

**IPC CORPORATION LTD
AND ITS SUBSIDIARIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT
FOR THE 6 MONTHS AND FULL YEAR ENDED
31 DECEMBER 2023**

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023**

	Notes	Group 6 months ended 31 Dec			Group 12 months ended 31 Dec		
		2023	2022	%	2023	2022	%
		S\$'000	S\$'000		S\$'000	(Audited) S\$'000	
Sales	3	1,452	616	NM	3,166	1,490	NM
Cost of sales		(847)	(1,170)	(27.6)	(2,585)	(2,452)	5.4
Gross profit/(loss)		605	(554)	NM	581	(962)	NM
Other income	5	261	415	(37.1)	507	619	(18.1)
Other gains/(losses), net	5	5,946	(2,672)	NM	2,092	(2,647)	NM
Expenses	5						
Distribution and marketing		(101)	(98)	3.1	(194)	(233)	(16.7)
Administrative		(1,641)	(1,991)	(17.6)	(3,158)	(3,935)	(19.7)
Finance		(139)	(181)	(23.2)	(282)	(339)	(16.8)
		(1,881)	(2,270)	(17.1)	(3,634)	(4,507)	(19.4)
Profit/(loss) before income tax		4,931	(5,081)	NM	(454)	(7,497)	(93.9)
Income tax credit/(expense)	6	(130)	–	NA	(177)	(40)	NM
Total profit/(loss)		4,801	(5,081)	NM	(631)	(7,537)	(91.6)
Other comprehensive income/(loss)							
Items that may be reclassified subsequently to profit or loss:							
Currency translation gain/(loss) arising from consolidation		(326)	(3,682)	(91.1)	(1,568)	(4,930)	(68.2)
Items that will not be reclassified subsequently to profit or loss:							
Financial assets, at FVOCI – equity investments							
- Fair value gain/(loss)		(63)	(153)	(58.8)	(43)	(377)	(88.6)
Other comprehensive income/(loss), net of tax		(389)	(3,835)	(89.9)	(1,611)	(5,307)	(69.6)
Total comprehensive income/(loss)		4,412	(8,916)	NM	(2,242)	(12,844)	(82.5)
Earnings/(losses) per share for profit/(loss) attributable to equity holders of the Company							
(cents per share)							
- Basic		5.63	(5.96)		(0.74)	(8.84)	
- Diluted		5.63	(5.96)		(0.74)	(8.84)	

NM: Not meaningful (change more than 100%)
NA: Not applicable

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Notes	Group		Company	
		31 Dec 2023 S\$'000	31 Dec 2022 (Audited) S\$'000	31 Dec 2023 S\$'000	31 Dec 2022 (Audited) S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		787	1,629	256	424
Trade and other receivables		457	338	423	520
Properties developed for sale	13	7,783	9,390	–	–
Assets held for sale	13	36,011	–	–	–
Other assets		31	39	–	–
		45,069	11,396	679	944
Non-current assets					
Financial assets, at FVPL	9	4,494	665	4,494	665
Financial assets, at FVOCI	10	106	149	–	–
Other receivables		4	260	–	250
Investment in associated companies		–	–	–	–
Investment in subsidiaries	11	–	–	44,120	48,768
Property, plant and equipment		442	39,736	357	550
		5,046	40,810	48,971	50,233
Total assets		50,115	52,206	49,650	51,177
LIABILITIES					
Current liabilities					
Trade and other payables		4,030	2,709	2,157	864
Lease liabilities		2	2	2	2
Current income tax liabilities	6	127	–	120	–
Borrowings	14	3,686	1,158	–	–
		7,845	3,869	2,279	866
Non-current liabilities					
Lease liabilities		2	4	2	4
Borrowings	14	–	3,823	–	–
		2	3,827	2	4
Total liabilities		7,847	7,696	2,281	870
NET ASSETS		42,268	44,510	47,369	50,307
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	8	33,190	33,190	33,190	33,190
Currency translation reserve		(6,341)	(4,773)	–	–
Fair value reserve		(1,287)	(1,244)	–	–
Retained earnings		16,706	17,337	14,179	17,117
Total equity		42,268	44,510	47,369	50,307

