

IPC CORPORATION LIMITED
(Company Registration No. 198501057M)
(Incorporated in the Republic of Singapore)

**THE SALE OF THE PROPERTIES LOCATED AT NO. 7 AND NO. 11 TANGQI ROAD, TANGJIA,
ZHUHAI, GUANGDONG PROVINCE, THE PRC**

1. INTRODUCTION

The board of directors (the “**Board**”) of IPC Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that IPC Property Development (Zhuhai) Ltd (珠海英格仕房产开发有限公司) (“**IPC Zhuhai**”), a wholly-owned subsidiary of the Company has, on 5 June 2023, entered into a property sale and purchase agreement (物业买卖合同) (the “**PPA**”) with Mr. Rong Shaoming (容邵明), an independent third-party purchaser (the “**Purchaser**”, together with IPC Zhuhai, the “**Parties**” and each a “**Party**”), in relation to the sale by IPC Zhuhai of Xu Ri Wan Hua Yuan Clubhouse (the “**Clubhouse**”) and Xu Ri Wan Hua Yuan Shopping Mall Hotel (the “**Hotel**”, together with the Clubhouse, the “**Properties**”) to the Purchaser (the “**Sale**”).

2. INFORMATION ON IPC ZHUHAI, THE PROPERTIES AND THE PURCHASER

2.1. Information on IPC Zhuhai and the Properties

2.1.1 IPC Zhuhai, a wholly-owned subsidiary of the Company, is incorporated in the People’s Republic of China (the “**PRC**”) on 25 December 1997. As at the date of this announcement, IPC Zhuhai is primarily engaged in the business of development and sale of properties.

2.1.2 The Clubhouse comprises four storeys (including a basement) and is located at No. 7 Tangqi Road, Tangjia, Zhuhai, Guangdong Province, the PRC, with a construction area of approximately 4,859.98m². The Hotel comprises 13 storeys (including a basement) and is located at No. 11 Tangqi Road, Tangjia, Zhuhai, Guangdong Province, the PRC, with a construction area of 16,237.36m².

2.2. Information on the Purchaser

The Purchaser is a private investor. The Purchaser is not related to any of the Company’s Directors, controlling shareholders or their respective associates. As at the date of this announcement, the Purchaser does not hold shares in the Company.

3. SALIENT TERMS OF THE SALE

The terms and conditions of the Sale are set out in the PPA and include, *inter alia*, the following:

3.1. Consideration

3.1.1 The total consideration for the Properties shall be RMB 180 million (equivalent to approximately S\$34.092 million¹) (the “**Consideration**”), comprising (i) in respect of the Clubhouse, RMB 40 million (equivalent to approximately S\$7.576 million¹) and (ii) in

¹ Based on the exchange rate of 1 RMB: 0.1894 SGD on Bloomberg as at 6 June 2023, which conversion rate is applied to all RMB to SGD conversion in this announcement.

respect of the Hotel, RMB 140 million (equivalent to approximately S\$26.516 million¹), which was arrived at on a willing-buyer willing-seller basis, after taking into consideration the Valuations (as defined below), the bleak outlook of the property market and the slowing economic growth in the PRC. On the basis of the above considerations, the Board was of the view that it was appropriate and a prudent business decision for the Sale.

3.1.2 Pursuant to the PPA, the Consideration shall be fully satisfied in cash and shall be paid to IPC Zhuhai in the following manner:

(a) the Purchaser shall pay a deposit of RMB 20 million (equivalent to approximately S\$3.788 million¹) (the “**Deposit**”) by no later than the date falling five (5) working days after the signing of the PPA.

Pursuant to the PPA, in the event that the titles of the Properties fail to be transferred to the Purchaser due to the reasons attributable to the Purchaser or any third party designated by the Purchaser, IPC Zhuhai is entitled to terminate the PPA and forfeit the Deposit paid by the Purchaser. In the event that the titles of the Properties fail to be transferred to the Purchaser due to the reasons attributable to IPC Zhuhai, the Purchaser is entitled to terminate the PPA and IPC Zhuhai shall refund an amount equivalent to twice the Deposit amount to the Purchaser;

(b) the Purchaser shall pay the first tranche payment of RMB 50 million (equivalent to approximately S\$9.470 million¹) (including the Deposit) (the “**1st Tranche Payment**”) by no later than the date falling three (3) working days after the signing of the formal commodity property sale and purchase agreement (商品房买卖合同) (the “**SPA**”) in respect of the Sale;

