in accordance with the SGX-ST timelines and regulations.

The Board reviews and approves the quarterly and full year financial results and other statutory corporate announcements before such announcements are disseminated to shareholders through announcements via SGXNET.

The Board reports to the shareholders at each AGM and is elected by the shareholders. Management provides the Board members with management reports and accounts of the Company's performance, financial position and prospects on a quarterly basis.

*Principle 11: Maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets.*

The Company's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial effects, as well as for the authorization of capital expenditure and investments.

The Company employs the Enterprise Risk Management ("ERM") framework developed by BDO LLP, an independent professional firm, to perform risk assessment reviews on areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews regularly and updates the Board quarterly on the Company's business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control and mitigate these risks. Any significant matters are highlighted to the Board and the ARC for further discussion.



# Corporate Governance Statement

Ernst & Young LLP, the external auditors of the Company carry out, in the course of their statutory audit, an annual review of the effectiveness of the Company's key internal controls, including financial, operational, compliance, information technology controls as well as risk management systems to the extent of their scope as laid out in their audit plan. Any material weaknesses in internal controls, together with recommendations for improvement, are reported to the ARC.

Every year, the Company appoints Internal Auditors to carry 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.

It is the opinion of the Board that the system of internal controls maintained by the Company's Management that was in place throughout the financial year and up to the date of this Report, provides reasonable assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance and information technology risks.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, the Board, with the concurrence of the ARC, are of the opinion that the Company's internal controls addressing financial, operational, compliance and information technology risks, and risks management systems were adequate and effective as at the date of this Report.

The Board has received assurance from the Executive Director and Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and also that an effective risk management and internal control system is in place.

The Board notes that all internal control systems are designed to manage rather than eliminate risks and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

*Principle 12: Establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

The ARC comprises the following four (4) Non-Executive Directors, a majority of whom including the Chairman are Independent Directors:

- (i) Mr Soh Chung Hian (Chairman)
- (ii) Mr Colin Lee Yung-Shih
- (iii) Mr Lee Boon Huat
- (iv) Mr Ng Kwan Meng

The Board ensures that the members of the ARC are appropriately qualified to discharge their responsibilities and they possess the requisite accounting and financial management expertise and experience.

The ARC is governed by its terms of reference which highlights its primary responsibilities as follows:-

- (a) to assist the Board in discharging their responsibility to safeguard the Company's assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls with the overall objective of ensuring that the Company's management creates and maintains an effective control environment;

# Corporate Governance Statement

- (b) to provide a channel of communication between the Board, the management team and the external auditors on matters relating to the audit;
- (c) to monitor management's commitment to the establishment and maintenance of a satisfactory control environment and an effective system of internal controls (including any arrangements for internal audit);
- (d) to monitor and review the scope and results of external audit, its cost effectiveness and the independence and objectivity of the external auditors.

In addition, the functions of the ARC shall include the following:

- (a) review with the external auditors the audit plans, their evaluation of the systems of internal controls, their management letter and the management's response thereto;
- (b) review with the internal auditors the internal audit plans and their evaluation of the adequacy of the Company's internal controls and accounting system before submission of the results of such review to the Company's Board for approval;
- (c) review quarterly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;
- (d) review the internal controls and procedures and ensure co-ordination between the external auditors and the management, review the assistance given by management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of management where necessary);
- (e) review and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
- (f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;
- (g) review the Company's hedging policies, procedures and activities (if any) and monitor the implementation of the hedging procedure/policies, including reviewing the instruments, processes and practices in accordance with any hedging policies approved by the Board;
- (h) review potential conflicts of interest, if any, and to set out a framework to resolve or mitigate such potential conflicts of interests;
- (i) undertakes such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARC;
- (j) review and discusses with investigators, any suspected fraud, irregularity, or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the management's response thereto;

# Corporate Governance Statement

- (k) generally to undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time;
- (l) review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;
- (m) review the key financial risk areas, with a view to providing an independent oversight of the Company's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- (n) review arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up; and
- (o) The ARC approves the hiring, removal, evaluation and compensation of the internal audit service provider.

The ARC has the power to conduct or authorize investigations into any matters within its scope of responsibility. The ARC is authorized to obtain independent professional advice whenever deemed necessary for the discharge of its responsibilities. Such expenses will be borne by the Company.

The ARC has been given full access to and is provided with the co-operation of the Company's management. In addition, the ARC has independent access to the external auditors. Both the external auditors and internal auditors report directly to the ARC in respect of their findings and recommendations. The ARC also has full discretion to invite any director or executive officer to attend the meetings, and has been given reasonable resources to enable the discharge of its functions. Each member of ARC shall abstain from voting on any resolutions in respect of matters in which he is interested.

As at the Report date, the ARC has:

- (a) reviewed the scope of work of the external auditors;
- (b) reviewed the audit plans and discussed the results of the respective findings and their evaluation of the Company's system of internal accounting controls;
- (c) reviewed the interested person transactions of the Company;
- (d) met with the Company's external auditors and internal auditors at least annually without the presence of the management;
- (e) reviewed the external auditors' independence and objectivity; and
- (f) reviewed the Company's procedures for detecting fraud and whistle-blowing matters and to ensure that arrangements are in place by which any employee, may in confidence, raise concerns about improprieties in matters of financial reporting, financial control, or any other matters. A report is presented to the ARC on quarterly basis wherever there is a whistle-blowing issue.
- (g) ARC meetings are held quarterly to review the financial statements of the Company before recommending to the Board for approval of the release of the financial results. In the process, the ARC also reviewed significant financial reporting matters and judgements to ensure that the appropriate disclosure and accounting policies are applied.

The ARC has reviewed the external auditors' non-audit services and is satisfied that the nature and extent of such services have not prejudiced the independence and objectivity of the external auditors. The ARC recognizes the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money consideration. The aggregate amount of fees paid to Ernst & Young LLP for FY2018 was S\$ 126,050 comprising of audit fees of S\$ 125,000 and non-audit fees of S\$ 1,050.

# Corporate Governance Statement

The Company confirms that Rules 712 of the Listing Manual have been complied with.

The Chairman of the ARC is a retired former partner of the Company's existing auditing firm, Ernst & Young LLP. The NC reviewed this issue and decided based on the fact that he had no involvement in the audit of the Company while he was employed by EY and that he retired in December 2012 that sufficient time had passed from his employment for him to be considered not conflicted by his prior employment. As such based on their review the NC considered he was independent.

The AC is kept abreast by the external auditors of changes to accounting standards, SGX-ST Listing Rules and other regulations which could have an impact on the Company's business and financial statements.

The ARC has recommended after considering and reviewing the resources and experience of RSM Chio Lim LLP, the experience of the partner allocated to the audit and the experience of the firm as a whole to the board for a change in auditors to be voted upon at the forthcoming AGM. The reasoning for recommending and undertaking a change in auditors from Ernst & Young LLP to RSM Chio Lim LLP is as follows:

- 1) Ernst & Young LLP have been the company's auditors since year 2008 and in line with best corporate governance practice a change in auditors was considered prudent
- 2) RSM Chio Lim LLP are the auditors for The Nyalas Rubber Estates Ltd, BMH's parent company, and as such having the same audit firm as the parent company assists in the consolidation and audit process of the parent company.
- 3) The ARC is satisfied that RSM is sufficiently capable of carrying out the audit of the Company

The Directors with the concurrence of the ARC recommended that RSM Chio Lim LLP be appointed as the new auditors of the Company be tabled for shareholders' approval at the AGM.

Further details on the proposed change of auditors can be found in the Notice of Annual General Meeting dated 5 October 2018.

The Company has established a whistle-blowing policy where staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters, and ensure that arrangements are in place for independent investigations of such matters and for appropriate follow up actions. As at the date of this Report, there were no reports received through the whistle-blowing mechanism.

*Principle 13 - Establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

The Board recognizes the importance of maintaining a system of internal controls, procedures and processes for safeguarding the shareholders' investments and Company's assets. The Company has outsourced the internal audit function to BDO LLP, who adopts the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

BDO LLP is an international accounting firm and they provide outsourced internal audit services through their Risk Advisory Services division. BDO Risk Advisory Services comprises dedicated internal audit professionals who are mostly accountancy graduates or who might have relevant professional qualifications such as Chartered Accountant or Certified Internal Auditor certifications and they conduct outsourced internal audits based on the BDO Global Internal audit Methodology which is consistent with the International Professional Practice Framework established by the Institute of Internal Auditors. The Engagement Partner has more than 20 years of auditing experience and is a Chartered Accountant (Singapore), Certified Internal Auditor and a Certified Information System Auditor. He also has a Certification in Risk Management Assurance and he is a Practising Management Consultant.

# Corporate Governance Statement

The internal auditor's primary reporting line is to the Chairman of the ARC and administratively to the CFO of the Company. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel including access to the ARC.

The ARC approves the hiring, removal, evaluation and compensation of BDO LLP to which the internal audit functions is outsourced. The ARC also reviews and approved the annual internal audit plan and ensures that the internal auditor has adequate resources to perform its functions. The ARC also reviews the results of the internal audits and management's actions in resolving any audit issues reported. The ARC is satisfied with the suitability of the internal auditors and is of the view that the internal audit function is adequately resourced and has effectively performed its functions, and has appropriate standing within the Company.

The Company has implemented an ERM Framework to perform risk assessment reviews on areas of significant business risks as well as appropriate measures to control and mitigate these risks.

The internal auditors conduct audits based on the standards set by internationally recognized profession bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal audit plan is submitted to the ARC for approval prior to the commencement of the internal audit work. The internal auditors review the effectiveness of key internal controls in accordance with the internal audit plan. The internal auditors have a direct and primary reporting line to the ARC and assist the ARC in overseeing and monitoring the implementation and improvements required on internal control weaknesses identified. The internal auditor has unrestricted access to documents, records, properties and personnel of the Company. The ARC will review the adequacy and effectiveness of the internal audit function annually.

The role of the Internal Auditors is to support the ARC in ensuring that the Company maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures, conducting in-depth audit of high risk areas and undertaking investigations as directed by the ARC.

The Company's external auditors also conduct annual reviews of the effectiveness of the Company's material internal controls for financial reporting in accordance with the scope as laid out in their audit plans.

## SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

*Principle 14: Companies should engage in regular, effective and fair communication with shareholders.*

*Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

*Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

The Company is committed to regular and open communication with its shareholders. In line with the continuous obligations of the Company pursuant to the Listing Manual and the Singapore Companies Act, the Board's policy is that all shareholders should be equally informed of all major developments and any material or price-sensitive information impacting the Company in a clear, detailed and timely manner. The Company ensures that it does not practice selective disclosure of information to any particular group of persons. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Company's interactions with investing community, a media release or announcement will be released to the public via SGXNet.

