

**IPC CORPORATION LTD  
AND ITS SUBSIDIARIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT  
FOR THE 6 MONTHS ENDED  
30 JUNE 2023**

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 6 MONTHS ENDED 30 JUNE 2023**

	Notes	Group 6 months ended 30 Jun		
		2023 S\$'000	2022 S\$'000	%
Sales	3	1,714	874	96.1
Cost of sales		(1,738)	(1,282)	35.6
Gross profit/(loss)		(24)	(408)	(94.1)
Other income	5	246	204	20.6
Other gains/(losses), net	5	(3,854)	25	NM
Expenses	5			
Distribution and marketing		(93)	(135)	(31.1)
Administrative		(1,517)	(1,943)	(21.9)
Finance		(143)	(158)	(9.5)
		(1,753)	(2,236)	(21.6)
Profit/(loss) before income tax		(5,385)	(2,415)	NM
Income tax credit/(expense)	6	(47)	(41)	14.6
Total profit/(loss)		(5,432)	(2,456)	NM
<b>Other comprehensive income/(loss)</b>				
Items that may be reclassified subsequently to profit or loss:				
Currency translation gain/(loss) arising from consolidation		(1,242)	(1,248)	(0.5)
Items that will not be reclassified subsequently to profit or loss:				
Financial assets, at FVOCI – equity investments				
- Fair value gain/(loss)		20	(224)	NM
<b>Other comprehensive income/(loss), net of tax</b>		(1,222)	(1,472)	(17.0)
<b>Total comprehensive income/(loss)</b>		(6,654)	(3,928)	69.4
<b>Earnings/(losses) per share for profit/(loss) attributable to equity holders of the Company</b>				
(cents per share)				
- Basic		(6.37)	(2.88)	
- Diluted		(6.37)	(2.88)	

NM: Not meaningful (change more than 100%)

NA: Not applicable

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

	Notes	Group		Company	
		30 Jun 2023 S\$'000	31 Dec 2022 (Audited) S\$'000	30 Jun 2023 S\$'000	31 Dec 2022 (Audited) S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		4,931	1,629	469	424
Trade and other receivables		477	338	302	520
Properties developed for sale	13	8,567	9,390	–	–
Assets held for sale	13	33,624	–	–	–
Other assets		37	39	–	–
		<b>47,636</b>	<b>11,396</b>	<b>771</b>	<b>944</b>
<b>Non-current assets</b>					
Financial assets, at FVPL	9	665	665	665	665
Financial assets, at FVOCI	10	170	149	–	–
Other receivables		254	260	250	250
Investment in associated companies		–	–	–	–
Investment in subsidiaries	11	–	–	48,768	48,768
Property, plant and equipment		567	39,736	488	550
		<b>1,656</b>	<b>40,810</b>	<b>50,171</b>	<b>50,233</b>
<b>Total assets</b>		<b>49,292</b>	<b>52,206</b>	<b>50,942</b>	<b>51,177</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		7,165	2,709	1,525	864
Lease liabilities		2	2	2	2
Borrowings	14	3,177	1,158	–	–
		<b>10,344</b>	<b>3,869</b>	<b>1,527</b>	<b>866</b>
<b>Non-current liabilities</b>					
Lease liabilities		3	4	3	4
Borrowings	14	1,089	3,823	–	–
		<b>1,092</b>	<b>3,827</b>	<b>3</b>	<b>4</b>
<b>Total liabilities</b>		<b>11,436</b>	<b>7,696</b>	<b>1,530</b>	<b>870</b>
<b>NET ASSETS</b>		<b>37,856</b>	<b>44,510</b>	<b>49,412</b>	<b>50,307</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	8	33,190	33,190	33,190	33,190
Currency translation reserve		(6,015)	(4,773)	–	–
Fair value reserve		(1,224)	(1,244)	–	–
Retained earnings		11,905	17,337	16,222	17,117
<b>Total equity</b>		<b>37,856</b>	<b>44,510</b>	<b>49,412</b>	<b>50,307</b>

