BROOK CROMPTON HOLDINGS LTD.
(the "Company")
(Co. Reg. No. 194700172G)
(Incorporated in the Republic of Singapore)

RESPONSE TO SHAREHOLDERS' QUESTIONS ON THE COMPANY'S ANNUAL REPORT 2022

Brook Crompton Holdings Ltd. ("BCHL" or the "Company" and together with its subsidiaries, the "Group") would like to thank Shareholders and members of the Company for submitting their questions on the Company's Annual Report 2022 in advance of the Annual General Meeting ("AGM") which will be held in a wholly physical format on 24 April 2023 at 2.00 p.m. (Singapore time).

As there were substantial overlaps in the questions received, we have, for shareholders' ease of reference summarised and grouped together some questions and provided consolidated responses. The Company wishes to seek Shareholders' kind understanding that the Company is unable to disclose certain information in its response to the questions due to the sensitive nature of the information.

The Company's response to the substantial and relevant questions on the Company's Annual Report 2022 are set out in the Appendix to this announcement.

Shareholders and members are welcome to raise their questions during the AGM itself. Details of the AGM are mentioned in the Notice.

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

Pang Xinyuan
Non-Independent Non-Executive Chairman

20 April 2023

APPENDIX

Expansion plans

1. I noted the appointed of Ms Chen Yanni (Chairman / CEO of Wolong Holdings) as Brook Crompton's Supply Chain Director. Does that indicate a larger involvement of the company's parent holding company's interest in driving sales and footprint via Brook Crompton?

Ms Chen Yanni's position in Brook Crompton as Supply Chain Director will support the Company's planned growth. Effective supply chain is a key to successful distribution business. Wolong is a key supplier for Brook Compton, Ms Chen Yanni will enhance the supply chain function of the Company, she will oversee the orders and product quality of Wolong, insure prioritisation and focus for Brook Crompton, additionally insure mitigation of the supply chain risk and inventory supply shortage or disruptions. Brook Crompton is in distribution business; factory support is a key to successful support and deliveries to our customers.

Huge Inventory build-up and increase market penetration/ interest for EU / North Africa + Australia + East of Europe into ex-soviet republics

2. How confident is the company in managing its expansion plans into new markets (apart from developed markets like mining in Australia). Does the company have a good team of business development managers and relevant risk controls in managing business risks in new pioneering markets? (Or does its parent ATB or Wolong have existing presence in those markets?

Brook Crompton's primary business is distribution, inventory is critical and important for distribution business to expand the business in different regions as well as serve end client requirements for installed base. We are focusing in establishing distribution network and work with customers who will support the distribution of product in some of these new regions. Having the product available and product support in the regions the company will manage to secure more sales and higher growth.

We have good technical and business development team to support respective new regions, who understand the local market demand and customers' expectation. We have employed experienced Sales Director to cover EMEA region as well as new experienced sales VP in Canada. EMEA Operations Director has also been appointed. We aim to establish strong distribution and customer base in these regions whilst following established risk controls for the business. Developing new markets is important for Brook Crompton's growth strategy. ATB group has strong presence in Germany and Austria. Brook Crompton always focuses in the new markets due to established and well recognised brand with number of end clients and Engineering, Procurement and Construction (EPC), whereby ATB and Wolong are not as present in some of these markets.

Capital management (e.g. inventory levels)

3. **Is the company over inventoried at its current levels. In other words, is the company taking too much inventory from Wolong electric (Vietnam)? Or is this indicative of stronger Australian market demand?**

Capital investment in inventory is must for distribution business of Brook Crompton. We had high order demand in 2022 from existing and new customers, the Company replenished and invested in more inventory to meet the demand of our customers. Besides that, considering the expansion of distribution in new regions, additional investment in inventory is needed.

The increase in purchase from Wolong Electric (Vietnam) mainly is due to the increase in sales of Brook Crompton USA, Inc and establishment of some new customers in Heating, Ventilation and Air-Conditioning Systems (HVAC) market in USA. To develop Australia market, inventory is important to secure future business opportunities and establish dedicated distribution network.

There were three main factors that contributed towards increase in inventory compared to previous years:

1. **New warehouses set up in new regions, ie Italy and Australia**
2. **The sales in 2022 grew by 28% compared to prior year which was also supported by the additional inventory**
3. **Due to Covid restrictions inventory delivery was drastically reduced in 2021 comparing to 2022 when the restrictions in China and all factories globally were lifted**

Dividend Policy

4. **While the company and the board has been consistent in recommending 2c dividend yearly, could the board consider pushing for a higher dividend payout to reward all shareholders and even management to own shares in the company and partake in the higher pay-out? For the board's consideration**

Higher amount of dividends on our shares will depend on our cash and retained earnings, expected and actual future earnings, working capital requirements, general financing conditions, projected levels of capital expenditure and other investment plans, restrictions on payments of dividends imposed on the Company by the financial arrangements (if any) as well as general business conditions and other factors as the Board may, in their absolute discretion, deem appropriate.