# Corporate Governance Statement

Information is disseminated to shareholders on a timely basis through:

- SGXNET announcements;
- Annual Reports prepared and issued to all shareholders;
- Letters and circulars to shareholders;
- quarterly and Annual Financial Statements containing a summary of the financial information and affairs of the Company for the period; and
- Notice of general meetings.

The Company strongly encourages shareholders' participation during the AGM which will be held in a central location in Singapore. At the AGM, the Company ensures that shareholders are given the opportunity to voice their views and seek clarification on questions regarding the Company. Shareholders are able to proactively engage the Board and the Management on the Company's business activities, financial performance and other business related matters through dialogue sessions. The Company believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' view and addressing their concerns. The Directors, Management and the external auditors will be present at the AGM to address shareholders' queries. Shareholders are also informed of the rules and voting procedures governing such meetings.

Given the size of the Company, the Company does not appoint a dedicated team to oversee the investor relations function. Nevertheless, the Directors and Management are available to respond to the shareholders' enquiry, if any. Resolutions are, as far as possible, structured separately and may be voted on independently by the shareholders at the AGM.

The Company fully supports the Code's principle to encourage shareholders' participation. Notices of general meetings are published in the newspapers and reports or circular are dispatched to all shareholders by post. The notices are also released via SGXNet and published in the local newspaper.

Resolutions are, as far as possible, structured separately and may be voted on independently.

The Company fully supports the Code's principle to encourage shareholders' participation in and vote at all the general meetings. The Company's Constitution allows the appointment of one or two proxies by shareholders, to attend the AGM and vote in his/her place. The Company, however, have not implemented measures to allow shareholders who are unable to vote in person at the Company's AGM the option to vote in absentia, such as via mail, electronic mail or facsimile transactions as the authentication of shareholder indemnity information and other related security issues still remain a concern.

The Company Secretaries prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings and responses from the Board and Management, and to make these minutes, subsequently approved by the Board, available to shareholders at the registered office of the Company at 1 Coleman Street, #08-01 Singapore 179803 during normal business hours upon written request.

For greater transparency, the Company has adopted the voting of all its resolutions by poll at all the general meetings where shareholders are accorded rights proportionate to their shareholding and all votes counted. The detailed results of the number of votes cast for and against for each resolution and the respective percentage are announced at the meeting and via announcements made on the same day.

The Company does not have a formal dividend policy. The Board considers, inter alia, the Company's capital structure, cash requirements, expansion plans and other factors that the Board may deem appropriate in declaring dividend for each year. Any dividend payouts are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results. Barring any unforeseen circumstances, the Company will endeavor to declare dividends at sustainable rates.

# Corporate Governance Statement

## ***Dealing in Securities***

The Company has in place a policy prohibiting share dealings by Directors and employees of the Company when in possession of price sensitive information and for the period of two weeks before the release of quarterly results and one month before the release of the full-year results, with the restriction ending on the day of the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading periods. An officer should also not deal in the Company's securities on short-term consideration and/or possession of unpublished material price-sensitive information relating to the relevant securities.

## ***Material Contracts***

There were no material contracts of the Company, including loans, involving the interests of any Director, CEO or the controlling shareholders during FY2018.

## ***Risk Management***

The Company has in place policies and procedures to manage the business, operating and financial risks of the Company. Risk assessment and evaluation is conducted at each business unit and mitigating actions to manage each significant risk are reviewed and discussed by Management and the Board. The Company has implemented the Enterprise Risk Management (ERM) Framework for its procedures and processes.

## ***Interested Person Transactions***

The ARC reviewed the Company's Interested Party Transaction ("IPT") to ensure transactions were carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders. On a quarterly basis, Management reports to the ARC the IPT, if any. There were no IPT for FY2018. The ARC is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of the IPTs was effective.



# Sustainability Report

## **BRITISH AND MALAYAN HOLDINGS LIMITED** SUSTAINABILITY REPORT



# Sustainability Report

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# Sustainability Report

## Welcome to BMH's Inaugural Sustainability Report

British and Malayan Holdings Limited (BMH) appreciates the opportunity to provide insights into its approach to corporate sustainability and how it manages risks arising from Environmental, Social, and Governance (ESG) issues. Our core values are 'Independent', 'Client focused', 'Long term business Partner' and 'Fiduciary duties at the heart of our business'. Our approach to ESG issues is stakeholder-focused and we seek to manage wider risks and opportunities in order to create value for the long term.

## Message from Senior Management

We are delighted to present to you our inaugural sustainability report, prepared in accordance with the Global Reporting Initiative (GRI) Standards, Core Option. It will be published on an annual basis as a way of maintaining high levels of accountability and transparency as part of our long-term sustainability commitment to our stakeholders. As requirements for listed companies evolve, British and Malayan Holdings Limited is well prepared for and welcomes the higher expectations of today's investors and clients.

Sustainability is part of our core values. Integrity and strong governance have always been at the heart of our group's operations. This prudent approach to business defines our company's engagement with our material Environmental, Social and Governance (ESG) factors. Our clients' satisfaction is crucial to our economic performance. With the successful restructuring of our Group in July 2017, the group will look to diversify its revenue and income stream and create further value for our stakeholders. A key group among these stakeholders are our employees and we strive to provide equal opportunities and promote diversity.

We are aware that our operations may indirectly affect local communities and we endeavour to have a positive environmental and social impact wherever possible. We are taking a phased approach to sustainability reporting and we aim to progressively expand the scope and detail of our reporting over the coming years.

### **Board Statement**

The Board is responsible for the preparation of this Sustainability Report. It has considered sustainability issues as part of its strategic formulation for BMH, determined the company's material ESG factors and overseen the management and monitoring of these material factors.

The Board confirms that this report has been prepared in accordance with the following regulations, frameworks and guidelines:

- The SGX Sustainability Reporting Guide (the Guide) issued in 2016 as Practice Note 7.6 to the SGX-ST Listing Rules. This Sustainability Report fulfills the requirements of the Guide in all material aspects.
- The Global Reporting Initiative (GRI) Standards, Core Option. Please refer to the GRI Content Index on pages 55 to 58 for details on the various disclosures.

# Sustainability Report

## About British and Malayan Holdings Limited

British and Malayan Holdings Limited is a holding company which was listed on SGX on 27 July 2017. Its wholly owned subsidiary is British and Malayan Trustees Limited (BMT), which has been providing trust services to families, companies, financial institutions, charities and high net worth individuals from its headquarters in Singapore since 1924. A pioneer member of the Singapore Stock Exchange, BMT is uniquely positioned as a licensed independent trust company offering the stability and flexibility to meet bespoke needs of clients.

We are a local Singaporean company with a strong local core: All 12 of our employees are permanent full-time staff and all are based in Singapore.

We are a full-service trust company assisting clients globally. Our clients are located in various regions including Australasia, Asia, the Middle East, Europe and North America.

Our business is split evenly between corporate and private trusts. We also act as custodian trustee for real estate assets for a number of Singapore based clubs and charities. For details on the services provided by British and Malayan Holdings Limited and BMT, please see the introductory page of this Annual Report.

Our supply chain entails:

- (i) Financial institutions such as banks, brokers, stock exchanges which provide BMH with banking and other financial services;
- (ii) Property related companies such as real estate agents, developers and the like who provide BMH with property related services such as tenant sourcing, property management and other property related services;
- (iii) regulators who regulate the businesses we operate and the exchange that BMH is listed on; and
- (iv) Service providers such as auditors, lawyers and other professionals who provide BMH with professional services.

As a company listed on SGX, and with a wholly owned subsidiary which is a Licensed Trust Company and holder of a Capital Markets Services License in Singapore, compliance with all relevant rules and regulations is an essential prerequisite for BMH's continued commercial viability.

We have internal controls, systems, processes and procedures to ensure that all our compliance policies are met. All staff are responsible for performing ongoing monitoring of business relations with customers and for scrutinising all transactions undertaken, to ensure that these transactions are consistent with the information in our customer database and our understanding of each customer's business and risk profile.

We ensure that client reporting complies with all applicable legal and regulatory requirements as well as the provisions under the relevant agreements signed between the client and BMH.

# Sustainability Report

Our Compliance Unit reports directly to the Audit Committee, with full and direct access to members of the Audit Committee at all times.

In addition, BMH has in place policies and procedures to manage the business, operating and financial risks of the Company. Risk assessment and evaluation is conducted at each business unit and mitigating actions to manage each significant risk are reviewed and discussed by Management and the Board.

BMH is a member of the following associations:

- Singapore Trustee Association
- REIT Association of Singapore

Please refer to the next section “About This Report” for details on our material issues and how we have identified them.

# Sustainability Report

## About This Report

This is BMH's inaugural sustainability report, prepared in accordance with the Singapore Exchange's Mainboard Listing Rules 711A, 711B and Practice Note 7F. The report has been prepared in accordance with the Global Reporting Initiative's GRI Standards: Core option. The GRI Standards are the most established international sustainability reporting framework.

This report covers British and Malayan Trustees Limited, which is currently the only operating subsidiary of BMH and its scope of services is outlined in this Annual Report and our consolidated financial statements. BMH is a holding company listed on SGX whereas BMT is an MAS regulated financial entity providing trustee and other fiduciary services to its clients.

The scope of this report includes 100% of our operations and revenue for the period of 1 July 2017 to 30 June 2018 (FY 2018). This report has not been externally assured, but we aim to seek assurance for our sustainability reports in the future. Our focus at this point is to embed sustainability in our operations and to ensure that we successfully adapt our management systems and processes to take sustainability issues into account. We will be publishing sustainability reports on an annual basis.

We are committed to expanding the scope of our sustainability reporting over time and are planning to engage our stakeholders on our material issues as well as adding data on our environmental performance in future reports.

## Materiality

We focus on reporting on risks and opportunities arising from our most important environmental, social and governance issues, which may ultimately affect our financial performance. An external consultant was engaged to conduct a desktop materiality assessment based on the principles defined in the GRI Standards. The context of BMH's operations and stakeholder expectations was taken into account in the identification and prioritisation of issues, with peer benchmarking and input from Senior Management. The material ESG factors for inclusion in our sustainability report were reviewed and approved by the Board.

