

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**

IPC Corporation Limited (“**IPC**” or the “**Company**” and together with its subsidiaries, the “**Group**”) sets out its response to the queries raised by the Singapore Exchange Regulation (the “**SGX**”) on 16 June 2023 in relation to the Company’s announcements on 8 June 2023 and 14 June 2023 (the “**Sale of Properties Announcements**”), as follows:

Unless otherwise defined, all capitalised terms used herein shall have the same meanings ascribed to them in the Sale of Properties Announcements.

Query 1

Please disclose:

- (i) **The size, qualifications, experience and track record of Zhuhai Rongzheng Real Estate Assessment Consultation Limited Company;**

Company Response:

Zhuhai Rongzheng Real Estate Assessment Consultation Limited Company (珠海荣正土地房地产与资产评估有限公司) (“**Zhuhai Rongzheng**”), incorporated on 3 August 1999, is currently one of the large-scale comprehensive asset appraisal firms in Zhuhai City with 35 staff.

Zhuhai Rongzheng currently has the following qualifications:

- (a) the Land Valuation Institution Credit Rating Certificate (土地估价机构信用等级证书) issued by the Guangdong Real Estate Valuers and Agents Association (广东省不动产登记与估价专业人员协会) for the period from 1 January 2023 to 31 December 2023 with the rating grade of class II;
- (b) the Grade I Real Estate Valuation Institution Registration Certificate (房地产估价机构备案证书) with the registration grade of class I issued by the Department of Housing and Urban-Rural Development of Guangdong Province (广东省住房和城乡建设厅) on 20 October 2021 and expires on 20 October 2024; and
- (c) (资产评估资格) issued by the Department of Finance of Guangdong Province (广东省财政厅) for the period from 20 October 2021 to 20 October 2024.

Zhuhai Rongzheng is therefore able to independently undertake land valuation, real estate appraisal and overall asset appraisal businesses.

Zhuhai Rongzheng has been on the panel of valuation firms of Zhuhai Intermediate People's Court (广东省珠海市中级人民法院) and district courts in Zhuhai City for many years and is an external valuation firm regularly engaged by the big four state-owned banks in Zhuhai city, and has cooperations with most of the major commercial banks in Zhuhai City including, amongst others, China Merchants Bank and Ping An Bank. In 2022, Zhuhai Rongzheng was once again listed in the candidate pool of valuation firms by Zhuhai Bureau of Land and Resources Jinwan Branch (珠海市国土资源局金湾分局), Zhuhai Land Reserve Development Center Jinwan Sub-Center (珠海市土地储备发展中心金湾分中心) and Bureau of Land and Resources of Zhuhai City High-tech Sub-Bureau (珠海市国土资源局高新分局), for

providing land parcel valuation services to various authorities in charge of national land. Zhuhai Rongzheng is also listed in the candidate pool of valuation firms by the Housing and Urban Redevelopment Bureau of Xiangzhou District, Zhuhai City (珠海市香洲区住房和城乡建设局), for providing the valuation service of urban village redevelopment. Zhuhai Rongzheng has participated in and completed many valuation and consulting projects entrusted by government departments and accumulated experience in the process.

The valuation work completed by Zhuhai Rongzheng in the past three (3) years are as follows:

	Completed in 2022	Completed in 2021	Completed in 2020
Asset valuation business	65 cases with total valuation of RMB7,657,087,700	29 cases with total valuation of RMB640,236,600	31 cases with total valuation of RMB2,602,686,200
Land valuation business	69 cases with total valuation of RMB8,291,385,000	15 cases with total valuation of RMB7,222,987,700	11 cases with total valuation of RMB6,304,099,800
Real estate valuation business	1,808 cases with total valuation of RMB15,831,911,100	2,464 cases with total valuation of RMB16,798,839,200	2,030 cases with total valuation of RMB20,601,060,200
Total number of cases	1,942	2,508	2,072

Zhuhai Rongzheng ranks amongst the top five in Zhuhai's valuation industry in terms of the indicators such as operating income and the market value of valued assets, and its comprehensive strength ranks among the best in Zhuhai's valuation industry.

(ii) Whether the valuation firm and professional(s) conducting the property valuations in December 2022 and May 2023 have any professional accreditations, as well as experience undertaking valuation of similar assets for other entities listed in China; and

Company Response:

Please refer to the professional accreditations of Zhuhai Rongzheng as stated in the response at (i) above. Zhuhai Rongzheng has the following experience undertaking valuation of similar assets for other entities listed in China including, amongst others:

- (a) the land mortgage valuation of a parcel of residential land for a subordinate company of Zhuhai Huafa Properties Co., Ltd (珠海华发实业股份有限公司) (“**Huafa**”), a company listed on the Shanghai Stock Exchange (the “**SSE**”), which was completed in March 2023;
- (b) the valuation of the first-year market monthly rent of the property located in the Gechuang • Xingu (格创 • 芯谷) project involved in the proposed lease for a subordinate company of Gree Real Estate Co., Ltd (格力地产股份有限公司), a company listed on the SSE, which was completed in March 2023;
- (c) the replacement cost project (重置成本项目) involved in the proposed compensation for demolition and relocation of the 2# service center and its supporting facilities located in the North Hengqin Bridge Interchange (District 1) for a subordinate company of Huafa, which was completed in September 2021; and
- (d) the valuation of the real estate market value of the Hengqin International Tennis Center Commercial Plaza, Phase I with construction area of 15,796.16 square meters for a subordinate company of Huafa, which was completed in December 2019.