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS ENDED 30 JUNE 2023**

	Attributable to Equity Holders of the Company				
	Share capital S\$'000	Currency translation reserve S\$'000	Fair value reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>2023</b>					
<b>As at 1 January</b>	<b>33,190</b>	<b>(4,773)</b>	<b>(1,244)</b>	<b>17,337</b>	<b>44,510</b>
<b>Total comprehensive income/(loss) for the period</b>					
Profit/(loss) for the period	–	–	–	(5,432)	(5,432)
Other comprehensive income/(loss) for the period	–	(1,242)	20	–	(1,222)
	<b>–</b>	<b>(1,242)</b>	<b>20</b>	<b>(5,432)</b>	<b>(6,654)</b>
<b>As at 30 June</b>	<b>33,190</b>	<b>(6,015)</b>	<b>(1,224)</b>	<b>11,905</b>	<b>37,856</b>
<b>2022</b>					
<b>As at 1 January</b>	<b>33,190</b>	<b>157</b>	<b>(867)</b>	<b>24,874</b>	<b>57,354</b>
<b>Total comprehensive income/(loss) for the period</b>					
Profit/(loss) for the period	–	–	–	(2,456)	(2,456)
Other comprehensive income/(loss) for the period	–	(1,248)	(224)	–	(1,472)
	<b>–</b>	<b>(1,248)</b>	<b>(224)</b>	<b>(2,456)</b>	<b>(3,928)</b>
<b>As at 30 June</b>	<b>33,190</b>	<b>(1,091)</b>	<b>(1,091)</b>	<b>22,418</b>	<b>53,426</b>

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS ENDED 30 JUNE 2023**

	Share capital	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000
<b>2023</b>			
<b>As at 1 January</b>	<b>33,190</b>	<b>17,117</b>	<b>50,307</b>
<b>Total comprehensive income/(loss) for the period</b>			
Profit/(loss) for the period	–	(895)	(895)
	<b>–</b>	<b>(895)</b>	<b>(895)</b>
<b>As at 30 June</b>	<b>33,190</b>	<b>16,222</b>	<b>49,412</b>
<b>2022</b>			
<b>As at 1 January</b>	<b>33,190</b>	<b>30,180</b>	<b>63,370</b>
<b>Total comprehensive income/(loss) for the period</b>			
Profit/(loss) for the period	–	(1,361)	(1,361)
	<b>–</b>	<b>(1,361)</b>	<b>(1,361)</b>
<b>As at 30 June</b>	<b>33,190</b>	<b>28,819</b>	<b>62,009</b>

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 6 MONTHS ENDED 30 JUNE 2023**

	Group	
	6 months ended 30 Jun 2023	2022
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	(5,385)	(2,415)
Adjustments for		
- Depreciation	595	892
- Unrealised translation losses/(gains)	25	(13)
- Impairment loss of assets held for sale	3,855	-
- Written off of property, plant and equipment	-	19
- Reversal of interest from early termination of leases	-	(16)
- Interest income	(6)	(3)
- Interest expenses	143	158
	<u>(773)</u>	<u>(1,378)</u>
Change in working capital		
- Other assets	2	5
- Properties	546	117
- Trade and other receivables	(133)	38
- Trade and other payables	4,456	217
	<u>4,098</u>	<u>(1,001)</u>
Cash generated from/(used in) operations		
Interest received	6	3
Income tax paid, net	(47)	(351)
<b>Net cash provided by/(used in) operating activities</b>	<u>4,057</u>	<u>(1,349)</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(7)	-
<b>Net cash provided by/(used in) investing activities</b>	<u>(7)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Interest paid	(143)	(158)
Proceeds from borrowings	-	464
Repayment of borrowings	(576)	(456)
Principal payment of lease liabilities	(2)	(109)
<b>Net cash provided by/(used in) financing activities</b>	<u>(721)</u>	<u>(259)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,329</b>	<b>(1,608)</b>
Cash and cash equivalents at beginning of financial period	1,629	3,758
Effects of currency translation on cash and cash equivalents	(27)	14
<b>Cash and cash equivalents at end of financial period</b>	<u>4,931</u>	<u>2,164</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2023

### 1. CORPORATE INFORMATION

IPC Corporation Ltd (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 1 Fusionopolis Place, #03-20 Galaxis (West Lobby), Singapore 138522.

