

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

**RESPONSE TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION
(SINGAPORE) ("SIAS") IN RELATION TO THE ANNUAL REPORT FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2023 ("FY2023")**

The Board of Directors (the "**Board**") of ICP Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the questions raised by the SIAS in relation to the Company's annual report for FY2023 (the "**Annual Report**") published on 3 October 2023.

The Company would like to express its appreciation to SIAS for submitting their questions in advance of the AGM. The Company's responses to SIAS questions are appended to this announcement.

By Order of the Board

Ong Min'er
Financial Controller
16 October 2023

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").

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. The shareholding of the company has undergone a significant change following a mandatory cash offer by the offeror, Mr Aw Cheek Huat.

The offer was triggered after the offeror acquired 773,215,571 shares (23.2%) on 11 July 2023 for \$0.007 per share. Prior to that, the offeror held a deemed interest in 647,627,900 shares, representing approximately 19.43% of the total number of issued shares. At the close of the offer, on 29 August 2023, the company announced that the offeror and its concert parties have 60.32% of the total number of issued shares in the company.

Separately, on 8 June 2023, the company had proposed a placement of up to 571 million new ordinary shares in the capital of the company at \$0.00876 for each placement share. This proposal led to a requisition by Mr Ang Kong Meng, a former shareholder of the company, seeking the removal of directors and the introduction of himself and another candidate to the Board, along with a resolution to cease all fund raising activities by the company.

- (i) Following the close of offer, has the Board initiated discussions with the offeror to ascertain their perspective on the company's strategic growth initiatives?**
- (ii) To provide clarity and transparency for the benefit of all shareholders, can the Board articulate or reaffirm the company's strategic direction for the future?**
- (iii) Have there been any operational implications or impacts observed at Travelodge Myeongdong City-Hall, South Korea, Travelodge Harbourfront, Singapore, and Travelodge Myeongdong Euljiro, South Korea?**
- (iv) Given that the Group generated \$4.9 million in cash flow from operating activities (Consolidated statement of cash flow; page 65), can the Board provide shareholders with greater clarity on the need to raise additional capital via a private placement? What were Board's deliberations, particularly those of the independent directors, concerning any potential dilution resulting from fundraising initiatives?**
- (v) Does the Group have the necessary capital to support its growth plans?**
- (vi) On the other hand, what guidance has the Board given to management to ensure that the company can balance investing for the Group's growth and providing shareholders with consistent and steady returns via dividends?**

Company's Response:

The Company regularly engages all its shareholders through various avenues such as announcements made on the SGXNET, the Company's website, annual reports and circulars and/or press releases etc. While the shareholding of the Company changes from time to time given that it is a publicly traded company, the Board and Management remained the same for the period from early June 2023 up till today. Therefore, neither the strategic direction of the Company nor how it conducts its business operationally at the hotels has changed. The Group remains committed to growing its hospitality business, particularly expanding the Travelodge brand and its footprint across the region. In furtherance of this objective, the Group regularly evaluates its capital requirements based on the various growth opportunities that the Group is pursuing, how such opportunities evolve during negotiations with stakeholders and the prevailing macroeconomic situation at the time. As for the means through which capital is raised, the Board typically considers various factors including but not limited to the certainty, speed and costs of funding, the returns which the proceeds of such funds might generate, any mandate or approval given by shareholders (for instance, the share issue mandate) etc.

Per the Annual Report, the net cash used in investing and financing activities is higher than the cash flow generated from operating activities, thereby resulting in a net decrease in cash and cash equivalent. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit, growth, cash position, net cashflow for the year, projected capital requirements for business growth, general business condition and other factors the Board may deem appropriate.

Q2. Revenue for the financial year almost doubled to \$10.0 million for the financial year ended 30 June 2023, mainly due to the improved performance of the hospitality segment. As noted in the Review of operations and financial performance, the resumption of international travel brought about high occupancy and higher room rates.

During FY2023, the Group opened five new hotels in Japan and Thailand.

As disclosed in Note 23 (Revenue; pages 114 & 115), hotel fees income amounted to \$6.66 million while hotel property income was \$1.48 million. The former relates to the provision of hotel management services and franchise fees and other services while the latter relates to the provision of hotel accommodation and related services (for owned hotels).