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS AND FULL YEAR ENDED 31 DECEMBER 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
2023					
As at 1 January	33,190	(4,773)	(1,244)	17,337	44,510
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	–	–	–	(5,432)	(5,432)
Other comprehensive income/(loss) for the period	–	(1,242)	20	–	(1,222)
	–	(1,242)	20	(5,432)	(6,654)
As at 30 June	33,190	(6,015)	(1,224)	11,905	37,856
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	–	–	–	4,801	4,801
Other comprehensive income/(loss) for the period	–	(326)	(63)	–	(389)
	–	(326)	(63)	4,801	4,412
As at 31 December	33,190	(6,341)	(1,287)	16,706	42,268
2022					
As at 1 January	33,190	157	(867)	24,874	57,354
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	–	–	–	(2,456)	(2,456)
Other comprehensive income/(loss) for the period	–	(1,248)	(224)	–	(1,472)
	–	(1,248)	(224)	(2,456)	(3,928)
As at 30 June	33,190	(1,091)	(1,091)	22,418	53,426
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	–	–	–	(5,081)	(5,081)
Other comprehensive income/(loss) for the period	–	(3,682)	(153)	–	(3,835)
	–	(3,682)	(153)	(5,081)	(8,916)
As at 31 December	33,190	(4,773)	(1,244)	17,337	44,510

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023**

	Share capital	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000
2023			
As at 1 January	33,190	17,117	50,307
Total comprehensive income/(loss) for the period			
Profit/(loss) for the period	–	(895)	(895)
	–	(895)	(895)
As at 30 June	33,190	16,222	49,412
Total comprehensive income/(loss) for the period			
Profit/(loss) for the period	–	(2,043)	(2,043)
	–	(2,043)	(2,043)
As at 31 December	33,190	14,179	47,369
2022			
As at 1 January	33,190	30,180	63,370
Total comprehensive income/(loss) for the period			
Profit/(loss) for the period	–	(1,361)	(1,361)
	–	(1,361)	(1,361)
As at 30 June	33,190	28,819	62,009
Total comprehensive income/(loss) for the period			
Profit/(loss) for the period	–	(11,702)	(11,702)
	–	(11,702)	(11,702)
As at 31 December	33,190	17,117	50,307

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023**

	<u>Group</u>		<u>Group</u>	
	6 months ended 31 Dec 2023	2022	12 months ended 31 Dec 2023	2022 (Audited) S\$'000
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit/(loss) before tax	4,931	(5,081)	(454)	(7,497)
Adjustments for				
- Depreciation	73	742	668	1,634
- Unrealised translation losses/(gains)	28	112	53	99
- Fair value loss/(gain) on financial assets, at FVPL	(3,829)	701	(3,829)	701
- Additions/(reversal) of Impairment loss of assets held for sale	(2,703)	-	1,152	-
- Write-down on properties developed for sale	612	418	612	418
- Written off of other receivable	2	10	2	10
- Written off of property, plant and equipment	-	35	-	54
- Impairment of property, plant and equipment	-	1,492	-	1,492
- Loss/(Gain) on disposal of property, plant and equipment	(27)	-	(27)	-
- Loss/(Gain) on disposal of leasehold units	-	-	-	(13)
- Restoration costs	-	-	-	(3)
- Interest income	(15)	(22)	(21)	(25)
- Interest expenses	139	181	282	339
	(789)	(1,412)	(1,562)	(2,791)
Change in working capital				
- Other assets	6	1	8	6
- Properties	131	25	677	142
- Trade and other receivables	268	82	135	120
- Trade and other payables	(3,135)	393	1,321	610
Cash generated from/(used in) operations	(3,519)	(911)	579	(1,913)
Interest received	15	22	21	25
Income tax paid, net	(3)	(20)	(50)	(370)
Net cash provided by/(used in) operating activities (i)	(3,507)	(909)	550	(2,258)
Cash flows from investing activities				
Purchases of property, plant and equipment	(25)	(2)	(32)	(2)
Proceeds from disposal of property, plant and equipment	96	-	96	-
Net cash provided by/(used in) investing activities	71	(2)	64	(2)
Cash flows from financing activities				
Interest paid	(139)	(181)	(282)	(339)
Proceeds from borrowings	-	1,271	-	1,735
Repayment of borrowings	(559)	(599)	(1,135)	(1,055)
Principal payment of lease liabilities	-	(2)	(2)	(111)
Net cash provided by/(used in) financing activities	(698)	489	(1,419)	230
Net increase/(decrease) in cash and cash equivalents	(4,134)	(422)	(805)	(2,030)
Cash and cash equivalents at beginning of financial period	4,931	2,164	1,629	3,758
Effects of currency translation on cash and cash equivalents	(10)	(113)	(37)	(99)
Cash and cash equivalents at end of financial period	787	1,629	787	1,629