# Sustainability Report

Material ESG factors	Why it is material to BMH	Targets
<b>Corporate Governance and Risk Management</b> <ul style="list-style-type: none"> <li>– Anti-corruption</li> <li>– Governance structure</li> <li>– Risk management</li> </ul>	<ul style="list-style-type: none"> <li>– Adherence to integrity, governance, and responsible business practices are essential to maintaining the trust of our stakeholders.</li> <li>– Solid governance structures, such as our Board's composition, are important in ensuring an independent overview of our business activities. Independence helps ensure that conflicts of interest between ourselves and our clients are either avoided or appropriately managed</li> </ul>	<ul style="list-style-type: none"> <li>– Maintain current high standards of governance</li> <li>– Integrate material sustainability issues into risk management processes</li> </ul>
<b>Compliance</b> <ul style="list-style-type: none"> <li>– Environmental</li> <li>– Fiduciary duties</li> <li>– Socioeconomic</li> </ul>	<ul style="list-style-type: none"> <li>– As a fiduciary, BMH must ensure it fulfills its legal obligations to maintain trust in long-term client relationships. Compliance also ensures that BMH's core values are embedded throughout the organisation.</li> <li>– Failure to comply with socioeconomic and environmental regulations may expose BMH to potential lawsuits and financial penalties, which would jeopardise our reputation and impede BMH's ability to meet stakeholders' expectations.</li> </ul>	<ul style="list-style-type: none"> <li>– Maintain zero incidents of non-compliance with relevant regulations</li> </ul>
<b>Client Satisfaction</b>	<ul style="list-style-type: none"> <li>– Understanding and ensuring customer satisfaction can help build long-term relationships with clients, and ensure repeat business.</li> <li>– Sustained client satisfaction is key to BMH's growth strategy.</li> </ul>	<ul style="list-style-type: none"> <li>– Develop metrics to capture client satisfaction</li> </ul>
<b>Economic Performance</b>	<ul style="list-style-type: none"> <li>– Besides generating economic value for shareholders, BMH also generates economic value for stakeholders including clients, employees, suppliers, government, and communities.</li> <li>– Safeguarding the distribution of wealth helps promote the wider economic development of society.</li> </ul>	<ul style="list-style-type: none"> <li>– Diversify business lines and revenue</li> </ul>

# Sustainability Report

Material ESG factors	Why it is material to BMH	Targets
<b>Human Capital</b> <ul style="list-style-type: none"> <li>– Career Development</li> <li>– Diversity and Equal Opportunity</li> <li>– Talent Retention</li> <li>– Workplace Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>– BMH relies on human capital to deliver its core services.</li> <li>– A safe and inclusive workplace that provides training and development helps attract diverse, qualified employees and maximise productivity.</li> <li>– The importance of this issue to internal stakeholders is reflected in BMH’s existing policies on performance appraisals, anti-harassment, and diversity.</li> </ul>	<ul style="list-style-type: none"> <li>– Maintain current high standards.<sup>1</sup></li> </ul>
<b>Impact on local communities</b>	<ul style="list-style-type: none"> <li>– BMH provides services to (among others) estates, charities and real estate clients.</li> <li>– Tenants or residents residing in properties may be positively affected by BMH’s activities, e.g. direct and indirect benefits to residents of a serviced apartment complex that has won a number of awards for its green credentials resulting from improvements to the environmental management of this property, such as better indoor air quality, or a reduced carbon footprint resulting from the use of green initiatives.</li> <li>– Where possible, organisations are expected to anticipate and avoid negative impacts on local communities. Establishing a timely and effective stakeholder identification and engagement process is important for helping organisations understand vulnerabilities of local communities and how they might be affected by the organisation’s activities.</li> </ul>	<ul style="list-style-type: none"> <li>– Develop metrics to make our community impact measurable</li> </ul>

<sup>1</sup> Our approach is to look at all positions with a view to recruiting the best person for the role based on the required skill-set and regardless of gender, race, or ethnicity.

# Sustainability Report

Our main stakeholders include:

- Customers and clients
- Employees
- Tenants or residents residing in properties
- Regulators and market operators (MAS, SGX)
- Suppliers and service providers (including financial institutions)

Engagement with our stakeholders is mostly ad hoc and as required. In all interactions with stakeholders we are mindful of our fiduciary duties and strive to achieve the best possible outcome for all parties involved. Our engagement with regulators and market operators is focussed on always maintaining compliance with all applicable rules and regulations.

We welcome your feedback on our sustainability reporting. Please direct any queries to Angela Ho at [enquiry@bmtrust.com](mailto:enquiry@bmtrust.com).



# Sustainability Report

## Section 1: Safeguarding our clients' assets

As a fiduciary, the importance placed on acting in our client's interests and on protecting our client's assets is of the utmost importance. We ensure our fiduciary duty is carried out through adherence to our corporate governance policies, prudent risk management, compliance policies and procedures (both as a trust company and a listed corporation) and a non-negotiable stance on anti-corruption.

Material issues covered in this section are:

- **Corporate Governance and Risk Management**, including
  - Governance Structure
  - Risk Management
  - Anti-Corruption
- **Compliance**, including
  - Fiduciary duties
  - Socioeconomic Compliance
  - Environmental Compliance

### The Importance of Corporate Governance and Prudent Risk Management

We have a 94-year track record of prudent risk management and are working to integrate Environmental and Social risks more closely into our overall risk assessment.

The BMH group has appointed executive-level positions with responsibility for ESG. They report to the Chief Financial Officer, who reports directly to the Board of Directors.

The Board has processes to review the effectiveness of the organization's risk management for ESG topics and to ensure conflicts of interest are managed and avoided wherever possible. These are described in our Corporate Governance Report, pages 20 to 38. Should there be any conflicts of interest, we disclose them to the relevant stakeholders.

Our Code of Ethics and Conduct requires all employees to act in an ethical manner in all dealings with our customers, stakeholders and counterparties of the Company. In particular, prevention of bribery is addressed. This code is reviewed from time to time by the Management.

The directors of BMH have adopted the principles of corporate governance under the Best Practices Guide with respect to Audit and Risk Committees as formulated by the Singapore Exchange ("SGX"). All members of the Audit and Risk Committee are non-executive directors. For details on the Audit and Risk Committee's functions and activities in the reporting period, please refer to pages 62 to 63 in this Annual Report.

# Sustainability Report

As a small organisation, we maintain a straightforward governance structure:

**Figure 1: BMH's Sustainability Governance Structure**



### Ensuring Compliance with all relevant Frameworks

Compliance with all relevant statutes and regulations, both as a trust company and a listed corporation is essential for maintaining the trust of our clients. BMH recognizes that the importance of ESG issues for investors and clients is growing and is approaching these topics proactively.

We have a General Compliance Policy that is communicated to all our employees. The policy aims to raise the ethics and compliance competencies of the Company's staff and to support the building of a robust framework of policies and procedures to manage the Company's compliance risks.

There were no incidents of non-compliance with all relevant laws and regulations (including socioeconomic and environmental) in the reporting period.

# Sustainability Report

## **BMH's Commitment to Anti-Corruption**

BMH has a zero-tolerance approach to corruption and maintains controls, processes and procedures internally as well as with its business partners to address any potential issues.

We are committed to a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements and any legislation relating thereto. In line with this commitment, we have developed a Whistleblowing Policy to provide an avenue for employees and external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistleblowing in good faith.

Our operations have been assessed for risks related to corruption, covering money laundering and terrorism financing, theft, fraud, conflicts of interest including insider trading and bribery. These areas are reviewed by our compliance group, and both internal and external auditors. We are pleased to report that there were no confirmed incidents of corruption during the reporting period.

# Sustainability Report

## Section 2:

### **BMH's performance depends on successful long-term client relationships**

There is a strong connection between our economic performance and the sustained satisfaction of BMH's clients.

Material issues covered in this section are:

- **Client Satisfaction**
- **Economic Performance**

It is part of our General Compliance standard operating procedure to ensure customer data privacy and confidentiality. We operate within the ambit of the Personal Data Protection Act and our General Compliance Manual includes a confidentiality agreement and clear provisions protecting the secrecy of official documents including any information concerning our operations, assets, or customers.

In the reporting period, there were:

- no substantiated complaints concerning breaches of customer privacy and losses of customer data, and
- no identified leaks, thefts, or losses of customer data.

In all other respects, we also received no material complaints from clients in the reporting period.

Due to the extremely long-term nature of our client relationships, maintaining client satisfaction is one of the company's most important goals. Our experience tells us that there is a strong connection between sustained client satisfaction and our economic performance.

Please refer to the notes to the financial statements on pages 89 to 97 of this annual report for our direct economic value generated and distributed in the reporting period.

# Sustainability Report

## Section 3:

### Diversity and Career Development are the cornerstones of BMH's success

BMH's workforce consists of 12 professional staff, all of whom are Singaporeans or Permanent Residents. We value diversity and equal opportunity employment. We invest actively into our employees' career development and maintain a healthy office environment.

Material issues covered in this section are:

- **Human Capital**, including
  - Talent Retention
  - Career Development
  - Diversity and Equal Opportunity
  - Workplace Health and Safety

Our policies for a conducive working environment:

- We have an Open Door Policy for our employees, who have always been strongly encouraged to discuss questions, problems, ideas or job related complaints with their superiors.
- Our Anti-Harassment Policy protects employees from any form of harassment.

### Re-employment

The current retirement age in Singapore is 62. In accordance with the 'Re-employment Terms and Contracts provided for in the Retirement and Re-employment Act', BMH re-employs members of our workforce who are Singapore Citizens or Permanent Residents and who are eligible for re-employment for another five years up to age 67, under the following conditions:

They have been assessed to have at least a satisfactory work performance; and are medically fit to continue working.

# Sustainability Report

## Performance Appraisals

We recognize that the performance of our employees, their skills, knowledge and experience which they bring to their work are fundamental ingredients to the realisation of our business objectives and outcomes.

Each employee must therefore have a clear understanding of what they are required to do and how their actions play a part in the achievement of the company's overall objectives and business outcomes. Hence, our approach is to adopt a continuous dialogue with line managers and employees in respect of work priorities and progress made.

The main emphasis is to maximise the performance of employees by providing the necessary support and giving them the opportunities to develop their knowledge and competencies associated with the work they are doing now - and in preparation for the future. Overall employee development must bring about increased motivation, job satisfaction, sharing of good practices and a greater understanding of the factors affecting work.

To enhance the contribution made by our employees in achieving business aims and to build a supportive and cooperative working environment, BMH has a performance review process for all our employees. This is designed to facilitate communication, direction, and clarification and to reach a shared understanding of our joint priorities. It also provides dedicated time to reflect on past work as well as plan for the future.

## FY2018 Diversity of governance bodies and employees

Board of Directors		Employees	
		Senior Management	Executives
<b>By Gender</b>			
Female	0	3	7
Male	4	1	1
<b>By Age Group</b>			
<30 years old	0	0	1
30-50 years old	0	3	4
>50 years old	4	1	3

Average Training Hours	FY2018
<b>By Gender</b>	
Female	27
Male	21
<b>By Employee Category</b>	
Senior Management	38
Executives	22

**Note: All HR related data derived from Payroll Serve.**

In FY2018, there were no employee injuries, or lost days due to workplace injuries or pandemic disease.

