

ICP LTD.
Company Registration No. 196200234E
(Incorporated in Singapore)

**RESPONSE TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION
(SINGAPORE) (“SIAS”) AND SHAREHOLDERS RELATING TO THE
ANNUAL GENERAL MEETING TO BE HELD ON 21 OCTOBER 2021**

The Board of Directors (the “**Board**”) of ICP Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement dated 6 October 2021 in relation to the Notice of Annual General Meeting to be held by electronic means on Thursday, 21 October 2021, at 4.00 p.m. (“**AGM**”).

The Company would like to express its appreciation to shareholders and SIAS for submitting their questions in advance of the AGM. The Company’s responses to the substantial and relevant questions received by the deadline, i.e. 4.00 p.m. on 18 October 2021, are appended to this announcement.

Please refer to the Appendix A of this announcement for details of the questions and responses of the Company.

By Order of the Board

Ong Min'er
Financial Controller
20 October 2021

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, RHT Capital Pte. Ltd. (the “Sponsor”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is:-

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Appendix A

Q1. Would the board/management provide shareholders with greater clarity on the following operational matters? Specifically:

- (i) **Hotels: How many of the group's hotels have stayed open or have resumed operations?**

As at September 2021, the majority of the Group's hotels have resumed operations, except for one hotel each in Malaysia and in Thailand, both of which are scheduled to resume operations in Q4 2021 in line with the re-opening policies of the respective governments.

- (ii) **Hotel management and franchising: How were the hotel fees (for the provision of hotel management services and franchise fees) adjusted during the pandemic, especially if the franchisee or owner decided to shut the hotels?**

Management and franchise fees have fixed and variable components. The latter is calculated as a percentage of hotels' revenue and profit, and hence have been affected by hotel closures.

- (iii) **Japan: The group's entry into Japan (Osaka) did not materialise. What were the reasons that the purchase and sale agreement could not be "fulfilled in its entirety"? Can management elaborate further on the group's expansion plans (including the pace) given how COVID-19 has impacted the travel industry? Can we expect new hotels to open in 2022? If yes, how many and where?**

There were condition precedents in the purchase and sale agreement that were not met, the exact nature of which the Company is unable to disclose as it is bound by confidentiality obligations in the agreement. Nonetheless, Japan remains one of the focus markets for the Company, along with other countries where domestic travel demand is prevalent, such as Korea, China, Malaysia and Thailand. The Group will also look to expand its footprint in Singapore and Hong Kong, given their status as business, financial and travel hubs in Asia.

- (iv) **Marine: Can management provide shareholders with greater clarity on the marine operations, including the business model, the prospects and the risks? It is noted that revenue from the vessel chartering segment increased slightly by \$25,000 due to an increase in chartering rate. Further, on page 139 and 141, it was disclosed that the entire \$1.82 million in vessels chartering income was deemed a related party transaction. Who are the customers for the group's two Singapore-flagged petroleum product tankers? Are these on long-term contracts and how are the rates determined?**

The vessel chartering segment has been a stable income source for the Group, and the Company is optimistic that, barring unforeseen economic circumstances, it will continue to do so in the future. The Group regularly reviews chartering opportunities in the Singapore bunkering market for the deployment of its vessels. Currently, the vessels are chartered to a bunker supplier, who is also the minority shareholder of the companies that own the vessels. The current charter period is 12 months after the rollover from a previous charter for 6 months. The rates are determined on an arm's length commercial basis based on market.

- (v) **Unquoted fund investments:** The group has investments in unquoted fund investments with carrying value of \$639,000 as at 30 June 2021. Please identify the underlying funds/assets. What is the long-term performance of the unquoted fund investment?

The underlying assets are unquoted equity securities and investments in China-based businesses across diversified industries such as e-commerce, food-processing, agricultural machinery, and beauty and wellness. Due to their unquoted nature, the long term performance of this fund investment can only be assessed completely upon full realisation of all the underlying assets, and the Company will make the necessary announcements as and when there are any material developments.

Q2. In Note 14 (page 123 – Share capital), it was stated that the company has undertaken a capital reduction exercise to reduce the share capital of the company by the cancellation of the share capital of the company that has been lost or is unrepresented by available assets to the extent of the amount of the accumulated losses of the company up to 30 June 2020 of S\$52,808,188 [emphasis added].