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS AND FULL YEAR ENDED 31 DECEMBER 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 and full year ended 31 December 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 30 June 2023.

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

The Group incurred loss after tax of \$631,000 (31 December 2022: \$7,537,000) during the financial year ended 31 December 2023. The Group had property-related assets, with carrying values of properties developed for sale of \$7,783,000 (31 December 2022: \$9,390,000) and assets held for sale of \$36,011,000 (31 December 2022: property, plant and equipment of \$39,168,000) as at 31 December 2023, of which, certain property-related assets have been pledged with the financial institutions to secure the Group’s bank loans. The Group had prepared the financial statements on a going concern basis in view of the expected cash flows from the Group’s operations in an improving market condition in the People’s Republic of China due to easing of the COVID-19 restrictions from the Chinese Government from 8 January 2023 and continued support from the bank. In the event the post pandemic recovery of the Group and the Company are not in line with expectations, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position.

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 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

	Properties	Hotel	Investment	Others	Total
	China	management	Japan	Singapore	
	S\$'000	China	S\$'000	S\$'000	S\$'000
		S\$'000			
Group					
12 months ended 31 December 2023					
Revenue and other income					
- external sales	590	2,576	–	–	3,166
- other income	438	42	–	6	486
- Interest income	3	1	–	17	21
- inter-segment income	429	–	–	–	429
	1,460	2,619	–	23	4,102
Cost of revenue and operating expenses	(1,207)	(1,838)	–	(2,224)	(5,269)
Inter-segment expense	–	(429)	–	–	(429)
Interest expense	–	(281)	–	(1)	(282)
Depreciation	(518)	(26)	–	(124)	(668)
Other gains/(losses), net	(1,765)	(4)	3,829	32	2,092
Profit/(loss) before income tax	(2,030)	41	3,829	(2,294)	(454)
Income tax expense	(57)	–	–	(120)	(177)
Profit/(loss) after income tax	(2,087)	41	3,829	(2,414)	(631)
As at 31 December 2023					
Total assets	44,207	338	4,494	1,076	50,115
Total assets include:					
Additions to:					
- property, plant and equipment	2	30	–	–	32
Total liabilities	4,093	662	–	2,965	7,720
12 months ended 31 December 2022					
Revenue and other income					
- external sales	135	1,314	–	41	1,490
- other income	335	185	–	74	594
- Interest income	1	2	–	22	25
- inter-segment income	398	–	–	–	398
	869	1,501	–	137	2,507
Cost of revenue and operating expenses	(755)	(1,368)	–	(2,863)	(4,986)
Inter-segment expense	–	(398)	–	–	(398)
Interest expense	–	(330)	–	(9)	(339)
Depreciation	(1,414)	(28)	–	(192)	(1,634)
Other gains/(losses), net	(1,915)	–	(701)	(31)	(2,647)
Profit/(loss) before income tax	(3,215)	(623)	(701)	(2,958)	(7,497)
Income tax expense	(16)	–	–	(24)	(40)
Profit/(loss) after income tax	(3,231)	(623)	(701)	(2,982)	(7,537)
As at 31 December 2022					
Total assets	49,053	651	665	1,837	52,206
Total assets include:					
Additions to:					
- property, plant and equipment	1	1	–	–	2
Total liabilities	5,214	794	–	1,688	7,696