# Sustainability Report

## Section 4: BMH's impact on society

Our main impact on local communities occurs through the assets we hold in trust on behalf of our clients. Living up to our fiduciary obligations ensures that the value of these assets is preserved and that our positive impact on society is maximised.

Material issue covered in this section:

### – Impact on Local Communities

As a Trustee with assets that have a significant property weighting we ensure for all properties we own that:

1. They are well maintained and kept in a state of good repair
2. All regulatory requirements are complied with
3. It is ensured that the properties are safe
4. Tenant issues are addressed in a timely manner
5. Where possible we include green initiatives to try and reduce our carbon footprint and energy consumption

BMT is the trustee for an estate that includes in its assets a very large serviced apartment complex in Singapore that has won numerous awards for its green initiatives and energy saving projects. These projects and initiatives were actively supported by BMT and provided the beneficiaries of the estate with a financial benefit from lower energy costs. To ensure that these measures are carried out according to BMT's instructions, our senior staff attends monthly management meetings. Stakeholder feedback is collected by the apartment complex' management company through periodic surveys, the results of which are reported to BMT.

Another positive impact from BMH's activities on society is through charitable contributions from trust funds managed by BMT. Some estates have made provisions to distribute funds to help less fortunate people with their daily needs. As another example of its charitable work, BMT is the trustee of a trust that provides bursaries for students in the field of Marine Engineering on behalf of one of our customers. Every year, a number of bursaries are paid out of the investment returns of this fund, with a local Singapore polytechnic school deciding who the bursaries are awarded to. In all cases, BMT safeguards our clients' original investments to ensure the long-term sustainability of the trust funds' purpose.

# Sustainability Report

## GRI Content Index

GRI Standard	Disclosure Number	Page Number / Disclosure
<b>GRI 101: Foundation 2016</b>		
<b>General Disclosures</b>		
<b>GRI 102: General Disclosures 2016</b>	102-1 Name of the organization	About British and Malayan Holdings Limited, p. 42 Introduction, p. 2
	102-2 Activities, brands, products, and services	About British and Malayan Holdings Limited, p. 42 Introduction, p. 2
	102-3 Location of headquarters	About British and Malayan Holdings Limited, p.42
	102-4 Location of operations	British and Malayan Holdings Limited only operates in Singapore.
	102-5 Ownership and legal form	About British and Malayan Holdings Limited, p.42
	102-6 Markets served	About British and Malayan Holdings Limited, p. 42 Introduction, p. 2
	102-7 Scale of the organization	About British and Malayan Holdings Limited, p. 42 Balance Sheet, p. 71 Income Statement, p. 69
	102-8 Information on employees and other workers	About British and Malayan Holdings Limited, p. 42 British and Malayan Holdings' Limited activities are typically not performed by workers who are not employees. - Data has been compiled from Payroll Serve.
	102-9 Supply chain	About British and Malayan Holdings Limited, p. 42
	102-10 Significant changes to the organization and its supply chain	About British and Malayan Holdings Limited, p. 42
	102-11 Precautionary Principle or approach	About British and Malayan Holdings Limited, p. 43
	102-12 External initiatives	None
	102-13 Membership of associations	About British and Malayan Holdings Limited, p. 43
	102-14 Statement from senior decision-maker	Message from Senior Management, p. 41
	102-16 Values, principles, standards, and norms of behaviour	Welcome to BMH's Inaugural Sustainability Report, p. 41
	102-40 List of stakeholder groups	Materiality, p. 47
	102-41 Collective bargaining agreements	0%
	102-42 Identifying and selecting stakeholders	Stakeholders were identified together with an independent consultant based on peer review and consultant's experience.
	102-43 Approach to stakeholder engagement	BMH responds to stakeholder concerns as and when they arise. We have had few such occurrences during the reporting period.
	102-44 Key topics and concerns raised	BMH responds to stakeholder concerns as and when they arise. No significant concerns were raised.
102-45 Entities included in the consolidated financial statements	About This Report, p. 44	
102-46 Defining report content and topic Boundaries	Materiality, p. 44	
102-47 List of material topics	Materiality, p. 45	
102-48 Restatements of information	There are no restatements. This is BMH's inaugural report.	



# Sustainability Report

GRI Standard	Disclosure Number	Page Number / Disclosure
	102-49 Changes in reporting	There are no significant changes. This is BMH's inaugural report
	102-50 Reporting period	About This Report, p. 44
	102-51 Date of most recent report	Not applicable. This is BMH's inaugural report.
	102-52 Reporting cycle	About This Report, p. 44
	102-53 Contact point for questions regarding the report	Materiality, p. 47
	102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
	102-55 GRI content index	GRI Content Index, p. 55 - 58
	102-56 External assurance	About This Report, p. 44
	102-18 Governance structure	The Importance of Corporate Governance and Prudent Risk Management, p. 48 - 49
	102-20 Executive-level responsibility for economic, environmental, and social topics	The Importance of Corporate Governance and Prudent Risk Management, p. 48 - 49
	102-25 Conflicts of interest	The Importance of Corporate Governance and Prudent Risk Management, p. 48
	102-30 Effectiveness of risk management processes	The Importance of Corporate Governance and Prudent Risk Management, p. 48
<b>Topic Specific Disclosures</b>		
<b>Customer Privacy</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Materiality, p. 45
	103-2 The management approach and its components	BMH's performance depends on successful long-term client relationships, p. 51
	103-3 Evaluation of the management approach	We intend to address this in future reports.
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	BMH's performance depends on successful long-term client relationships, p. 51
<b>Socioeconomic Compliance</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Materiality, p. 45
	103-2 The management approach and its components	Ensuring Compliance with all relevant Frameworks, p. 49
	103-3 Evaluation of the management approach	We intend to address this in future reports.
<b>GRI 419: Socioeconomic Compliance 2016</b>	419-1 Non-compliance with laws and regulations in the social and economic area	Ensuring Compliance with all relevant Frameworks, p. 49
<b>Environmental Compliance</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Materiality, p. 45

# Sustainability Report

GRI Standard	Disclosure Number	Page Number / Disclosure
	103-2 The management approach and its components	Ensuring Compliance with all relevant Frameworks, p. 49
	103-3 Evaluation of the management approach	We intend to address this in future reports.
<b>GRI 307: Environmental Compliance 2016</b>	307-1 Non-compliance with environmental laws and regulations	Ensuring Compliance with all relevant Frameworks, p. 49
<b>Anti-corruption</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Materiality, p. 45
	103-2 The management approach and its components	BMH's Commitment to Anti-Corruption, p. 50
	103-3 Evaluation of the management approach	We intend to address this in future reports.
<b>GRI 205: Anti-Corruption 2016</b>	205-1 Operations assessed for risks related to corruption	BMH's Commitment to Anti-Corruption, p. 50
<b>GRI 205: Anti-Corruption 2016</b>	205-3 Confirmed incidents of corruption and actions taken	BMH's Commitment to Anti-Corruption, p. 50
<b>Client Satisfaction</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Materiality, p. 45
	103-2 The management approach and its components	BMH's performance depends on successful long-term client relationships, p. 51
	103-3 Evaluation of the management approach	We intend to address this in future reports.
<b>Non-GRI</b>	Total number of material complaints received	There were no material complaints.
<b>Economic Performance</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Materiality, p. 45
	103-2 The management approach and its components	Chairman's Statement, p. 19
	103-3 Evaluation of the management approach	Chairman's Statement, p. 19
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	Notes to the Financial Statements, p. 89 - 97
<b>Talent Retention</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Materiality, p. 45
	103-2 The management approach and its components	Diversity and Career Development are the cornerstones of BMH's success, p. 52 - 53
	103-3 Evaluation of the management approach	Diversity and Career Development are the cornerstones of BMH's success, p. 52 - 53
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	Diversity and Career Development are the cornerstones of BMH's success, p. 53

# Sustainability Report

GRI Standard	Disclosure Number	Page Number / Disclosure	
<b>Occupational Health and Safety</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	Materiality, p. 45
	103-2	The management approach and its components	Our HR policies help to ensure health and well-being of our employees.
	103-3	Evaluation of the management approach	We intend to address this in future reports.
<b>GRI 403: Occupational Health and Safety 2016</b>	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Diversity and Career Development are the cornerstones of BMH's success, p. 53
<b>Training and Education</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	Materiality, p. 45
	103-2	The management approach and its components	Diversity and Career Development are the cornerstones of BMH's success, p. 52 - 53
	103-3	Evaluation of the management approach	We intend to address this in future reports.
<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee	Diversity and Career Development are the cornerstones of BMH's success, p. 53
<b>Diversity and Equal Opportunity</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	Materiality, p. 45
	103-2	The management approach and its components	Diversity and Career Development are the cornerstones of BMH's success, p. 52 - 53
	103-3	Evaluation of the management approach	We intend to address this in future reports.
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	Diversity and Career Development are the cornerstones of BMH's success, p. 53
<b>Local Communities</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	Materiality, p. 45
	103-2	The management approach and its components	BMH's impact on society, p. 54
	103-3	Evaluation of the management approach	We intend to address this in future reports.
<b>GRI 413: Local Communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programs	BMH's impact on society, p. 54 We are currently evaluating ways to expand our community engagement, especially with regard to our stakeholder engagement plans.

# Board of Directors

## **Mr. Colin Lee Yung-Shih, Non-Independent Chairman**

Mr Lee was appointed to the Company's Board of Directors in February 1994. He is also a member of the Company's Audit Committee. Mr Lee is the Managing Director of Chartered Asset Management Pte Ltd and holds a Bachelor's degree in Science.

## **Mr. Lee Boon Huat, Independent Director**

Mr Lee was appointed to the Board on June 30, 2014. He has extensive experience in the financial services industry having served as an executive of Standard Chartered Bank from 1998 to 2012, in the capacities at various times as Head of Markets (SEA), Head of Sales (ME) and COO (SEA). Mr Lee holds a Bachelor of Business (Accounting) degree from Western Australian Institute of Technology.

## **Mr. Ng Kwan Meng, Independent Director**

Mr Ng joined the Board of Singapore Power Limited in June 2014. He is the Chairman of SP Group Treasury Pte Ltd and his other directorships include Tasek Jurong Limited.

Mr Ng was the Managing Director and Head, Group Global Markets at United Overseas Bank. He was also an Executive Director and Chief Executive Officer of UOB Bullion and Futures Ltd and a Director of Tuas Power Ltd. In addition, Mr Ng was involved in the promotion of the forex and debt capitals in Singapore. He was a member of the Singapore Foreign Exchange Market Committee, the working group on Financial Industry Competency Standards and National Integration Working Group for the Community. Mr Ng holds a Bachelor of Social Science (Honors) degree from the National University of Singapore.