- (i) Would management consider clearly distinguishing the owned, managed and franchised hotels in its portfolio (The Travelodge Portfolio in Asia Today - page 8) in future annual reports? For the benefit of all shareholders, kindly disclose which hotels in the current portfolio of 17 are under management and which are franchised.**
- (ii) To what extent does the strength of the Singapore dollar (and especially the weakness of the Japanese Yen) and the increased foreign currency volatility impact the Group's expansion strategies across different countries?**
- (iii) Similarly, what challenges does management face in the current high- interest rate environment, and what strategies does management intend to employ to address these challenges?**
- (iv) Beyond the scheduled launch of the Group's fourth hotel in South Korea in early 2024, could management provide shareholders with a more comprehensive understanding of its expansion roadmap? What are the management's strategies to acquire new hotels under the Travelodge brand?**
- (v) What are the current occupancy rates of the hotels in different countries, and does management observe disparities in the pace of recovery and growth among them?**
- (vi) In addition, how soon does management anticipate that the newly opened hotels in Japan and Thailand will achieve stable, steady-state operational performances?**

Company's Response:

The Group intends to grow the Travelodge portfolio through multiple growth models including owning, managing, man-chising, franchising, master franchising and joint ventures. Today, there are Travelodge hotels in 6 countries - Singapore, Hong Kong, Japan, South Korea, Thailand and Malaysia, the majority of which are managed. Moving forward, the Group is evaluating opportunities to launch the Travelodge brand in new markets such as China, Philippines and Vietnam.

Depending on several factors such as the location, asset quality and demand-supply dynamics of the market etc, it can take 3-4 years for a newly opened hotel to achieve stable steady-state operational performance, though occasionally it could take shorter or longer amount of time. The Group is unable to disclose certain aspects of its operations and strategies which might be commercially sensitive information.

Generally speaking, a weak currency in any market could mean that inbound travellers to that market have relatively higher purchasing power. While this could lead to an increase in the volume of travellers to that market, it could also result in central banks raising interest rates to mitigate against capital outflows. To this end, any increase in interest rates typically leads to increased cost of financing and reduced cash flow after financing activities for owners of hotels. However, unlike other real estate asset classes with fixed leases, hotels can pass on these increased costs to its customers given the ability to adjust the hotel rates daily.

Q3. At the annual general meeting scheduled to be held on 18 October 2023, Mr Ong Kok Wah is due to retire by rotation and will not be seeking his re-election. Mr Ong Kok Wah was first appointed to the Board on 21 January 2013.

In addition, the independent chairman, Mr Tan Kok Hiang, was first appointed to the Board on 2 March 2012. Mr Tan Kok Hiang has served on the Board for more than 11 years.

On 11 January 2023, Singapore Exchange Regulation (SGX RegCo) announced that it will limit the tenure of independent directors serving on the Boards of listed issuers to nine years. This stemmed from recommendations by the Corporate Governance Advisory Committee. There was broad market support for this change during the public consultation carried out by SGX RegCo.

Mr Tan Boon Gin, CEO of SGX RegCo, also noted that the limit on tenure of IDs provides an opportunity for companies to inject new skills, experience and knowledge into their Boards, all of which will be invaluable in guiding the business for the long term.

- (i) Other than the retirement of Mr Ong Kok Wah, can the Board elaborate further on the Board renewal plans, especially the succession plan for the chairman?**
- (ii) What has been the total shareholder return over the past 3, 5 and 10 years?**
- (iii) What are the criteria used in the selection and appointment of the Board chairman?**
- (iv) Could the nominating committee offer further insights into the search and nomination process for directors, as well as the progress made in identifying new independent directors?**

Company's Response:

As disclosed in page 41 of the Annual Report, the Company has initiated the process of searching for suitable candidates to fill in any vacancies of independent directors. The Nominating Committee ("NC") will identify candidates with appropriate profiles for nomination. The NC then conducts an assessment to review the candidates' qualifications, attributes, capabilities, skills, experience, gender, age; and ascertain that the candidates are independent from any substantial shareholders of the Group and/or from Management and business relationships with the Group. The shortlisted candidate will be recommended to the Board for approval. In line with the Company's target to encourage diversity, the Board, with the recommendation of the NC, intends to appoint a female director with the appropriate skill set mix in the near future.

When selecting the appropriate candidate for appointment as the Board chairman, the criteria considered by the NC includes but not limited to the following:

- 1) Knowledge and experience in various aspects of business, including but not limited to strategy, risk management, finance, human resources etc;
- 2) Ability in ensuring the effectiveness of the Board in carrying out its roles and that all Directors receive complete, adequate and timely information;
- 3) Good communication skills; and
- 4) Ability to promote high standards of corporate governance and compliance.