3.1 REPORTABLE SEGMENTS (continued)

	Properties	Hotel	Investment	Other	Total
	China	management	Japan	Singapore	
	S\$'000	China	S\$'000	S\$'000	S\$'000
		S\$'000			
Group					
6 months ended 31 December 2023					
Revenue and other income					
– external sales	114	1,338	–	–	1,452
– other income	221	23	–	2	246
– interest income	2	–	–	13	15
– inter-segment income	211	–	–	–	211
	548	1,361	–	15	1,924
Cost of revenue and operating expenses	(459)	(992)	–	(1,065)	(2,516)
Inter-segment expense	–	(211)	–	–	(211)
Interest expense	–	(138)	–	(1)	(139)
Depreciation	37	(17)	–	(93)	(73)
Other gains/(losses), net	2,090	(4)	3,829	31	5,946
Profit/(loss) before income tax	2,216	(1)	3,829	(1,113)	4,931
Income tax expense	(10)	–	–	(120)	(130)
Profit/(loss) after income tax	2,206	(1)	3,829	(1,233)	4,801
6 months ended 31 December 2022					
Revenue and other income					
– external sales	16	600	–	–	616
– other income	165	175	–	53	393
– interest income	1	2	–	19	22
– inter-segment income	226	–	–	–	226
	408	777	–	72	1,257
Cost of revenue and operating expenses	(410)	(742)	–	(1,365)	(2,517)
Inter-segment expense	–	(226)	–	–	(226)
Interest expense	–	(181)	–	–	(181)
Depreciation	(632)	(10)	–	(100)	(742)
Other gains/(losses), net	(1,915)	–	(701)	(56)	(2,672)
Profit/(loss) before income tax	(2,549)	(382)	(701)	(1,449)	(5,081)
Income tax expense	–	–	–	–	–
Profit/(loss) after income tax	(2,549)	(382)	(701)	(1,449)	(5,081)

Revenue from major products and services

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

	Group		Group	
	6 month ended 31 Dec 2023	31 Dec 2022	12 months ended 31 Dec 2023	31 Dec 2022 (Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Properties	114	16	590	135
Hotel management	1,338	600	2,576	1,314
Others	–	–	–	41
	1,452	616	3,166	1,490
Timing of transfer of good or service				
Point in time	424	174	1,223	371
Over the time	1,028	442	1,943	1,119
	1,452	616	3,166	1,490

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.

3.1 REPORTABLE SEGMENTS (continued)

Geographical information (continued)

	<u>Group</u> <u>Sales</u>		<u>Group</u> <u>Sales</u>	
	6 month ended 31 Dec 2023	31 Dec 2022	12 months ended 31 Dec 2023	31 Dec 2022 (Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
China	1,452	616	3,166	1,449
Singapore	–	–	–	41
	1,452	616	3,166	1,490

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 31 December 2023 and 31 December 2022:

	<u>Group</u>		<u>Company</u>	
	31.12.23	31.12.22 (Audited)	31.12.23	31.12.22 (Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets, at FVPL	4,494	665	4,494	665
Financial assets, at FVOCI	106	149	–	–
Financial assets, at amortised cost	1,183	2,133	661	1,166
Financial liabilities, at amortised cost	7,720	7,696	2,161	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>Group</u>	
	6 month ended 31 Dec 2023	31 Dec 2022	12 months ended 31 Dec 2023	31 Dec 2022 (Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Other income				
Interest income	(15)	(22)	(21)	(25)
Rental income (on operating leases)	(221)	(176)	(438)	(362)
Government grant income	–	(186)	–	(186)
Others	(25)	(31)	(48)	(46)
Expense				
Depreciation	73	742	668	1,634
Interest expenses	139	181	282	339
Other (gains)/losses				
Foreign exchange losses/(gains), net	(1)	16	(2)	(12)
Fair value loss/(gain) on financial assets, at FVPL	(3,829)	701	(3,829)	701
Additions/(reversal) of Impairment loss of assets held for sale	(2,703)	–	1,152	–
Write-down on properties developed for sale	612	418	612	418
Written off of other receivable	2	10	2	10
Written off of property, plant and equipment	–	35	–	54
Impairment of property, plant and equipment	–	1,492	–	1,492
Loss/(Gain) on disposal of property, plant and equipment	(27)	–	(27)	–
Loss/(Gain) on disposal of leasehold units	–	–	–	(13)
Restoration cost	–	–	–	(3)

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>		<u>Group</u>	
	6 month ended 31 Dec 2023	2022	12 months ended 31 Dec 2023	2022 (Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Local taxes				
- Current year	16	–	16	–
- Under/(over) provision in prior financial years	104	–	104	26
Foreign taxes				
- Land appreciation tax expenses	10	–	57	14
- Under/(over) provision in prior financial years	–	–	–	–
	130	–	177	40

Tax Movement:

	<u>Group</u>		<u>Company</u>	
	31.12.23 S\$'000	31.12.22 (Audited) S\$'000	31.12.23 S\$'000	31.12.22 (Audited) S\$'000
Beginning of the year	–	338	–	–
Tax charged	177	40	120	16
Tax paid	(50)	(370)	–	(16)
Translation differences	–	(8)	–	–
End of the year	127	–	120	–

7. NET ASSET VALUE

	<u>Group</u>		<u>Company</u>	
	31.12.23	31.12.22 (Audited)	31.12.23	31.12.22 (Audited)
	S\$0.50	S\$0.52	S\$0.56	S\$0.59
Net asset per ordinary share				

8. SHARE CAPITAL

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

The Company do not hold any treasury shares as at 31 December 2023 and 2022.

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

9. FINANCIAL ASSETS, AT FVPL

	<u>Group and Company</u>	
	31.12.23 S\$'000	31.12.22 (Audited) S\$'000
Financial assets, at FVPL		
Unquoted investments		
– equity investments – Asia Pacific	4,494	665

10. FINANCIAL ASSETS, AT FVOCI

	31.12.23	<u>Group</u>	31.12.22 (Audited)
	S\$'000		S\$'000
Financial assets, at FVOCI			
Quoted investments			
– equity investments – United States	106		149

11. Investment in subsidiaries

	31.12.23	<u>Company</u>	31.12.22 (Audited)
	S\$'000		S\$'000
<u>Equity investments at cost</u>			
Cost	38,337		38,337
Loans to subsidiaries	57,465		57,555
	95,802		95,892
Less: Accumulated impairment	(51,682)		(47,124)
	44,120		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).

	<u>Level 1</u> S\$'000	<u>Level 2</u> S\$'000	<u>Level 3</u> S\$'000	<u>Total</u> S\$'000
<u>Group</u>				
31 December 2023				
Assets				
Financial assets, at FVPL				
– Equity investments	–	–	4,494	4,494
Financial assets, at FVOCI				
– Equity investments	106	–	–	106
Total assets	106	–	4,494	4,600
31 December 2022				
Assets				
Financial assets, at FVPL				
– Equity investments	–	–	665	665
Financial assets, at FVOCI				
– Equity investments	149	–	–	149
Total assets	149	–	665	814
<u>Company</u>				
31 December 2023				
Assets				
Financial assets, at FVPL				
– Equity investments	–	–	4,494	4,494
Total assets	–	–	4,494	4,494
31 December 2022				
Assets				
Financial assets, at FVPL				
– Equity investments	–	–	665	665
Total assets	–	–	665	665

12. FAIR VALUE MEASUREMENT (continued)

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 has engaged an independent valuer to determine the fair value at the end of the year. The overall valuation approach 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.