## **Mr. Soh Chung Hian, Independent Director**

Mr Soh was appointed to the Board in 1 December 2016. He is the chairman of the Audit Committee. Mr Soh graduated from the then University of Singapore with a degree in Bachelor of Accountancy in 1977. He also holds an MBA from the International Management Centre in the United Kingdom. Upon graduation, he joined Ernst & Young in 1977 and was admitted to the partnership in 1990 until his retirement in 2012. Throughout his career in Ernst & Young, he was involved in the audits of many publicly listed companies. Being effectively bilingual, he looked after the China Desk of the firm in the early 90s.

# Key Management Staff

## **Mr. Paul Martin Pavey**

*Executive Director of British and Malayan Trustees Limited*

*Company Secretary and Chief Financial Officer of British and Malayan Holdings Limited*

Mr Pavey has been employed in the accounting and investment industry since 1986 mainly in the operations, accounting, and administration and risk management roles with organizations in the funds management, banking and trustee businesses. Mr Pavey has a Bachelor of Business Degree from the University of Technology, Sydney and a Graduate Diploma in Applied Finance and Investments from the Financial Services Institute of Australasia. Mr Pavey is a CPA, an Associate member of the Institute of Singapore Chartered Accountants and a Fellow of the Financial Services Institute of Australasia.

## **Ms. Angela Ho Wei Ling**

*Financial Controller of British and Malayan Trustees Limited*

*Company Secretary of British and Malayan Holdings Limited*

Ms Ho is a Chartered Accountant of Singapore. Prior to joining the Company, she was with a Fund Administrator Company as well as a healthcare listed company. Ms Ho graduates with the professional qualification from the Association of Chartered Certified Accountants (ACCA).

# Directors' Statement

The directors are pleased to present their statement to the members together with the consolidated financial statements of British and Malayan Holdings Limited (the "Company") and its subsidiary (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2018.

## Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

The directors of the Company in office at the date of this statement are:

Mr Colin Lee Yung Shih (Chairman)  
Mr Lee Boon Huat  
Mr Ng Kwan Meng  
Mr Soh Chung Hian

## Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

# Directors' Statement

## Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 30.06.18	At 30.06.17	At 30.06.18	At 30.06.17

### *Ordinary shares of the Company*

Colin Lee Yung Shih	–	–	6,161,694	–
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Lee Yung Shih Colin is deemed interested in the shares held by The Nyalas Rubber Estates Limited (6,147,294) and Lee Thor Seng (14,400).

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

## Options

During the financial year, there was:

- (a) no option granted by the Company to any person to take up unissued shares of the Company; and
- (b) no share issued by virtue of the exercise of options to take up unissued shares of the Company.

At the end of the financial year, there was no unissued share of the Company under option.

## Audit and risk committee

The directors of British and Malayan Holdings Limited have adopted the principles of corporate governance under the Best Practices Guide with respect to Audit and Risk Committees as formulated by the Singapore Exchange ("SGX").

The Audit and Risk Committee comprises the following directors. All members of the Audit and Risk Committee are non-executive directors:

Mr Soh Chung Hian (Chairman)  
Mr Colin Lee Yung Shih  
Mr Lee Boon Huat  
Mr Ng Kwan Meng

# Directors' Statement

## **Audit and risk committee (cont'd)**

The Audit and Risk Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50.

The Audit and Risk Committee held four meetings during the year and performs the following functions:

- (a) reviewed the audit plans and findings of both the external and internal auditors, the results of their examination and evaluation of the Group's system of accounting and internal controls, and management's response to their recommendations;
- (b) reviewed the Group quarterly and annual results announcements, the statutory financial statements of the Company in conjunction with the external auditor's comments thereon prior to their submissions to the directors for approval;
- (c) reviewed the assistance and co-operation given by the Company's officers to the personnel performing the external and internal audit work;
- (d) recommended to the board of directors the external auditor to be nominated, approves the compensation of the external auditor and reviews the scope and results of the audit;
- (e) reviewed interested persons transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual; and
- (f) reviewed the nature and extent of non-audit services provided by external auditor.

In performing its function, the Audit and Risk Committee met and reviewed findings of the external and internal auditors and the assistance given to them by management. During the financial year ended 30 June 2018, the Audit and Risk Committee has reviewed the independence of the external auditors, including the scope of the non-audit services performed and has formed the view that the external auditors are independent.

## **Board's opinion on internal controls**

Based on the report submitted by the internal auditor and various management controls put in place, the directors with the concurrence of the Audit and Risk Committee is of the opinion that the internal controls and risk management systems of the Group are adequate in addressing its financial, operational and compliance risks.



# Directors' Statement

On behalf of the Board of Directors:

Collin Lee Yung Shih  
Director

Soh Chung Hian  
Director

Singapore  
17 August 2018

# Independent Auditor's Report

For the financial year ended 30 June 2018

To the members of British and Malayan Holdings Limited

## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of British and Malayan Holdings Limited (the "Company") and its subsidiary (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 30 June 2018, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### *Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other matter*

The financial statements of the Company for the financial period ended 30 June 2017 were not audited and our opinion does not relate to the financial statements for that period.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

# Independent Auditor's Report

For the financial year ended 30 June 2018

To the members of British and Malayan Holdings Limited

## ***Segregation of monies held in trust***

The Group's principal operations pertaining to the provision of trustee services are conducted through its subsidiary, British and Malayan Trustees Limited ("BMT"). BMT is required to comply with the Trust Companies Act (Chapter 336) where customers' monies received in its fiduciary capacity as trustee are kept distinct and separated from its own monies. We identified the segregation of monies held in trust as a key audit matter because there is a potential risk of inaccurate accounting of BMT's cash accounts by virtue of its principal business which involves handling voluminous customers' monies held in trust accounts that includes disbursements, distributions and receipts of monies.

As part of our audit procedures, we reviewed and tested management's processes and controls surrounding proper segregation and appropriate recognition of monies held in trust in the customers' accounts. We performed testing on outflows of monies to verify whether these transactions are for valid purposes and appropriately supported by requisite documentation. We also reviewed bank reconciliation at year end and vouched to underlying supporting documents such as invoices and bank advices to ensure that the reconciling items are appropriate. We reviewed the presentation and adequacy of the disclosures on the Company's disclosures of the Group's cash and short-term deposits which is included in Note 13.

## ***Other information***

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

# Independent Auditor's Report

For the financial year ended 30 June 2018

To the members of British and Malayan Holdings Limited

## ***Responsibilities of management and directors for the financial statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The directors' responsibilities include overseeing the Group's financial reporting process.

## ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# Independent Auditor's Report

For the financial year ended 30 June 2018

To the members of British and Malayan Holdings Limited

## ***Auditor's responsibilities for the audit of the financial statements (cont'd)***

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yeoh Swee Yen.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
17 August 2018

# Income Statement

For the financial year ended 30 June 2018

		Group	
	Note	2018 S\$	2017 S\$
<b>Revenue</b>	4	2,290,326	2,269,656
<b>Other items of income</b>			
Interest income		57,518	33,686
Dividend income		–	151,665
Net foreign exchange gain		–	2,055
Other income		87,238	116,853
Gain on sale of available-for-sale financial assets	11	1,478,129	–
<b>Items of expense</b>			
Employee benefits expense	5	(1,693,974)	(2,161,822)
Depreciation expense		(199,944)	(212,545)
Other expenses	6	(1,383,464)	(1,811,599)
Plant and equipment written off		–	(18,988)
Net foreign exchange loss		(3,919)	–
<b>Profit/(loss) before tax</b>		631,910	(1,631,039)
Income tax credit	7	–	7,096
<b>Profit/(loss) for the year</b>		631,910	(1,623,943)
Earnings/(loss) per share (dollars per share) - basic and diluted	8	0.07	(0.19)

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# Statement of Comprehensive Income

For the financial year ended 30 June 2018

	Note	2018 S\$	2017 S\$
Profit/(loss) for the year		631,910	(1,623,943)
<b>Other comprehensive income</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Net fair value changes on available-for-sale assets reclassified to profit or loss	16	(1,517,301)	–
Net fair value gains on available-for-sale financial assets	16	–	201,101
Other comprehensive income for the year		(1,517,301)	201,101
<b>Total comprehensive income for the year</b>		<b>(885,391)</b>	<b>(1,422,842)</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# Balance Sheet

As at 30 June 2018

	Note	Group		Company	
		2018 S\$	2017 S\$	2018 S\$	2017 S\$ (Unaudited)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	3,186,983	3,339,733	–	–
Investments in subsidiary	10	–	–	2,736,900	–
		<u>3,186,983</u>	<u>3,339,733</u>	<u>2,736,900</u>	<u>–</u>
<b>Current assets</b>					
Prepayments		160,895	118,266	–	–
Available-for-sale (“AFS”) financial assets	11	–	2,566,632	–	–
Trade and other receivables	12	368,966	343,957	–	2
Cash and short-term deposits	13	7,681,290	6,703,914	531,244	–
		<u>8,211,151</u>	<u>9,732,769</u>	<u>531,244</u>	<u>2</u>
<b>Total assets</b>		<u>11,398,134</u>	<u>13,072,502</u>	<u>3,268,144</u>	<u>2</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Advanced trustee services billings		271,507	257,655	–	–
Other liabilities	14	426,201	966,288	108,493	–
		<u>697,708</u>	<u>1,223,943</u>	<u>108,493</u>	<u>–</u>
<b>Total liabilities</b>		<u>697,708</u>	<u>1,223,943</u>	<u>108,493</u>	<u>–</u>
<b>Net current assets</b>		<u>7,513,443</u>	<u>8,508,826</u>	<u>422,751</u>	<u>–</u>
<b>Net assets</b>		<u>10,700,426</u>	<u>11,848,559</u>	<u>3,159,651</u>	<u>–</u>
<b>Equity attributable to equity holders of the Company</b>					
Share capital	15	2,736,900	2,736,900	2,736,900	2
Fair value reserve	16	–	1,517,301	–	–
Retained earnings		7,963,526	7,594,358	422,751	–
		<u>10,700,426</u>	<u>11,848,559</u>	<u>3,159,651</u>	<u>2</u>
<b>Total equity</b>		<u>10,700,426</u>	<u>11,848,559</u>	<u>3,159,651</u>	<u>2</u>
<b>Total equity and liabilities</b>		<u>11,398,134</u>	<u>13,072,502</u>	<u>3,268,144</u>	<u>2</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# Statement of Changes in Equity