The principal activities of the Company are investment holding, property investment and property development.

The principal activities of its subsidiary companies are investment holding, property investment and property development, investing and reselling properties, property consulting, hospitality services, operate fast food outlets and manufacture of food products.

### 2. BASIS OF PREPARATION

The condensed interim financial statements for the 6 months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s except for those effective beginning on or after 1 January 2023 as follows:

- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group does not expect any significant impact arising from applying these amendments.

The condensed interim financial statements are presented in Singapore Dollar (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$’000), except when otherwise indicated.

The preparation of interim financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next interim period are included in the following notes:

- Note 9 - Valuation of investment in convertible preference shares
- Note 11 - Investments in subsidiaries with property-related assets
- Note 13 - Impairment assessment of property-related assets

### 3. SEGMENT AND REVENUE INFORMATION

These operating segments are reported in a manner consistent with internal reporting provided to Chief Operating Decision Maker (“CODM”) that are used to make strategic decisions. The CODM comprises the Chief Executive Officer, the Managing Director and the Finance and Administration Director.

The CODM considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in three primary geographic areas namely China, Japan and Singapore. All the geographic areas are engaged primarily in the investment and property related business, which includes developed properties and income producing assets.

Business under “Properties” relate to property development, investing and reselling of properties. Business under “Hotel management” relates to rendering of hotel management services. Business under “Investment” relates to investment in convertible preference shares in Nest Hotel Japan Corporation (“NHJC”). Other services included within Singapore include investments which are included in the “Others” column

### 3.1 REPORTABLE SEGMENTS

	<u>Properties</u> <u>China</u> S\$'000	<u>Hotel</u> <u>management</u> <u>China</u> S\$'000	<u>Investment</u> <u>Japan</u> S\$'000	<u>Others</u> <u>Singapore</u> S\$'000	<u>Total</u> S\$'000
<u>Group</u>					
<b>6 months ended 30 June 2023</b>					
Revenue and other income					
- external sales	476	1,238	–	–	1,714
- other income	217	19	–	4	240
- Interest income	1	1	–	4	6
- inter-segment income	218	–	–	–	218
	<u>912</u>	<u>1,258</u>	<u>–</u>	<u>8</u>	<u>2,178</u>
Cost of revenue and operating expenses	(748)	(846)	–	(1,159)	(2,753)
Inter-segment expense	–	(218)	–	–	(218)
Interest expense	–	(143)	–	–	(143)
Depreciation	(555)	(9)	–	(31)	(595)
Other gains/(losses), net	(3,855)	–	–	1	(3,854)
Profit/(loss) before income tax	<u>(4,246)</u>	<u>42</u>	<u>–</u>	<u>(1,181)</u>	<u>(5,385)</u>
<b>As at 30 June 2023</b>					
Total assets	<u>46,450</u>	<u>682</u>	<u>665</u>	<u>1,495</u>	<u>49,292</u>
Total assets include:					
Additions to:					
- property, plant and equipment	1	6	–	–	7
Total liabilities	<u>8,366</u>	<u>729</u>	<u>–</u>	<u>2,341</u>	<u>11,436</u>
<u>Group</u>					
<b>6 months ended 30 June 2022</b>					
Revenue and other income					
- external sales	119	714	–	41	874
- other income	170	10	–	21	201
- Interest income	–	–	–	3	3
- inter-segment income	172	–	–	–	172
	<u>461</u>	<u>724</u>	<u>–</u>	<u>65</u>	<u>1,250</u>
Cost of revenue and operating expenses	(345)	(626)	–	(1,497)	(2,468)
Inter-segment expense	–	(172)	–	–	(172)
Interest expense	–	(148)	–	(10)	(158)
Depreciation	(782)	(18)	–	(92)	(892)
Other gains/(losses), net	–	–	–	25	25
Profit/(loss) before income tax	<u>(666)</u>	<u>(240)</u>	<u>–</u>	<u>(1,509)</u>	<u>(2,415)</u>
<b>As at 30 June 2022</b>					
Total assets	<u>55,370</u>	<u>702</u>	<u>1,366</u>	<u>3,018</u>	<u>60,456</u>
Total liabilities	<u>5,110</u>	<u>643</u>	<u>–</u>	<u>1,251</u>	<u>7,004</u>