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

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u> (Audited)	<u>Relationship of unobservable inputs to fair value</u>
Discount rate	9.2	9.4%	The higher the discount rate, the lower the fair value
Terminal growth rate	1.3%	0.5%	The higher the terminal growth rate, the higher the fair value
Discount on lack of control, marketability and projected growth	40%	45%	The higher the discount, the lower the fair value
Revenue growth rate	-2.9% - 55.3%	2.9% - 27.9%	The higher the revenue growth rate, the higher the fair value
Market multiple	Not applicable*	Not applicable*	The higher the market multiple, the higher the fair value

* Market multiples differ from normal profitability of subject company which makes it Not Applicable

13. PROPERTY-RELATED ASSETS

	<u>Group</u>
	<u>31.12.23</u> <u>31.12.22</u> (Audited)
	<u>S\$'000</u> <u>S\$'000</u>
Properties developed for sale	7,783 9,390
Property, plant and equipment	– 39,168
Assets held for sale	<u>36,011</u> <u>–</u>

The Group has engaged an independent valuer to perform valuations to determine the realisable values of properties developed for sale, the recoverable amounts of the assets held for sale (2022: 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 using the direct comparison method. The recoverable amounts of the assets held for sale (2022: property, plant and equipment) was determined 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 assets held for sale (2022: property, plant and equipment):

<u>Description</u>	<u>Inputs</u>	<u>Range of inputs</u>		<u>Relationship of inputs to value</u>
		<u>31.12.2023</u>	<u>31.12.2022</u> (Audited)	
Assets held for sale (2022: Property, plant and equipment)	Capitalisation rate	5.5%	5.5%	The higher the capitalisation rate, the lower the value
	Rental growth rate	3.0%	3.0%	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 year under review.

14. BORROWINGS

	31.12.23	<u>Group</u>	31.12.22 (Audited)
	S\$'000		S\$'000
<i>Current</i>			
– Bank borrowings (secured)	3,686		1,158
<i>Non-current</i>			
– Bank borrowings (secured)	–		3,823
	3,686		4,981

Bank borrowings were secured by pledge of certain property-related assets classified within assets held for sale (2022: property, plant and equipment (Note 13)) in Zhuhai, China.

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.

	31.12.23	<u>Group</u>	31.12.22 (Audited)
	S\$'000		S\$'000
Guarantee given to banks for mortgage facilities	-		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 31 December 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\$1.452 million for the 6 months ended 31 December 2023 compared to S\$0.616 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 profit of S\$0.605 million for the 6 months ended 31 December 2023 compared to a gross loss of S\$0.554 million for the previous corresponding financial period. The increase in gross profit was in tandem with the increase in revenue generated.

The other gains of S\$5.946 million was mainly the fair value gain on the financial assets, at FVPL and the reversal of impairment loss on the assets held for sale.

As a result, the Group recorded a profit before tax of S\$4.931 million and profit after tax of S\$4.801 million respectively for the 6 months ended 31 December 2023.

Explanation Note:

Consolidated statement of comprehensive income

1. Gross profit/(loss)
The increase in gross profit was in tandem with the increase in revenue generated from Zhuhai, China and the decrease in depreciation charged in cost of sales due to the reclassification of HOTEL and clubhouse to the assets held for sale.
2. Other income
The decrease in other income was mainly due to no compensation claimed in Zhuhai, China for the period under review and with the decrease in interest income due to lesser fixed deposits.
3. Other gains/(losses), net
The increase was mainly due to the fair value gain on the financial assets, at FVPL and the reversal of impairment loss on the assets held for sale.
4. Administrative expenses
The decrease in administrative expense was mainly from the operations from Singapore and China.