For the financial year ended 30 June 2018

Group	Note	Share capital S\$	Fair value reserve S\$	Retained earnings S\$	Total equity S\$
<b>Balance at 1 July 2016</b>		2,736,900	1,316,200	9,349,672	13,402,772
Loss for the year		–	–	(1,623,943)	(1,623,943)
Other comprehensive income		–	201,101	–	201,101
Total comprehensive income		–	201,101	(1,623,943)	(1,422,842)
Interim dividends relating to 2017	17	–	–	(131,371)	(131,371)
<b>Balance at 30 June 2017 and at 1 July 2017</b>		2,736,900	1,517,301	7,594,358	11,848,559
Profit for the year		–	–	631,910	631,910
Other comprehensive income		–	(1,517,301)	–	(1,517,301)
Total comprehensive income		–	(1,517,301)	631,910	(885,391)
Interim dividends relating to 2018	17	–	–	(262,742)	(262,742)
<b>Balance at 30 June 2018</b>		2,736,900	–	7,963,526	10,700,426

  

Company	Note	Share capital S\$	Fair value reserve S\$	Retained earnings S\$	Total equity S\$
<b>Balance at 1 July 2016 (unaudited)</b>		2	–	–	2
Loss for the year		–	–	–	–
Other comprehensive income		–	–	–	–
Total comprehensive income		–	–	–	–
Interim dividends relating to 2017	17	–	–	–	–
<b>Balance at 30 June 2017 and at 1 July 2017 (unaudited)</b>		2	–	–	2
Profit for the year		–	–	685,493	685,493
Other comprehensive income		–	–	–	–
Total comprehensive income		–	–	685,493	685,493
Changes in ownership interests in subsidiary	15	2,736,898	–	–	2,736,898
Interim dividends relating to 2018	17	–	–	(262,742)	(262,742)
<b>Balance at 30 June 2018</b>		2,736,900	–	422,751	3,159,651

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Cash Flow Statement

For the financial year ended 30 June 2018

	Note	Group	
		2018 S\$	2017 S\$
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax		631,910	(1,631,039)
Adjustments for:			
Depreciation expense	9	199,944	212,545
Interest income		(57,518)	(33,686)
Dividend income		–	(151,665)
Plant and equipment written-off		–	18,988
Gain on sale of AFS financial assets		(1,478,129)	–
<b>Operating loss before changes in working capital</b>		(703,793)	(1,584,857)
<b>Changes in working capital</b>			
(Increase)/decrease in trade and other receivables and prepayments		(61,287)	22,862
Decrease in other liabilities and advanced trustee services billings		(526,235)	(30,772)
<b>Cash flows used in operating activities</b>		(1,291,315)	(1,592,767)
Net income tax received		–	2,883
<b>Net cash flows used in operating activities</b>		(1,291,315)	(1,589,884)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(47,194)	(12,607)
Proceeds of sale of AFS financial assets		2,527,460	–
Interest received		51,167	39,275
Dividends received		–	142,648
<b>Net cash flows generated from investing activities</b>		2,531,433	169,316
<b>Cash flows from financing activity</b>			
Dividends paid	17	(262,742)	(131,371)
<b>Net cash flows used in financing activity</b>		(262,742)	(131,371)
Net increase/(decrease) in cash and cash equivalents		977,376	(1,551,939)
Cash and cash equivalents at beginning of year		6,703,914	8,255,853
<b>Cash and cash equivalents at end of year</b>	13	7,681,290	6,703,914
<b>Supplementary non-cash transactions:</b>			
Scrip dividend received		–	9,017

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 1. Corporate information

British and Malayan Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at 1 Coleman Street, #08-01 The Adelphi, Singapore 179803.

The principal activity of the Company is that of investment holding. The principal activity of the subsidiary, British and Malayan Trustees Limited (the “subsidiary”), consists of the provision of trustee services in Singapore.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”) and on the historical cost basis except as disclosed in the accounting policies below.

As this is the initial issuance of the audited financial statements for the Group, references are made to the results of the subsidiary, British and Malayan Trustees Limited for prior period comparison purposes, as the principal activity of the Group is the provision of trustee services through its subsidiary.

The consolidated financial statements are presented in Singapore dollars (“SGD” or “S\$”), which is also the Company’s functional and presentation currency.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS that are effective for annual periods beginning on or after 1 July 2017. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Convergence with International Financial Reporting standards	1 January 2018
Amendments to FRS 102 <i>Classification and Measurement of Share-Based Payment Transactions</i>	1 January 2018
Amendments to IAS 40 <i>Transfers of Investment Property</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
Amendments to FRS 104 <i>Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts</i>	1 January 2019

#### *Convergence with International Financial Reporting Standards*

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

The Group has performed an assessment of the impact of adopting the new financial reporting framework. Other than the adoption of the new standards that are effective on 1 January 2018, the Group expect that the adoption of the new framework will have no material impact on the financial statements in the year of initial application.

The Group expect that the impact of adopting the new standards that are effective on 1 January 2018 will be similar to that as disclosed on the following page.

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

#### *FRS 109 Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.3 Standards issued but not yet effective (cont'd)

#### Classification and measurement

Financial assets are classified and measured based on their business models and contractual cash flow characteristics. Classification and measurement of the Group's financial instruments are expected to remain substantially unchanged under FRS 109.

#### Impairment

FRS 109 requires the Group to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all receivables as they are mostly short term in nature.

#### Transition

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

Adoption of the new standard is not expected to have a significant impact on the Group's financial statements.

#### *FRS 115 Revenue from Contracts with Customers*

FRS 115 requires revenue to be recognised when control of a good or service is transferred. Control is transferred when the transferee is able to direct the use of, and obtain substantially all of the remaining benefits from the good or service. The amount of revenue recognised represents the consideration to which an entity expects to be entitled in exchange for the good or service transferred. Subject to meeting the specified criteria, costs of obtaining and fulfilling a contract are recognised as assets and amortised over the contractual terms. Adoption of the new standard is not expected to have a significant impact on the Group's financial statements.

#### *FRS 116 Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group has assessed the impact of the new standard and the adoption of the new standard is not expected to have a significant impact on the Group's financial statements.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the end of the reporting period. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

The financial statements of the subsidiary used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in a subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.4 Basis of consolidation (cont'd)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of a subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

### 2.5 Foreign currencies

The Group's financial statements are presented in S\$, which is also the Group's functional currency.

#### (a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

#### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, all property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

#### Useful lives

Leasehold properties	Shorter of 50 years and the lease term (Note 9)
Leasehold improvements	5 years
Furniture and fittings	5 years
Office equipment	5 years
Computer equipment	3 years

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. They are adjusted prospectively, if appropriate.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gains or losses on de-recognition of the asset is included in profit or loss in the financial year the asset is derecognised.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in profit or loss during the financial year in which it is incurred.

On disposal of an item of property, plant and equipment, the differences between the net disposal proceeds and its carrying amount are taken to profit or loss.



# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.7 Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering the next financial year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.8 Financial assets

#### *Initial recognition and measurement*

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.8 Financial assets (cont'd)

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classifications as follows:

#### (a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process.

Loans and receivables comprise trade and other receivables and cash and short-term deposits.

#### (b) Available-for-sale ("AFS") financial assets

AFS financial assets include equity and debt securities. Equity investments classified as AFS are those, which are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, AFS financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains or losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

#### *Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.9 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired:

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying values of the financial assets.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.9 Impairment of financial assets (cont'd)

#### (b) AFS financial assets

In the case of equity investments classified as AFS, objective evidence of impairment include: (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates and indicates that the cost of the investments in equity instruments may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investments below its costs. "Significant" is to be evaluated against the original cost of the investments and "prolonged" against the period in which the fair value has been below its original cost.

If an AFS financial asset is impaired, an amount comprising the differences between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair values after impairment is recognised directly in other comprehensive income.

In the case of debt instruments classified as AFS, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of financial income. If, in a subsequent period, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

### 2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### 2.11 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.12 Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities not at fair value through profit and loss, plus directly attributable transaction costs.

#### *Subsequent measurement*

The measurement of financial liabilities depends on their classifications as follows:

#### Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Other financial liabilities comprise other liabilities.

#### *Derecognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

### 2.13 Employee benefits

#### *Defined contribution plans*

The Group makes contribution to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the financial period in which the related service is performed.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.14 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Commission income*

Commission income for trustee services is recognised in the financial year in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

(b) *Trustee fees*

Fees from the provision of trustee services consist of acceptance fee, periodic trustee fees and a proportion of trustee fees collected upfront.

Trustee fees earned as trustees of unit trusts, estates and debentures are recognised over the financial year in which the services are rendered.

(c) *Interest income*

Interest income from fixed deposits and interest-bearing securities is recognised in profit or loss on a time-proportion basis. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instruments and thereafter amortising the discount as interest income.

(d) *Dividend income*

Dividend income from equity securities is recognised in profit or loss in the financial year in which the right to receive payment is established.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.15 Taxes

#### (a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the end of the reporting period in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subjected to interpretation and establishes provisions where appropriate.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.15 Taxes (cont'd)

#### (b) *Deferred tax (cont'd)*

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 2.16 *Segment reporting*

The Group's activities are carried out only in Singapore. Segment performance of the Group is evaluated based on Group's consolidated operating profit or loss on a group basis and are not allocated to operating segments as the principal activity of the Group is to provide trustee services through its subsidiary, British and Malayan Trustees Limited. Management monitors the operating results of the Group on a consolidated basis as revenue is generated primarily from the principal service provided by its subsidiary. As such, the Group consolidated financials is a single reportable segment and there is no further disclosure by operating segments.



# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.17 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### 2.18 Dividends

Interim dividends and final dividends are recorded in the financial year in which they are declared and paid by the Group.