(c) the Purchaser shall pay the second tranche payment of RMB 100 million (equivalent to approximately S\$18.940 million¹) (the “**2nd Tranche Payment**”) by no later than the date falling three (3) working days after the competent taxation bureau examines and determines the taxes and fees payable in respect of the Sale, and issues the results thereof (i.e., the Comprehensive Tax Return for Real Estate Transaction (《房地产交易综合纳税申报表》)); and

(d) the Purchaser shall pay the balance of the Consideration of RMB 30 million (equivalent to approximately S\$5.682 million¹) (the “**Final Tranche Payment**”) by no later than the date falling three (3) working days after the Completion.

3.2. **Completion**

Pursuant to the PPA, completion of the Sale (the “**Completion**”) shall be deemed to take place on the date when the Purchaser obtains the new “real estate ownership certificate (不动产权证书)” in respect of the Properties (the “**Completion Date**”).

3.3. **Condition Precedent under the PPA**

3.3.1 Pursuant to the PPA, the Company shall obtain approval from its shareholders and/or the Singapore Exchange Securities Trading Limited for the transactions contemplated in the PPA, within 75 working days after the date of IPC Zhuhai receiving the Deposit (or such other date as the Parties may mutually agree in writing) (the “**Long Stop Date**”), if required (the “**Condition Precedent**”).

3.3.2 Where applicable, in the event that the Condition Precedent is not fulfilled by the relevant Party or is not waived in writing by the other Party on or prior to the Long Stop Date, the PPA shall *ipso facto* terminate with effect from the Long-Stop Date, IPC Zhuhai shall return the Deposit to the Purchaser and all obligations and liabilities of the Parties shall cease and determine, whereupon none of the Parties shall have any claim against the other for costs, damages, compensation or otherwise.

3.4. SPA

Pursuant to the PPA, the Parties shall enter into the SPA in the standard form of the contract on purchase and sale of commodity properties as required by the government of the PRC by no later than the date falling five (5) working days after the approval being obtained from the shareholders of the Company, if such approval was required or such date as mutually agreed by the Parties.

The rights and obligations of the Parties in respect of the Sale shall be governed by the SPA. The Parties shall complete the name change and transfer procedures in relation to the property ownership certificate in respect of the Properties in accordance with the SPA.

4. RATIONALE FOR THE SALE

According to Rule 1002 of the listing manual of the SGX-ST (the “**Listing Manual**”), a transaction which is in, or in connection with, the ordinary course of an issuer’s business is not subject to the requirements under Chapter 10 of the Listing Manual.

The Sale is a transaction carried out in the ordinary course of the Group’s business of investment in and disposal of properties. As at the date of this announcement, the Company is of the view that the principal activities of the Group will remain the same before and after the Sale and there would be no material change in the Group’s businesses after the Sale.

Accordingly, the Company is of the view that the Sale is a disposal that is in the ordinary course of its business that is not subject to Chapter 10 of the Listing Manual.

The Board believes that the Sale is in the best interests of the Group and the shareholders of the Company, as it will enable the Group to realise the value of the Properties and improve the liquidity of the Group. This would also allow the Group to reallocate its resources to improve and optimise the utilisation of its assets.

5. USE OF PROCEEDS

IPC Zhuhai expects to receive net proceeds of approximately S\$24.759 million from the Sale. The net proceeds after repayment of borrowing collateralised by the Properties and all applicable taxes from the Sale will be used for general working capital purposes of the Group.

6. FINANCIAL EFFECTS OF THE SALE

The *pro forma* financial effects of the Sale on the Group as set out below are purely for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the Completion.

Based on the Group’s latest audited consolidated financial statements for the financial year ended 31 December 2022 (“**FY2022**”), the *pro forma* financial effects of the Sale are as follows:

6.1. Effect on Group’s net tangible assets (“NTA”) per share

For illustrative purposes only, had the Sale been completed on 31 December 2022 and based on the latest audited consolidated financial statements of the Group for FY2022 (being the end of the most recently completed financial year), the Sale would have had the following impact on the Group's NTA per share:

| | Before the Sales | After the Sales |
|--|------------------|-----------------|
| NTA ⁽¹⁾ (S\$'000) | 44,510 | 34,425 |
| Number of issued shares (excluding treasury shares) ('000) | 85,292 | 85,292 |
| NTA per share (cents) | 0.52 | 0.40 |

Note:

(1) NTA is based on net asset value of the Group before share of non-controlling interests.