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.
5. Finance cost

The decrease was mainly due to lower average bank borrowings in Zhuhai, China compared with the previous period under review.
6. Depreciation
The decrease was mainly due to the reclassification of properties, plant and equipment to the 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 decrease in cash and cash equivalents was mainly used in operating activities.
- (ii) The increase in current trade and other receivables was mainly due to the reclassification from the non-current other receivable.

- (iii) The decrease in properties developed for sale was mainly due to disposals and write down in properties developed for sale in Zhuhai, China
- (iv) The increase in assets held for sale was reclassified from the property, plant and equipment.
- (v) The decrease in other assets was mainly from the operation in Zhuhai, China.
- (vi) The increase in the financial assets, at FVPL was due to the fair value gain on preference shares investment in NHJC, Japan.
- (vii) The decrease in financial assets, at FVOCI was due to fair value loss.
- (viii) The decrease in non-current other receivables was mainly due to the reclassification to current trade and other receivables.
- (ix) The decrease in property, plant and equipment was mainly due to the reclassification to assets held for sale.
- (x) The increase in trade and other payables was mainly from the operations in Singapore and Zhuhai, China.
- (xi) The increase in current tax liabilities was mainly from the operations in Singapore.
- (xii) 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.

Consolidated statement of cash flows

- (i) The net cash used in operating activities was mainly related to the operations in Singapore and China.

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 13 item 4 of the Group's previous results announcement (6 Months Ended 30 June 2023) 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

The Chinese economy faces some challenges amid the ongoing trade war with the United States and other countries could hurt Chinese exports and investment, and the Chinese property market has been cooling in recent years, which could have a negative impact on GDP growth. The hospitality segment in which the Group operates in may be affected, notwithstanding it has experienced increased business activities in room occupancies and MICE business in the period under review.

Japan, on the other hand, is experiencing a strong increase in foreign tourists' arrivals with 25 million foreign tourists in 2023 vs 3.8 million in 2022 according to Japan's National Tourism Organization. Coupled with the weak JPY, Japan is expected to benefit from foreign tourism into the country. Barring any unforeseen events, the business of NHJC is expected to improve further in 2024.

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.

Disclosure of person occupying a managerial position in the issuer of any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ngiam Mia Je Patrick	69	Please see notes below	Chairman and Chief Executive Officer. Responsible for the overall management of the Group. The positions were held since 1992.	No change
Ngiam Mia Kiat Benjamin	67	Please see notes below	Managing Director. Responsible for the operations of the Group. The position was held since 1992.	No change
Lauw Hui Kian	67	Please see notes below	Executive Director (Finance & Administration) Controlling the administration and finance activities of the Group. The position was held since 1985.	No change
Ngiam Mia Hai Bernard	63	Please see notes below	Executive Director (Marketing & Corporate Communications, Business Development) Managing the marketing activities and corporate communications of the Group and engaging in business development/investment activities. The position was held since 1985.	No change
Ngiam Mia Hong Alfred	60	Please see notes below	Executive Director (Business Development & IT Solutions) Responsible for all aspects of the IT solutions of the Group and engage in business development/investment activities. The position was held since 1991.	No change

Notes:

1. Ms Lauw Hui Kian is the spouse of Mr Ngiam Mia Je Patrick.
2. Messrs Ngiam Mia Je Patrick, Ngiam Mia Kiat Benjamin, Ngiam Mia Hai Bernard and Ngiam Mia Hong Alfred are brothers.
3. Mr Ngiam Mia Je Patrick, Mr Ngiam Mia Kiat Benjamin and Ms Lauw Hui Kian are also substantial shareholders of the Company.

BY ORDER OF THE BOARD

Lauw Hui Kian
Director
28 February 2024