### 2.19 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

## 3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Management is of the opinion that there is no significant judgement made in applying the accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 4. Revenue

	Group	
	2018 S\$	2017 S\$
Trustee fees	2,089,069	2,050,003
Other service fees	201,257	219,653
Total revenue	2,290,326	2,269,656

## 5. Employee benefits expense

	Group	
	2018 S\$	2017 S\$
Wages and salaries	1,555,945	2,000,044
Employer's contribution to defined contribution plan: –CPF contributions	138,029	161,778
	1,693,974	2,161,822

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 6. Other expenses

	Group	
	2018 S\$	2017 S\$
Non-audit fees paid to:		
–Auditors of the Company	1,050	46,300
–Other auditors	48,000	53,000
Professional fees	144,043	360,530
Audit fees	125,000	105,000
Insurance expense	197,767	198,573
Building and office maintenance and repairs	287,021	270,142
Advertising expense	21,312	104,779
Recruitment fees	–	35,249
Directors' fees	150,000	142,357
Printing and stationery	15,293	29,150
Rental expense	–	22,322
Training fees	16,826	34,455
General expenses	129,275	155,153
Other expenses	247,877	254,589
	1,383,464	1,811,599

## 7. Taxation

### (a) Major components of income tax credit

The major components of income tax credit for the financial years ended 30 June 2018 and 2017 are:

	Group	
	2018 S\$	2017 S\$
Statement of comprehensive income:		
Overprovision in respect of previous years	–	(2,883)
Deferred income tax	–	(4,213)
	–	(7,096)
Income tax credit recognised in profit or loss	–	(7,096)

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 7. Taxation (cont'd)

### (b) Relationship between tax expense and accounting profit

A reconciliation between the tax credit and the product of accounting profit/(loss) multiplied by the application tax rate for the financial years ended 30 June 2018 and 2017 is as follows:

	Group	
	2018 S\$	2017 S\$
Profit/(loss) before tax	631,910	(1,631,039)
Tax at statutory tax rate of 17% (2017: 17%)	107,425	(277,277)
Adjustments:		
Non-deductible expenses	33,017	89,504
Income not subject to taxation <sup>(1)</sup>	(262,545)	(25,952)
Deferred tax asset not recognised	122,388	209,539
Overprovision in respect of previous years	–	(2,883)
Others	(285)	(27)
Income tax credit recognised in profit or loss	–	(7,096)

<sup>(1)</sup> Income not subject to taxation comprises primarily certain deductions for investment income and capital gain on sale of AFS financial assets during the financial year ended 30 June 2018.

At the end of the reporting period, the Group has unutilised tax losses of S\$4,062,791 (2017: S\$3,542,806) that are available for offset against future taxable profits of the Group and no deferred tax asset is recognised due to uncertainty of its recoverability. There were changes in the shareholders and control of the Group due to the pre-conditional mandatory general cash offer, and the Group has applied for a waiver of the shareholding test for these unutilised tax losses. The Inland Revenue Authority of Singapore has approved the waiver of the shareholding test on 17 August 2017.

## 8. Earnings/(loss) per share

	Group	
	2018 S\$	2017 S\$
Net earnings/(loss) attributable to members of the Company	631,910	(1,623,943)
Weighted average number of ordinary shares in issue	8,758,080	8,758,080
Earnings/(loss) per share (basis and diluted)	0.07 per share	(0.19) per share

Earnings per share ("EPS") are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 9. Property, plant and equipment

Group and Company	Leasehold properties S\$	Leasehold improvements S\$	Furniture and fittings S\$	Office equipment S\$	Computer equipment S\$	Total S\$
<b>Cost</b>						
At 1 July 2016	4,656,986	81,285	60,676	44,360	501,356	5,344,663
Additions	–	–	3,084	–	9,523	12,607
Write-offs	–	(18,530)	(16,279)	–	–	(34,809)
At 30 June 2017 and at 1 July 2017	4,656,986	62,755	47,481	44,360	510,879	5,322,461
Additions	–	–	–	–	47,194	47,194
At 30 June 2018	4,656,986	62,755	47,481	44,360	558,073	5,369,655
<b>Accumulated depreciation</b>						
At 1 July 2016	1,397,097	58,035	27,988	29,003	273,881	1,786,004
Depreciation charge for 2017	93,140	5,574	9,307	6,098	98,426	212,545
Write-offs	–	(7,804)	(8,017)	–	–	(15,821)
At 30 June 2017 and at 1 July 2017	1,490,237	55,805	29,278	35,101	372,307	1,982,728
Depreciation charge for 2018	93,140	3,206	7,589	5,018	90,991	199,944
At 30 June 2018	1,583,377	59,011	36,867	40,119	463,298	2,182,672
<b>Net carrying amount</b>						
At 30 June 2017	3,166,749	6,950	18,203	9,259	138,572	3,339,733
At 30 June 2018	3,073,609	3,744	10,614	4,241	94,775	3,186,983

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 9. Property, plant and equipment (cont'd)

Description of leasehold property	Unexpired term of lease (years)		Net floor area sq. m.	Existing use
	30 June 2018	30 June 2017		
An office unit located on the 8 <sup>th</sup> storey of The Adelphi, a 10-storey commercial building at 1 Coleman Street, Singapore	808 Leasehold	809 Leasehold	391	Office

The subsidiary engaged Edmund Tie & Company (SEA) Pte Ltd (formally known as DTZ Debenham Tie Leung (SEA) Pte Ltd), an independent valuer to determine the fair value of the freehold land and buildings. The valuation technique used was market comparables. The unit was valued at S\$9,600,000 (2017: S\$9,500,000) as at 30 June 2018 (2017: 30 June 2017).

## 10. Investment in subsidiary

	Company	
	2018 S\$	2017 S\$ (unaudited)
Shares, at cost	2,736,900	—

The details of the subsidiary is as follows:

Name of subsidiary	Country of incorporation	Principal activity	Effective equity interest held by the Company	
			2018 %	2017 %
British and Malayan Trustees Limited <sup>(1)</sup>	Singapore	Trustee Services	100	—

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 11. AFS financial assets

	Group and Company	
	2018	2017
	S\$	S\$
Equity instruments (quoted)	–	2,566,632

As at 30 June 2018, quoted investments denominated in Hong Kong dollars amounted to S\$Nil (2017: S\$727,457). The AFS financial assets were sold during the year ended 30 June 2018 and a realised gain of S\$1,478,129 is recognised from the sale.

## 12. Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
				(unaudited)
Trade receivables	359,065	336,362	–	–
Accrued interest on fixed deposits and debt securities	8,991	2,641	–	–
Refundable deposits	910	910	–	–
Tax refund receivable	–	4,044	–	–
Others	–	–	–	2
	368,966	343,957	–	2

### (a) Trade receivables

Trade receivables were non-interest bearing, unsecured and were generally on 30 days' terms. They were recognised at their original invoiced amounts which represent their fair values on initial recognition.

### (b) Receivables that are past due but not impaired

The Group and Company have no trade receivables that were past due as at the end of the 30 June 2018 and 2017 but not impaired.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 13. Cash and short-term deposits

	Group		Company	
	2018 S\$	2017 S\$	2018 S\$	2017 S\$ (unaudited)
Fixed deposits with banks	6,097,067	5,551,361	–	–
Cash at bank and on hand	1,584,223	1,152,553	531,244	–
	<u>7,681,290</u>	<u>6,703,914</u>	<u>531,244</u>	<u>–</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits were made for varying periods of between one month and three months depending on the immediate cash requirements of the Group and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 30 June 2018 for the Group were 1.01% (2017: 0.44%).

Cash and short-term deposits denominated in foreign currencies at 30 June are as follows:

	Group	
	2018 S\$	2017 S\$
United States dollars	<u>183,211</u>	<u>180,395</u>

## 14. Other liabilities

	Group		Company	
	2018 S\$	2017 S\$	2018 S\$	2017 S\$ (unaudited)
Accrued operating expenses	363,040	493,397	70,960	–
Provision for restructuring	–	434,848	–	–
Provision for directors' fees	37,500	37,500	37,500	–
Other payables	25,661	543	33	–
	<u>426,201</u>	<u>966,288</u>	<u>108,493</u>	<u>–</u>



# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 15. Share capital

	Group			
	2018		2017	
	No. of shares	S\$	No. of shares	S\$
<i>Issued and fully paid ordinary shares:</i>				
At beginning and end of year	8,758,080	2,736,900	8,758,080	2,736,900

	Company			
	2018		2017	
	No. of shares	S\$	No. of shares (unaudited)	S\$ (unaudited)
<i>Issued and fully paid ordinary shares:</i>				
At beginning of year	2	2	2	2
Changes in ownership interests in subsidiary	8,758,078	2,736,898	–	–
At end of year	8,758,080	2,736,900	2	2

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

## 16. Fair value reserve - non-distributable

	Group and Company	
	2018	2017
	S\$	S\$
At beginning of year	1,517,301	1,316,200
AFS financial assets:		
–Net fair value changes on available-for-sale financial assets reclassified to profit or loss	(1,517,301)	–
–Net fair value gains on available-for-sale financial assets	–	201,101
At end of year	–	1,517,301

Fair value reserve represents the cumulative fair value changes of AFS financial assets until they were disposed of or impaired.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 17. Dividends

	Group		Company	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
				(unaudited)
<b><i>Declared and paid during the year:</i></b>				
Dividends on ordinary shares:				
– Interim exempt (one-tier) dividends for 2018:				
3.00 cents (2017: 1.50 cents) per share	262,742	131,371	262,742	–
	262,742	131,371	262,742	–

## 18. Related party transactions

### ***Compensation of key management personnel***

Key management personnel compensation is as follows:

	Group	
	2018	2017
	S\$	S\$
Total compensation to directors - directors' fees	150,000	142,357
Other key management personnel compensation:		
– Salaries and other short-term employee benefits	808,930	907,412
– Central Provident Fund contributions	34,123	26,520
	993,053	1,076,289

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 19. Fair value of financial instruments

### (a) *Determination of fair value*

#### (i) *Equity instruments (Quoted) (Note 11)*

Fair value is determined directly by reference to their published market bid prices quotations in an active market at the end of the reporting period.

#### (ii) *Trade and other receivables (Note 12), accrued operating expenses, other payables (Notes 14) and cash and short-term deposits (Note 13)*

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair value due to their short-term nature.