#### Revenue from major products and services

Revenue from external customers are derived mainly from the sale of properties and hotel management.

	<u>Group</u>	
	<u>6 months ended 30 Jun</u> <u>2023</u>	<u>2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Properties	<u>476</u>	119
Hotel management	<u>1,238</u>	714
Others	<u>–</u>	41
	<u>1,714</u>	<u>874</u>
Timing of transfer of good or service		
Point in time	<u>799</u>	196
Over the time	<u>915</u>	678
	<u>1,714</u>	<u>874</u>

### 3.1 REPORTABLE SEGMENTS (continued)

#### Geographical information

The Group's business segments operate in three main geographic areas:

- Singapore – the Group is headquartered in Singapore and has operations in Singapore. The operations in this area are principally investments.
- China – the operations in this area are principally property investment, property development and hotel management.
- Japan – investment in convertible preference shares in NHJC.

	<u>Group</u>	
	<u>Sales</u>	
	<u>6 months ended 30 Jun</u>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
China	1,714	833
Singapore	–	41
	<b>1,714</b>	874

### 4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2023 and 31 December 2022:

	<u>Group</u>		<u>Company</u>	
	<b>30.6.23</b>	31.12.22 (Audited)	<b>30.6.23</b>	31.12.22 (Audited)
	<b>S\$'000</b>	S\$'000	<b>S\$'000</b>	S\$'000
Financial assets, at FVPL	665	665	665	665
Financial assets, at FVOCI	170	149	–	–
Financial assets, at amortised cost	<b>5,538</b>	2,133	<b>1,009</b>	1,166
Financial liabilities, at amortised cost	<b>11,436</b>	7,696	<b>1,530</b>	870

### 5. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) is arrived at after charging/(crediting) the following:

#### 5.1 SIGNIFICANT ITEMS

	<u>Group</u>	
	<u>6 months ended 30 Jun</u>	
	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
<b>Other income</b>		
Interest income	(6)	(3)
Rental income (on operating leases)	(217)	(186)
Others	(23)	(15)
<b>Expense</b>		
Depreciation	595	892
Interest expenses	143	158
<b>Other (gains)/losses</b>		
Foreign exchange losses/(gains), net	(1)	(28)
Impairment loss on assets held for sale	3,855	–
Written off of property, plant and equipment	–	19
Reversal of interest from early termination of leases	–	(16)

#### 5.2 RELATED PARTY TRANSACTIONS

There are no material related party transactions.



## 6. TAXATION

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	<u>Group</u>	
	6 months ended 30 June <b>2023</b> S\$'000	2022 S\$'000
Current income tax expense	47	15
Under provision of prior years	–	26
	<b>47</b>	<b>41</b>

## 7. NET ASSET VALUE

	<u>Group</u>		<u>Company</u>	
	<b>30.6.23</b>	31.12.22 (Audited)	<b>30.6.23</b>	31.12.22 (Audited)
Net asset per ordinary share	<b>S\$0.44</b>	S\$0.52	<b>S\$0.58</b>	S\$0.59

## 8. SHARE CAPITAL

	<u>No. of ordinary shares Issued share capital '000</u>	<u>Amount Share capital S\$'000</u>
<b><u>Group and Company</u></b>		
<b>30 June 2023</b>		
Beginning and end of financial period	<b>85,292</b>	<b>33,190</b>
<b>31 December 2022</b>		
Beginning and end of financial year	85,292	33,190

The Company do not hold any treasury shares as at 30 June 2023 and 31 December 2022.  
The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.

