

## **BROOK CROMPTON HOLDINGS LTD.**

(the "Company")

(Co. Reg. No. 194700172G)

(Incorporated in the Republic of Singapore)

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### **RESPONSE TO SGX-ST'S QUERY ON THE COMPANY'S ANNUAL REPORT FOR FINANCIAL YEAR ENDED 2023**

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The Board of Directors (the "Board") of Brook Crompton Holdings Ltd. ("BCHL" or the "Company" and together with its subsidiaries, the "Group") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") and would like to provide further information in relation to the Annual Report 2023 for the financial year ended 31 December 2023:

#### **SGX-ST's Query**

We refer to the Company's annual report for the financial year ended 31 December 2023 ("FY2023").

1. Please disclose whether and how Listing Rule 710A(2)(d), which requires the disclosure of a description of how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the issuer, has been complied with.

#### **Response to SGX-ST's Query**

The Company is committed to fostering board diversity across gender, skills and experience, ethnicity and other relevant aspect of diversity, following the adoption of its Board Diversity Policy in November 2022.

Through the policy, the Board has also set, inter alia, the following targets and objectives:

- (a) to include individuals with a good mix of the relevant aspects of diversity ("Relevant Aspect of Diversity") on the Board with at least one (1) member having an attribute of the Relevant Aspects of Diversity;
- (b) to uphold a team of experts (both skills and experience) in the relevant industry, domain and fields on the Board;
- (c) to have at least one (1) candidate possessing an attribute of the Relevant Aspects of Diversity in the selection process for any new appointment of Directors;
- (d) to include the Relevant Aspects of Diversity as criteria in the selection process for appointment and re-appointment of Directors;
- (e) to include the Relevant Aspects of Diversity as criteria for evaluation of Board's effectiveness; and
- (f) to ensure the diversity of the Board aligns with the long-term business goals of the Company.

As outlined in the Annual Report for FY2023, the Nominating Committee and the Board believes that in addition gender diversity, other dimensions to diversity remain a priority such as experience, background, ethnicity among others. The Board boasts a wide range of diversity including female and ethnic minority representation, a broad spectrum of ages from the 40s to 70s, and with core competencies in accounting/finance, legal, business management and marketing.

Dr Knut Unger, who is the Company's Lead Independent Director, possesses professional legal qualifications and is currently a practicing lawyer. Mr Chao Mun Leong, who is the AC Chairman, brings with him more than 35 years of working experience in the electronics industry and expertise in finance and business advisory. Mr Pang Xinyuan, the Non-executive Board Chairman, who has Master Degree in Advertising and Marketing from the Leeds University, brings with him not only marketing expertise, but also vast experience in business management having served as Managing Director and Senior Vice President of Wolong Holdings Group Co., Ltd and Managing Director and Chairman of the Wolong Electric Group Co., Ltd, a company listed on the Shanghai Stock Exchange.

With such a broad spectrum of expertise and knowledge, the contributions from each Board member provides wide ranges perspectives on each discussion and decision, ensuring well-rounded governance and strategic oversight.

The Nominating Committee acknowledges lack of gender diversity on the Board. The Board would target for one female representation on the Board. The plan is to appoint a female director with the skill-set and experience to add to the Board's core competencies at the next Board renewal in 2024 to consider the Board's composition as impacted by Listing Rule 210(d)(iv) on cap on independent director's tenure (ie the retirement of Dr Knut Unger as Independent Director at the forthcoming Annual General Meeting). Any updates or progress made towards implementing the Board's Diversity Policy will be disclosed in the next annual report of the Company.

The Nominating Committee will continue to review the Board's diversity policy to ensure its effectiveness and will recommend appropriate revisions to the Board for consideration and approval. Any updates or progress made towards implementing the Board's diversity policy will be disclosed in the Company's Corporate Governance Report where appropriate.

### **SGX-ST's Query**

We refer to the Company's annual report for the financial year ended 31 December 2023 ("FY2023").

2. Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Please clarify whether and how Listing Rule 1207(10C) has been complied with. Please also provide information on the relevant experience of accounting firm, Yang Lee & Associates, and the engagement team.

### **Response to SGX-ST's Query**

For FY2023, the Company outsourced its internal audit function to Yang Lee & Associates ("YLA"). YLA, the outsourced internal auditor, is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. YLA was established in the year 2005 and currently maintains an outsourced internal audit portfolio of SGX-ST listed companies in sectors such as distribution, manufacturing, services, food & beverage, retail and property development.

The internal audit function is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls and other relevant disciplines.

The internal audit team, independent of the Company's daily operations and accounting functions, have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The Internal Auditor reports directly to the Chairman of the AC on all internal audit matters.

The internal audit plan for FY2023 was reviewed and approved by the AC. The Internal Auditors completed its FY2023 audit review in accordance with the internal audit plan approved by the AC at the beginning of the year. The findings and recommendations of the Internal Auditors, Management's responses, and Management's implementation of remedial actions were reported to the AC.

The engagement team for this engagement comprises two Directors, a Manager and supported by an Associate. Each of the two Directors has more than 25 years of relevant experience whilst the Manager has approximately 14 years of relevant experience.

On page 31 of the Annual Report 2023, the Corporate Governance Report has explained that the Company in compliance with Listing Rule 1207(10C).

"The AC reviewed and confirmed that YLA is a suitable professional service firm to meet the Company's internal audit obligations, having regard to the adequacy of resources, independence and experience of the firm and the assigned engagement director, number and experience of supervisory and professional staff assigned to internal audits."

For and on behalf of the Board  
**BROOK CROMPTON HOLDINGS LTD.**

Pang Xinyuan  
Non-Independent Non-Executive Chairman

16 April 2024