As disclosed in the company's circular dated 8 September 2020, the accumulated losses arose mainly from losses incurred and accumulated over the years. Just prior to the change in the company's name to ICP, the accumulated losses were \$(30.0) million and \$(45.8) million as at 30 June 2011 and 30 June 2012 respectively.

Since the change in the company's name in October 2012, along with the new directors being appointed to the board, the company's accumulated losses have further increased to \$(52.8) million in the 8-9 years since. During that period, the company has invested in the marine business, the coal business (Paragon and Tiaro Coal) and unquoted fund investments (CMIA China Fund IV).

The directors who have been on the board for the majority of this time are Mr. Tan Kok Hiang and Mr. Ong Kok Wah, who were appointed as directors of the company on 2 March 2012 and 21 January 2013 respectively. Mr Aw Cheok Huat who retired on 29 October 2019 as the chairman was first appointed on 19 December 2012 and led the company for approximately 7 years.

- (i) **Can the board help shareholders understand the cumulative losses attributable to Paragon and to Tiaro?**

The Company's financial statements as announced semi-annually, together with various disclosures over the last 8-9 years, contain information on the marine business, coal business and unquoted fund investments of the Group. Shareholders can refer to them for more information and details.

- (ii) **What is the cumulative performance of the marine business? Will the board be carrying out a strategic review to determine if it is appropriate to monetise its investment in the marine segment at this point in the market cycle especially since there is no synergy with the hotel management and franchising business?**

The Group regularly reviews the performance of its various business segments, and is of the view that the marine segment is a core business of the Group. Charter income from the vessels has provided the Company with a stable source of income over the years, which the Group has been able to utilise to help grow its hospitality business.

- (iii) **Similarly, what is the overall returns of the investment into the unquoted fund investment (CMIA China Fund IV)?**

Due to its unquoted nature, the long term performance of this fund investment can only be assessed completely upon full realisation of all the underlying assets, and the Company will make the necessary announcements as and when there are any material developments.

Mr Tan Kok Hiang would be seeking his re-election and, together with Mr Ong Kok Wah, their continued appointment as independent directors by a two-tier vote at the annual general meeting scheduled to be held on 21 October 2021.

- (iv) **Can both directors elaborate further on their (individual) effectiveness as directors of the company and help shareholders understand their contribution in enhancing the long-term value of the group?**

Mr Tan has many years of experience working with businesses across various industries, and he has been appointed to the boards of multiple listed companies. He works closely with the management on the Company's business strategy and risk management. Mr Ong has extensive experience in the marine sector, having held senior leadership roles at Chuan Hup Holdings Ltd and CH Offshore Ltd. Mr Ong works closely with management to provide strategic input and guidance particularly on the Group's marine business segment.

- (v) **Given the tenure of the directors, and Mr Ong Kok Wah's shareholding interest in the company and in one of the subsidiaries, how do the directors who are seeking their re-election/two-tier vote avoid group think?**

There are other directors who provide alternative views and perspectives to the Board. The Board is of the view that the Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as age, so as to avoid groupthink.

Q3. The company has engaged an independent accounting firm, Kreston David Yeung PAC, as the internal auditors of the group. As noted in the company's report on corporate governance, the internal auditors have unfettered access to all the company's documents, records, properties and personnel, including access to the audit committee. The internal auditors carry out their function in accordance to the standards set by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors (page 46).

The internal audit plan is reviewed and approved by the AC.

- (i) **How was the internal audit plan drawn up?**

The internal auditors work closely with the AC to come up with the plan, which at different times focuses on different areas and entities within the Group's business segments.

- (ii) **What is the scope of the internal audit plan?**

The scope for FY2021 includes revenue, receivables, and collections, procurement and payments.

(iii) Can the AC confirm if the GMT entities, the Malaysian subsidiaries and the joint venture in Thailand are covered by the internal audit?

The GMT entities and the Malaysian subsidiaries are covered by the internal audit. The Group owns 20% of the joint venture in Thailand and it is not covered by the Group's internal auditors.

(iv) What are the key findings of the internal audit?

While the Group has standard operating policies and procedures in place, there has been several specific recommendations that certain of these could be further refined and documentation updated promptly. Management has taken note and put in place these relevant changes.