### (b) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1	–	Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date;
Level 2	–	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3	–	Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 19. Fair value of financial instruments (cont'd)

### (b) Fair value hierarchy (cont'd)

The following table analyses within the fair value hierarchy the Group's financial assets measured at fair value:

	Group and Company			Total S\$
	Quoted prices in active markets for identical instruments (Level 1) S\$	Significant other observable inputs (Level 2) S\$	Significant unobservable inputs (Level 3) S\$	
<b>2018</b>				
<b>Assets</b>				
Leasehold property	–	–	9,600,000	9,600,000
Total	–	–	9,600,000	9,600,000
<b>2017</b>				
<b>Assets</b>				
Quoted equities – AFS financial assets	2,566,632	–	–	2,566,632
Leasehold property	–	–	9,500,000	9,500,000
	2,566,632	–	9,500,000	12,066,632

There was no transfer between the different levels in 2018 and 2017.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 19. Fair value of financial instruments (cont'd)

### (c) Classes of financial assets and financial liabilities

2018	Group			Total carrying amount S\$
	AFS financial assets S\$	Loans and receivables S\$	Amortised cost S\$	
<b>Financial assets</b>				
Trade and other receivables	–	368,966	–	368,966
Cash and short-term deposits	–	7,681,290	–	7,681,290
	–	8,050,256	–	8,050,256
<b>Financial liabilities</b>				
Other liabilities	–	–	388,701	388,701
	–	–	388,701	388,701
<b>2017</b>				
<b>Financial assets</b>				
AFS financial assets	2,566,632	–	–	2,566,632
Trade and other receivables	–	343,957	–	343,957
Cash and short-term deposits	–	6,703,914	–	6,703,914
	2,566,632	7,047,871	–	9,614,503
<b>Financial liabilities</b>				
Other liabilities	–	–	493,940	493,940
	–	–	493,940	493,940

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 19. Fair value of financial instruments (cont'd)

### (c) Classes of financial assets and financial liabilities

2018	AFS financial	Company		Total carrying
	assets	Loans and	Amortised cost	amount
	S\$	S\$	S\$	S\$
<b>Financial assets</b>				
Cash and short-term deposits	–	531,244	–	531,244
	–	531,244	–	531,244
<b>Financial liabilities</b>				
Other liabilities	–	–	70,993	70,993
	–	–	70,993	70,993
<b>2017</b>				
<b>Financial assets</b>				
Trade and other receivables (unaudited)	–	2	–	2
	–	2	–	2

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 20. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management of the Group. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

### (a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets like cash and cash equivalents, the Group minimises credit risk by dealing with a selection of highly rated counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### (i) *Exposure to credit risk*

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables and cash and short-term deposits. No other financial asset carries a significant exposure to credit risk.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 20. Financial risk management objectives and policies (cont'd)

### (a) Credit risk (cont'd)

#### (ii) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the customers' profile of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:

By profile	2018		2017	
	S\$	% of total	S\$	% of total
Corporate clients	39,492	35	–	–
Individual clients	74,279	65	88,211	100

The Group determines concentrations of credit risk by monitoring the counterparties profile of its cash and short-term deposits on an on-going basis. The credit risk concentration profile of cash and short-term deposits at the end of the reporting period is as follows:

Credit Rating by Moody's	2018		2017	
	S\$	% of total	S\$	% of total
Aa1	7,680,568	100	6,339,606	95%
Aa3	–	–	–	–
A1	–	–	363,603	5%
	<u>7,680,568</u>		<u>6,703,209</u>	

#### (iii) Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### (iv) Financial assets that are either past due or impaired

There are no financial assets that are either past due or impaired.



# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 20. Financial risk management objectives and policies (cont'd)

### (b) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group has not made any borrowings during the financial year.

A significant portion of the Group's liabilities relate to advance billings for trustee services. These amounts are not typically repaid but amortised into income as services are provided. Other remaining liabilities are short-term and due within one year.

### (c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their fixed deposits. All of the Group's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2017: less than 6 months) from the end of the reporting period.

As interest income derived from fixed deposits with banks is not deemed to be major source of revenue to the Group, the impact of changes in interest rates on the Group's financial assets is minimal. As such, the effect of a sensitivity analysis on the Group's net profit would be negligible. The management considers that the Group's exposure to interest rate risk is minimal.

### (d) *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group's business is not substantially exposed to foreign exchange risk as its operations are generally in SGD. The Group is also exposed to minimal cash at bank denominated in United States dollars (Note 13).

### (e) *Market price risk*

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investments in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as AFS financial assets.

The Group has also established investment policies and monitoring processes to ensure that the bulk of its investments are in blue-chip securities so as to mitigate market price risk of its investments.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## 20. Financial risk management objectives and policies (cont'd)

### (e) Market price risk (cont'd)

#### *Sensitivity analysis for equity price risk*

The Group had investments in quoted equity securities listed in Singapore as at 30 June 2017. If equity prices had been higher/lower by 5% with all other variables held constant, the Group's equity would increase/decrease by S\$128,332. The quoted equity securities were sold off during the financial year ended 30 June 2018 and the Group has no exposure to equity price risk as at 30 June 2018.

## 21. Segment information

The Group's activities are carried out wholly in Singapore. For management purposes, the Group has only one single reportable segment as the principal activity of the Group is provision of trustee services in Singapore through its subsidiary.

#### *Information about major customers*

Revenue from two major customers, each of which accounts for more than 10% of the Group's total revenue, amounts to S\$660,854 and S\$438,959 (2017: S\$620,783 and S\$453,768), respectively. The revenue from the two major customers arises from provision of trustee services in Singapore.

## 22. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividends payment to shareholders, return capital to shareholders or issue new shares. No change was made in the objectives, policies or processes during the financial years ended 30 June 2018 and 30 June 2017.

The subsidiary is required to comply with the Financial Requirements under the Trust Companies Act and Financial and Margin Requirement under the Securities and Futures Act.

The Group is subjected to externally imposed financial requirements for the financial years ended 30 June 2018 and 2017.

# Notes to the Financial Statements

For the financial year ended 30 June 2018

## **23. Comparatives**

The comparative figures presented in the financial statements of the Company are unaudited. The company was dormant prior to 1 July 2017 and was not required to file audited financial statements for the financial period ended 30 June 2017.

## **24. Authorisation of financial statements for issue**

The financial statements of the Group for the financial year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 17 August 2018.

# Shareholding Statistics

As at 12 September 2018

<b>Number of Issued Shares</b>	:	8,758,080
<b>Class of shares</b>	:	Ordinary Shares
<b>Voting rights</b>	:	One vote per share
<b>Treasury shares</b>	:	Nil

## DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	Number of Shareholders (%)	Percentage of Shareholders (%)	Number of Shares Held	Percentage of Shares Held
1 - 99	6	6	240	0.00
100 - 1,000	47	51	24,360	0.28
1,001 - 10,000	24	26	86,304	0.98
10,001 - 1,000,000	14	15	900,170	10.28
1,000,001 - and above	2	2	7,747,006	88.46
<b>Total</b>	<b>93</b>	<b>100</b>	<b>8,758,080</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

	Name of Shareholders	Number of Shares	Percentage of Shareholdings (%)
1	The Nyalas Rubber Estates Ltd	6,147,294	70.19
2	Estate of Sat Alsagoff, Deceased	1,599,712	18.27
3	Chan Wing Cheng	262,742	3.00
4	Estate of Lim Chin Him Alfred Aka Lim Chin Hin, Dcd	230,400	2.63
5	Catzevalos Peter John	96,000	1.10
6	Lee Ah Bah @ Ong Kee	81,800	0.93
7	Teo Guat Hui	43,500	0.50
8	Hood Yew Lee Alfred	32,000	0.37
9	Est of Tan Hin Jin, Dec'd	32,000	0.37
10	Alwee Alkaff	28,800	0.33
11	Khoo Sin Hock Victor	21,600	0.25
12	Cecil V R Wong	16,128	0.18
13	Lee Thor Seng	14,400	0.16
14	Tan Hiang Lee	14,400	0.16
15	Tan Sieu Lee Amelia	14,400	0.16
16	Khoo Thomas Clive	12,000	0.14
17	HL Bank Nominees (S) Pte Ltd	8,900	0.10
18	Clive Heng Boon Howe	6,000	0.07
19	OCBC Securities Pte Ltd	6,000	0.07
20	Tan Beng Chuan Frederick	6,000	0.07
		<b>8,674,076</b>	<b>99.05</b>

# Shareholding Statistics

As at 12 September 2018

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
The Nyalas Rubber Estates Ltd	6,147,294	70.19	–	–
Estate of Sat Alsagoff, Deceased	1,599,712	18.27	–	–
Lee Yung Shih Colin	–	–	6,161,694 <sup>(1)</sup>	70.35
Lee Chung Shih Justin	–	–	6,161,694 <sup>(2)</sup>	70.35

**Note:**

<sup>(1)</sup> Mr Lee Yung Shih Colin is deemed interested in the shares held by The Nyalas Rubber Estates Ltd and Mr Lee Thor Seng.

<sup>(2)</sup> Mr Lee Chung Shih Justin is deemed interested in the shares held by The Nyalas Rubber Estates Ltd and Mr Lee Thor Seng.

## PUBLIC FLOAT

Based on Shareholders' Information as at 12 September 2018 and to the best knowledge of the Directors, approximately 11.38% of the total numbers of issued ordinary shares of the Company is held by the public.

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# BRITISH AND MALAYAN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No.: 201632914Z

## PROXY FORM

\*I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a \*member/members of British and Malayan Holdings Limited (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings to be represented by proxy	
		No. of Shares	%
Address:			

\*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings to be represented by proxy	
		No. of Shares	%
Address:			

or failing \*him/her, the Chairman of the Meeting as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the Annual General Meeting of the Company to be held at the Board Room of British and Malayan Holdings Limited at 1 Coleman Street, #08-01 The Adelphi, Singapore 179803 on Thursday, 25 October 2018 at 2:30 p.m. and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the \*proxy/proxies will vote or abstain from voting at \*his/their discretion.

No.	Ordinary Resolutions	For <sup>#</sup>	Against <sup>#</sup>
1.	To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2018 together with the Directors' Statement and the Independent Auditor's Report thereon.		
2.	To re- elect Mr Lee Yung-Shih Colin as Director.		
3.	To re-elect Mr Lee Boon Huat as Director.		
4.	To approve the payment of Directors' fees of S\$150,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears.		
5.	To declare a Final Dividend (tax exempt one-tier) of 2.7 cents per ordinary share for the financial year ended 30 June 2018.		
6.	To appoint Messrs RSM Chio Lim LLP as Auditors in place of the retiring auditors, Messrs Ernst & Young LLP and to authorise the Directors to fix their remuneration.		
7.	To authorise Directors to allot and issue shares.		
8.	To authorise Directors to allot and issue shares under British and Malayan Holdings Employee Share Option Scheme and British and Malayan Holdings Performance Share Plan.		

\* Delete accordingly

# If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" for each resolution within the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Total number of shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal

**IMPORTANT.** Please read notes overleaf.



## Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. Where a member appoints two proxies, he shall specify the proportion of his shares (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A member who is a **Relevant Intermediary**\* is entitled to appoint more than two proxies to attend and vote at the meeting. He shall specify the proportion of his shares (expressed as a percentage of the whole) to be represented by each proxy.

### **\*Relevant Intermediary is:**

- (a) a banking corporation licensed under the Banking Act (Cap.19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or
  - (b) a person holding a capital markets services license to provide a custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap.36), in respect of shares purchased on behalf of CPF investors.
4. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.
  5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
  6. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
  7. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Coleman Street, #08-01 The Adelphi, Singapore 179803, not less than seventy-two (72) hours before the time appointed for holding the Annual General Meeting.
  8. In the case of joint shareholders, all shareholders must sign the instrument appointing a proxy or proxies.
  9. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse the admission of any person or persons appointed under the instrument of proxy, to the Annual General Meeting.
  10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member(s) are not shown to have shares entered against his/her/their name(s) in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
  11. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 72 hours before the time appointed for the Annual General Meeting.

## **Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accept and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 October 2018.

BRITISH AND MALAYAN HOLDINGS LIMITED

Company Registration Number 201632914Z

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Website: [www.bmtrust.com](http://www.bmtrust.com)