

**BROOK CROMPTON HOLDINGS LTD.**

(the "Company")

(Co. Reg. No. 194700172G)

(Incorporated in the Republic of Singapore)

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**RESPONSE TO SHAREHOLDERS' QUESTIONS ON THE COMPANY'S ANNUAL REPORT  
2020**

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Brook Crompton Holdings Ltd. ("BCHL" or the "Company" and together with its subsidiaries, the "Group") would like to thank Shareholders for submitting their questions on the Company's Annual Report 2020 in advance of the Annual General Meeting ("AGM") which will be held by way of electronic means on 29 April 2021 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 2020 are set out in the Appendix to this announcement.

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

Pang Xinyuan  
Non-Independent Non-Executive Chairman

28 April 2021

## APPENDIX

**1. Has the synergy with Wolong been useful to Brook Crompton? Especially with regards to sales channels in North America?**

The synergy with Wolong is useful to Brook Crompton on both the sales channel and the production side. On the production side, Wolong has invested in production for the traditional “made in Europe” Brook Crompton W series product by building production units in China, and in Vietnam (not affected by the same level of import duties as China).

For example, on the sales channel synergy in North America, the growth in sales in 2019 was partly due to the use of the sales team in Wolong America developing specific business in the recycling business segment and allowing Brook Crompton to be able to make the sale. In the UK, Wolong has agreed to allow Brook Crompton to take sales responsibility and revenue for its largely OEM customers and has further supported to introduce a new product range. In the Asia Pacific, Wolong and Brook Crompton have agreed bilateral sales channels where Wolong sales teams in certain countries take responsibility for Brook Crompton products, with Brook Crompton now able to book the sales revenue. In other sales region, Wolong has surrendered sales responsibility to Brook Crompton for the latter to book orders for Wolong and for the Brook Crompton products.

**2. Despite being profitable, company has chosen not to pay dividends. Will the company considering restoring the dividends as soon as practicable. (Given the increasing cash that has built up in the company financial statements)**

No dividends have been declared / recommended by the Board for the financial year ended 31 December 2020 as the Board opined it to be prudent to conserve cash amidst the challenging economic environment caused by the COVID-19 pandemic. The Board will review the dividend payment when the economic conditions improve, and taking into consideration the Group’s cash flow and capital requirements for its development/expansion plans.

**3. Describe Brook Crompton Holding Ltd’s financial performance over the past few years. What strategies have you put in place to maintain or accelerate the growth trajectory?**

The Company has been making profits in the last few years. The Company’s core focus is in the distribution and trading of electric motors, without involvement in the manufacture of electric motors. The Company has good support from our ultimate holding company, Wolong Holding Group Ltd (“Wolong”) as a supplier, and a sales partner. The Company has built strong relationship with Wolong and third party suppliers and has been able to receive and market a range of products which are technically and commercially suitable for the market.

The Company’s core focus in 2021 will be to use these new products to revisit areas of previous strength where there is a large installed base of the Group’s products. Specific target areas will be mainland Europe (especially after UK Brexit, export from UK to Europe will be more complicated and it’s important for the Company to take care of this region), Asia Pacific, UAE and America. Core strategy will continue to be to re-establish stocking distributors in these regions. This will allow the Company to be able to accelerate its growth trajectory when the COVID-19 restrictions were uplifted globally.

**4. What are the factors that are critical to the Company's success against its competitors? What differentiates the Company from competitors?**

Brook Crompton has an enviable position in the market as a long established brand with strong recognition with the end users in traditionally profitable business segments such as oil and gas, and mining. Brook Crompton has a number of highly motivated and professional distributors and service partners in key locations to support the products in the field. The large and highly reliable installed base globally allows Brook Crompton access to end users and design contractors and approved vendor lists giving the Company opportunities to bid for new projects as well as supplying replacement motors, and service through its partner network.

The Group's ultimate majority shareholder is investing in market focused innovation of products on behalf of Brook Crompton which allows Brook Crompton to access product types a company of its size would not traditionally be able to develop.

The location of inventory and modification facilities in key markets also gives the Company an edge over its competitors.

Most importantly, the Company has a team of knowledgeable Customer Service advisors in each office, and creating a combination of experienced industry professionals and newcomers developing their knowledge together. This allows the company to differentiate itself through service levels to the customers.

**5. What notable developments can shareholders expect from the Company in the coming year(s)?**

As a distribution business rather than a manufacturer, the Company's main developments will be sales channel related and focusing on alternative channels into the EU market post UK Brexit, and redeveloping former core markets in the Asia Pacific region. New product ranges will be introduced, but these will be limited to those applicable to the core business model. Brook Crompton would also like to work with its partners to exploit further its installed base as a value added system integrator.

**6. What are some of the key Environmental, Social and Governance factors that are material to the Company?**

The key factors that are material to the Company are as follows:-

1. Environmental
  - Energy-efficient products
2. Social
  - Occupational health and safety
  - Equality and diversity in the workplace
  - Employee retention
3. Governance
  - Robust corporate governance framework

The above factors are elaborated in the Company's FY2020 Sustainability Report.

**7. What is the Company's value proposition to its shareholders and potential investors? What do you think investors may have overlooked about the Company's business?**

Brook Crompton's core value comes from its stability, largely due to a combination of its global installed base, the brand recognition in certain end user industries, and its team of partner distributors supported by its professional employees, a solid financial position, and the opportunity to work collaboratively with its ultimate majority shareholder, Wolong who can provide investment in research and development, production, and sales channels which Brook Crompton can leverage. Investors might have overlooked the value proposition mentioned above. The fact that the Company could continue to perform and achieve profitability when its core service sector (oil and gas, and mining) was in a downturn shows the tenacity of this value proposition.