## 9. FINANCIAL ASSETS, AT FVPL

	<u>Group and Company</u>	
	<b>30.6.23</b> S\$'000	31.12.22 (Audited) S\$'000
Financial assets, at FVPL		
Unquoted investments		
– equity investments – Asia Pacific	<b>665</b>	665

## 10. FINANCIAL ASSETS, AT FVOCI

	<u>Group</u>	
	<b>30.6.23</b> S\$'000	31.12.22 (Audited) S\$'000
Financial assets, at FVOCI		
Quoted investments		
– equity investments – United States	<b>170</b>	149

## 11. Investment in subsidiaries

	30.6.23	Company 31.12.22 (Audited) S\$'000
	S\$'000	S\$'000
<u>Equity investments at cost</u>		
Cost	38,337	38,337
Loans to subsidiaries	57,465	57,555
	<b>95,802</b>	95,892
Less: Accumulated impairment	<b>(47,034)</b>	(47,124)
	<b>48,768</b>	48,768

The Company assesses impairment in the investments in the subsidiaries by using the net assets of the subsidiaries, adjusted to include the fair values of the property-related assets of the subsidiaries where applicable at the end of the financial year. The valuation techniques in estimating the fair values of the property-related assets are disclosed in Note 13.

## 12. FAIR VALUE MEASUREMENT

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
<u>Group</u>				
<b>30 June 2023</b>				
<b>Assets</b>				
Financial assets, at FVPL				
– Equity investments	–	–	665	665
Financial assets, at FVOCI				
– Equity investments	170	–	–	170
<b>Total assets</b>	<b>170</b>	<b>–</b>	<b>665</b>	<b>835</b>
<b>31 December 2022</b>				
<b>Assets</b>				
Financial assets, at FVPL				
– Equity investments	–	–	665	665
Financial assets, at FVOCI				
– Equity investments	149	–	–	149
<b>Total assets</b>	<b>149</b>	<b>–</b>	<b>665</b>	<b>814</b>
<u>Company</u>				
<b>30 June 2023</b>				
<b>Assets</b>				
Financial assets, at FVPL				
– Equity investments	–	–	665	665
<b>Total assets</b>	<b>–</b>	<b>–</b>	<b>665</b>	<b>665</b>
<b>31 December 2022</b>				
<b>Assets</b>				
Financial assets, at FVPL				
– Equity investments	–	–	665	665
<b>Total assets</b>	<b>–</b>	<b>–</b>	<b>665</b>	<b>665</b>

The unquoted equity investment in Asia Pacific that is not traded in an active market was classified as Level 3. The fair value of this investment is determined by using valuation techniques. The Group will engage an independent valuer to determine the fair value at the end of the year. The overall valuation approach usually used by the independent valuer was to first estimate the underlying equity value of the underlying entity using income and market approach, which will then be the input to the option-pricing model used to derive the value of the investment. The independent valuer also used assumptions that are based on market conditions existing at the end of reporting date. As the valuation techniques for this instrument is based on significant unobservable inputs, such instrument is classified as Level 3.