6.2. Effect on earnings per share ("EPS")

For illustrative purposes only, had the Sale been completed on 1 January 2022 and based on the latest audited consolidated financial statements of the Group for FY2022 (being the end of the most recently completed financial year), the Sale would have had the following impact on the Group's EPS:

| | Before the Sales | After the Sales |
|--|------------------|-----------------|
| Profit/(Loss) ⁽¹⁾ after tax attributable to equity holders of the Company (S\$'000) | (7,537) | (17,622) |
| Weighted average number of shares ('000) | 85,292 | 85,292 |
| EPS (cents) | (8.84) | (20.66) |

Note:

(1) Net profits means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

6.3. Value of the Properties

6.3.1 Based on the Group's audited consolidated financial statements for the financial year ended 31 December 2022:

- (i) the NTA value and book value of the Properties is (i) in respect of the Clubhouse, S\$8.082 million and (ii) in respect of the Hotel, S\$31.086 million;
- (ii) the net loss attributable to the Properties is approximately S\$10.085 million;
- (iii) the deficit of the proceeds from the Sale over the book value of the Properties is approximately S\$10.085 million; and
- (iv) the net loss on the Sale is expected to be approximately S\$10.085 million

6.3.2. A valuation on the Properties was commissioned by IPC Zhuhai and was conducted by an independent valuer (the "Valuer") in December 2022 to determine the open market value of the

Properties. As at 31 December 2022, the valuation of the Clubhouse was RMB 46.607 million (equivalent to approximately S\$8.986 million¹) and the valuation of the Hotel was RMB 161.237 million (equivalent to approximately S\$31.086 million¹) based on an average of the direct comparison method and income method. On 31 May 2023, IPC Zhuhai commissioned an updated desktop valuation of the Properties that was conducted by the Valuer (together with the valuation report in December 2022, the “**Valuation Reports**”). The updated valuation of the Clubhouse and Hotel was RMB 40.581 million (equivalent to approximately S\$7.686 million¹) and RMB 139.641 million (equivalent to approximately S\$26.448 million¹) respectively (such updated valuation, together with the valuation in December 2022, the “**Valuations**”).

7. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

Based on the latest announced consolidated accounts of the Group, being the audited financial statements for FY2022, the relative figures in relation to the Sale computed on the applicable bases set out in Rule 1006 of the Listing Manual are as follows:

| Rule | Bases of computation | Relative figures |
|--------------|---|-------------------------------|
| Rule 1006(a) | Net asset value (“NAV”) ⁽¹⁾ of the assets to be disposed of, compared with the Group’s NAV. | 88.0% |
| Rule 1006(b) | Net loss ⁽²⁾ attributable to the assets disposed of, compared with the Group’s net loss. | 57.2% |
| Rule 1006(c) | Aggregate value of the consideration received, compared with the issuer’s market capitalisation ⁽³⁾ based on the total number of issued shares excluding treasury shares. | 399.7% |
| Rule 1006(d) | Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue. | Not applicable ⁽⁴⁾ |
| Rule 1006(e) | Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group’s proved and probable reserves. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. | Not applicable ⁽⁵⁾ |

Notes:

- (1) Under Rule 1002(3)(a) of the Listing Manual, “net assets” means total assets less total liabilities.
- (2) Under Rule 1002(3)(b) of the Listing Manual, “net profits” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Under Rule 1002(5) of the Listing Manual, “market capitalisation” of the Company is determined by multiplying 85.292 million shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the Term Sheet.
- (4) This basis is not applicable as it is not an acquisition.
- (5) This basis is not applicable as it only applies to a disposal of mineral, oil and gas assets by a mineral, oil and gas company.

Notwithstanding the figure computed under Rule 1006(c) of the Listing Manual exceeds 100%, the Sale is not a transaction under Chapter 10 of the Listing Manual as it is a transaction carried out in the ordinary course of the Group's business. Accordingly, no shareholders' approval is required.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the Directors or the controlling shareholders of the Company has any direct or indirect interest in the Sale, other than through their respective shareholding interests in the Company (if any).

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Sale. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENT FOR INSPECTION

A copy of the PPA and the Valuation Reports will be made available for inspection during normal business hours at the registered office of the Company at 1 Fusionopolis Place, #03-20 Galaxis (West Lobby), Singapore 138522, for a period of three (3) months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Ngiam Mia Hai Bernard
Director
8 June 2023