



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Brook Crompton Holdings Ltd.

Stock code: AWC

Meeting details:

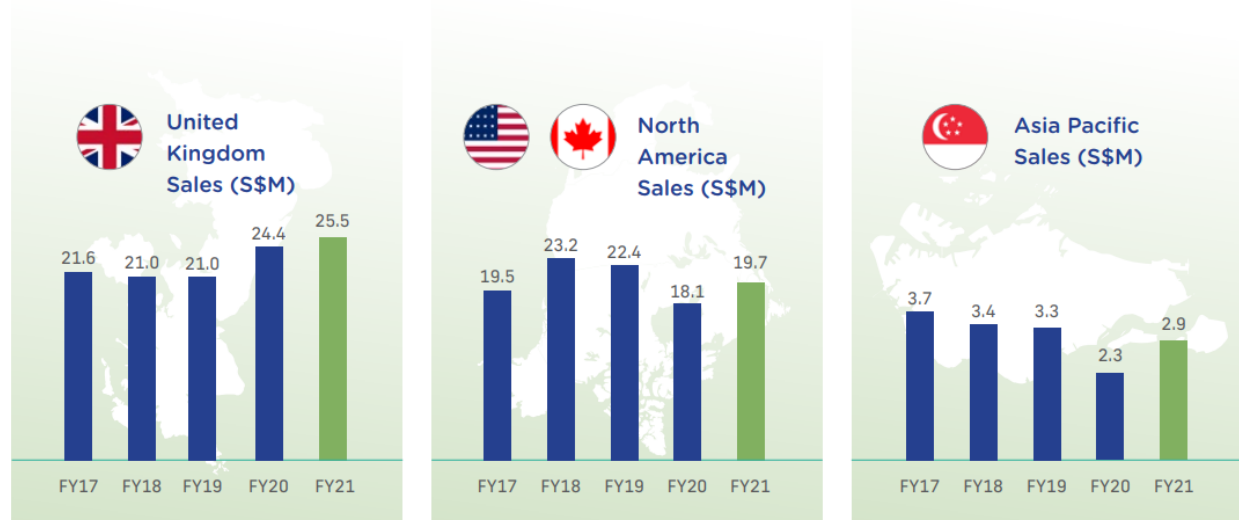
Date: 28 April 2022

Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. For the financial year ended 31 December 2021, revenue increase to \$48.1 million, the highest in past 6 years. Despite the pandemic, all geographical segments showed healthy increases in sales. Profit before income tax increased by 35% to \$3.7 million.

SALES BY GEOGRAPHICAL SEGMENT



(Source: company annual report)

- (i) Can management help shareholders understand the strategic importance of the expansion to the EU (Italy) and Australia? What is the expected capital expenditure for the new warehouses?
- (ii) What is the impact on the group's operations and profitability from the increasingly high freight rates and the shipping delays? How much of the cost increases can be passed on to the customers?
- (iii) In addition, how cost-competitive are the new suppliers in Eastern Europe? How does the group maintain its product quality and quality assurance? Have the new suppliers been qualified by the group to meet the group's high standards?
- (iv) Can management also help shareholders understand the opportunities in the electric vehicle industries, if any? With the recovery in oil and gas prices and coal prices, what are the opportunities for the group?
- (v) Has the board determined the group's optimal capital structure? Cash and cash equivalents increased by 10% to \$21.2 million mainly resulting from net cash generation from operating activities. Did the board consider a special dividend/capital reduction to right-size its balance sheet?

Q2. One of the independent directors of the board, Mr Chao Mun Leong, has been engaged by Wolong Electric Group Co Ltd (“WEG”) (a majority shareholder of the company which has deemed interest of 66.10% in the company) as an advisor to the CEO of WEG.

Mr Chao Mun Leong was first appointed to the board on 1 July 2016 and has been engaged by WEG since April 2018.

- (i) **Can Mr Chao Mun Leong help shareholders understand if his advisor role to the CEO of WEG was the result of his service as a director on the board?**
- (ii) **Did the NC evaluate the relative size of the director fees (\$50,000) and the advisory fees? Are there concerns that the director’s independent judgment may be impaired if the advisory fees are relatively sizeable and potentially multiple times larger than the director fees?**

The type of advisory services Mr Chao Mun Leong provides to WEG includes the following:

- a. Development of international sales strategies for aggressive growth;
 - b. Sales organization and structure realignment;
 - c. Redefining global key account management;
 - d. Developing global distribution strategies;
 - e. Developing and implementing sales training program for key talents; and
 - f. Introducing international sales contract and agreement policy.
- (iii) **Would Mr Chao Mun Leong, as a director of the company, be put in a position where he is always at risk of self-review?**
 - (iv) **In addition, would his effectiveness as a check on management be severely impaired?**
 - (v) **Has the NC considered re-designating Mr Chao Mun Leong as non-independent non-executive director?**

Q3. The group’s internal audit function has been outsourced to Yang Lee & Associates (IA). 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. The internal audit team, independent of the company’s daily operations and accounting functions, has unfettered access to all the company’s documents, records, properties and personnel, including access to the audit committee (AC). The IA reports directly to the chairman of the AC on all internal audit matters.

The AC is satisfied that the internal audit function was effective, adequately resourced, staffed by qualified and experienced personnel, and independent of the activities it audits, with appropriate standing within the company.

- (i) **What was the scope of the internal audit plan?**
- (ii) **Were all the major operating subsidiaries (including all the foreign entities) included in the internal audit?**
- (iii) **How were the scope and the effectiveness of the IA affected by the COVID-19 related measures, such as remote working and closure of national borders?**
- (iv) **What were the key findings and recommendations by the IA?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
 (<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)



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