## 12. FAIR VALUE MEASUREMENT (continued)

The material assumptions used in the computation of the valuation are as follows:

	<u>Relationship of unobservable inputs to fair value</u>
Discount rate	The higher the discount rate, the lower the fair value
Terminal growth rate	The higher the terminal growth rate, the higher the fair value
Discount on lack of control, marketability and projected growth	The higher the discount, the lower the fair value
Revenue growth rate	The higher the revenue growth rate, the higher the fair value
Market multiple	The higher the market multiple, the higher the fair value

## 13. PROPERTY-RELATED ASSETS

	<u>30.6.23</u>	<u>Group</u> 31.12.22 (Audited) S\$'000
	<b>S\$'000</b>	<b>S\$'000</b>
Properties developed for sale	8,567	9,390
Property, plant and equipment	–	39,168
Assets held for sale	<b>33,624</b>	–

The Group will engage an independent valuer to perform valuations to determine the realisable values of properties developed for sale and the recoverable amounts of the certain property-related assets classified within property, plant and equipment, to determine whether any write-down or impairment was required as at the year end.

The realisable values of the properties developed for sales was determined usually using the direct comparison method. The recoverable amounts of the property, plant and equipment was determined usually using an average of the direct comparison method and income method. The judgement and estimates involved the comparison of recently transacted sales of similar properties and estimating net operating income from rental discounted by an appropriate capitalisation rate.

The following table presents the key inputs that were used to determine the impairment of property, plant and equipment:

<u>Description</u>	<u>Inputs</u>	<u>Relationship of inputs to value</u>
Property, plant and equipment	Capitalisation rate	The higher the capitalisation rate, the lower the value
	Rental growth rate	The higher the rental growth rate, the higher the value

The properties under property, plant and equipment were transferred to assets held for sale during the financial period under review.

## 14. BORROWINGS

	<u>30.6.23</u>	<u>Group</u> 31.12.22 (Audited) S\$'000
	<b>S\$'000</b>	<b>S\$'000</b>
<i>Current</i>		
– Bank borrowings (secured)	3,177	1,158
<i>Non-current</i>		
– Bank borrowings (secured)	1,089	3,823
	<b>4,266</b>	4,981

Bank borrowings were secured by pledge of certain property-related assets classified within property, plant and equipment (Note 13) in Zhuhai, China. This property under property, plant and equipment had been transferred to assets held for sale during the financial period under review.

**15. CONTINGENCIES**

**Contingent liabilities – Group**

IPC Property Development (Zhuhai) Ltd (“IPC Zhuhai”), a wholly-owned subsidiary of the Company, is the developer of residential and commercial projects. It is customary for financial institutions in China to require the developers to provide counter-guarantees for mortgage loans extended to buyers of the developers' properties.

Under the counter-guarantee provided by IPC Zhuhai to financial institutions in China, any default on the mortgage loan by the mortgagee will require IPC Zhuhai to pay to the financial institutions the balance amount unrecovered from proceeds of the property sold and other legal recovering proceedings against the mortgagee.

These guarantees will be released upon the issuance of the real estate ownership certificate to buyers and issuance of certificate of mortgage register for real estate ownership to the banks for mortgaged loans entered after 1 January 2005. For mortgage loans entered before 1 January 2005, the guarantees will be released upon the settlement of mortgaged loans between the banks and buyers.

	<u>Group</u>	
	<b>30.6.23</b>	31.12.22
	<b>S\$'000</b>	(Audited) S\$'000
Guarantee given to banks for mortgage facilities	<b>34</b>	34

**16. SEASONAL OPERATIONS**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## OTHER INFORMATION

### 1. Review

The condensed interim consolidated statement of financial positions of the Company and its subsidiaries as at 30 June 2023 and the related condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the 6 months period then ended and certain explanatory notes have not been audited or reviewed.

### 2. Review of performance of the Group

The Group recorded sales of S\$1.714 million for the 6 months ended 30 June 2023 compared to S\$0.874 million for the previous corresponding financial period. The increase was mainly due to the increase in the sales revenue of Grand nest HOTEL and properties developed for sale in Zhuhai, China.

The Group recorded a gross loss of S\$0.024 million compared to S\$0.408 million for the previous corresponding financial period. The decrease in gross loss was in tandem with the increase in the sales revenue.

The other losses of S\$3.854 million was mainly the impairment loss on the assets held for sale.

As a result, the Group recorded a loss before tax of S\$5.385 and loss after tax of S\$5.432 million for the 6 months ended 30 June 2023.

#### Explanation Note:

#### Consolidated statement of comprehensive income

1. Gross profit/(loss)  
The decrease in gross loss for the financial period under review was in tandem with the increase in the sales revenue from Grand nest HOTEL and properties developed for sale in Zhuhai, China.
2. Other income  
The increase in other income was mainly due to higher rental income in Zhuhai, China and higher interest rate.
3. Other gains/(losses), net  
The losses of S\$3.854 million for the 6 months ended 30 June 2023 was mainly the impairment loss on the assets held for sale.
4. Distribution and marketing expenses  
The decrease in distribution and marketing expense was mainly from the operations from Zhuhai, China.
5. Administrative expenses  
The decrease in administrative expense was mainly from the operations from Singapore.

All the executive directors have voluntarily maintained a 20% reduction in their remuneration for the period under review. This is the 4th consecutive year that the directors have done so.

6. Depreciation  
The decrease was mainly due to termination of the right of use assets and the properties had been reclassified to assets held for sale.
7. The other movement in the exchange rates of United States Dollar, Hong Kong Dollar and Renminbi against the Singapore Dollar was mainly unrealised, due to recorded monetary balances denominated in foreign currencies that were adjusted to reflect the Singapore Dollars equivalent at the end of the reporting period.

#### Group's statement of financial position

- (i) The increase in cash and cash equivalents was mainly due to the deposit received relating to the Property Sales Agreement ("PSA") entered into on 5 June 2023 for the sale of the properties in Zhuhai, China, as announced by the company through SGXNET dated 8, 12 & 28 June 2023.
- (ii) The increase in trade and other receivables was mainly from the operations in Zhuhai, China.
- (iii) The increase in assets held for sale was transferred from the property, plant and equipment.
- (iv) The increase in financial assets, at FVOCI was due to fair value gains.
- (v) The decrease in property, plant and equipment was mainly due to the transfer to assets held for sale.

- (vi) The increase in current trade and other payables was mainly due to the deposit received from assets held for sale in Zhuhai, China.
- (vii) The increase in current borrowings were mainly due to the reclassification from non-current borrowings. The decrease in total borrowings were mainly due to the repayment.

**3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The commentary under page 15 item 4 of the Group's previous results announcement (6 Months Ended 31 December 2022) are in line with the actual results.

**4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months**

Although China has opened its borders to foreigners, the country is facing headwinds in many aspects of its economy, in particular the property industry as well as a slowdown in consumption. The hospitality sector saw some improvements in the business and private travelers' segments.

Japan is experiencing an increase of foreign tourists' arrivals, even without significant contributions from China. With the weak JPY, Japan is expected to benefit from foreign tourism into its country.

Barring any unforeseen events, businesses of NHJC and Grand nest HOTEL & MICE are expected to improve in 2023.

With the **PSA** for the Sale of the Properties as announced on 8, 12 & 28 June 2023, the Company is in the process of preparing a Circular to shareholders for the purpose of convening an extraordinary general meeting to seek the approval of shareholders of the Company.

**5. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**6. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared/recommended for the period.

**7. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have any general mandate from shareholders pursuant to Rule 920.

**8. Confirmation Pursuant to Rule 720(1) of the Listing Manual.**

IPC Corporation Ltd confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

**9. Additional information required Pursuant to Rule 706A of the Listing Manual.**

Not applicable.

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the 6 months ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ngiam Mia Je Patrick  
Chairman & Chief Executive Officer

Ngiam Mia Kiat Benjamin  
Managing Director

28 July 2023

**BY ORDER OF THE BOARD**

Lauw Hui Kian  
Director

28 July 2023