The professionals who conducted the property valuations are Xiong Jianshe (熊建设), He Min (贺民), Zheng Qiaoqing (郑巧清) and Yao Shan (姚珊). Each of Xiong Jianshe (熊建设), He Min (贺民) and Zheng Qiaoqing (郑巧清) is a qualified Land Valuer (土地估价师) and registered Real Estate Appraiser (房地产估价师), and Yao Shan (姚珊) is a registered Real Estate Appraiser (房地产估价师). They have experience undertaking valuations of similar assets in China.

(iii) The name of the valuation professional(s) for the 2 relevant periods.

Company Response:

The valuation professionals for the property valuation in December 2022 are Xiong Jianshe (熊建设) and He Min (贺民), and the valuation professionals for the property valuation in May 2023 are Zheng Qiaoqing (郑巧清) and Yao Shan (姚珊).

Query 2

We note that the valuer had adopted “market comparison and income approach” for the valuation and the decline in value is due to “adverse market conditions, as well as a discount factor applied due to bulk sales”.

(i) Please tabulate the comparative quantitative assumptions that were used by the valuer which resulted in the changes in the valuation;

Company Response:

For the Clubhouse		
	Income approach	
Parameter	As at December 2022	As at May 2023
Rental income (RMB/m ²)	81	80
Maintenance fees (RMB/m ²)	22	37
Insurance (RMB/m ²)	3.08	5.18
Income period (year)	24.6	24.2
	Market comparison	
Parameter	As at December 2022	As at May 2023
Conditions	Other parameters remain the same except for the conditions.	

For the Hotel		
	Income approach	
Parameter	As at December 2022	As at May 2023
Rental income (RMB/m ²)	62	61
Maintenance fees (RMB/m ²)	23	38
Insurance (RMB/m ²)	3.22	5.32
Income period (year)	24.6	24.2
	Market comparison	
Parameter	As at December 2022	As at May 2023
Conditions	Other parameters remain the same except for the conditions and different in age of the Properties.	

- (ii) **Please substantiate the Company's statement on adverse market conditions with data between 31 December 2022 and 31 May 2023. Please disclose details of the comparable transactions examined by the valuer (including but not limited to address, land area, land tenure, sale consideration and date) that resulted in the significant fall in valuation and whether the valuation is within the market range; and**

Company Response:

China's economic recovery is slowing down. The domestic effective demand is insufficient and the endogenous driving force for production, investment and consumption recovery is weak. The improvement of the domestic industrial economy was not as good as expected – the growth rate of consumption and investment both declined, the sharp drop in exports weakened the support for the economy, the performance of financial data was poor, and the demand for effective financing weakened. At the same time, the internal and external environments China faces are still complex and changeable. As the foundation for economic recovery is still not solid and external demand continues to weaken, China faces challenges to its future economic recovery.

Industrial added value increased by 3.5% year-on-year, which was lower than market expectations, and industrial demand performance was still sluggish; retail sales of social consumer goods increased by 12.7% year-on-year, a decrease of 5.7% from April 2023, and the endogenous power was insufficient; fixed asset investment increased by 4% year-on-year, a decrease of 0.7% compared with January to April 2023, and private investment continued to decline; in May 2023, CPI rose by 0.2% year-on-year and fell by 0.2% month-on-month, which indicates that the consumer demand of residents was sluggish; PPI fell by 4.6% year-on-year; in US dollar terms, exports declined by 7.5% year-on-year and a decrease of 16% from April 2023, while imports declined by 4.5% year-on-year; private financing decreased by RMB1.31 trillion year-on-year which is lower than market expectations, while RMB loans decreased by RMB617.3 billion year-on-year which is also lower than market expectations.

According to the data on the national real estate market from January to May 2023 that was released by the National Bureau of Statistics of China (国家统计局)¹, the investment in real estate development decreased by 7.2% year-on-year, the sales area of commercial properties decreased by 0.9% year-on-year, the area of commercial properties for sale increased by 15.7% year-on-year, the paid-in investment of real estate developers decreased by 6.6% year-on-year, and the real estate development prosperity index was 94.56 which is a relatively low level of prosperity.

There have been no major commercial real estate transactions in Zhuhai in recent years, and the valuation has fallen by approximately 4% as compared to December 2022, which is generally in line with the market trend. In the valuation of the Properties, taking into account the special circumstances such as the large area of the valuation object, the high purchase quantum, and the need to package and sell the Properties as a whole, the discount coefficient of the market value is taken as 0.9, which is reasonable after analysis.

¹ National Bureau of Statistics of China (国家统计局), accessed 19 June 2023, http://www.stats.gov.cn/sj/zxfb/202306/t20230615_1940629.html

National Bureau of Statistics of China (国家统计局) has not consented to the inclusion of the above information in this announcement and is therefore not liable for the relevant information under the Securities and Futures Act 2001 of Singapore. While the Directors have taken reasonable care to ensure that the information is extracted accurately and fairly, and has been included in this announcement in its proper form and context, they have not independently verified the accuracy of the relevant information.

Please also refer to the following websites for further information:

- <https://new.qq.com/rain/a/20230601A01G2J00>
- <https://finance.sina.com.cn/money/fund/fundzmt/2023-06-01/doc-imyvsywz0080758.shtml>
- <https://finance.sina.com.cn/money/fund/fundzmt/2023-06-16/doc-imyxpany4563001.shtml>
- <https://stock.stockstar.com/JC2023061600030587.shtml>
- <https://stock.stockstar.com/JC2023061600030585.shtml>

(iii) Please quantify the discount factor and explain how the discount applied is on normal commercial terms and not prejudicial to the Company.

Company Response:

The discount factor is 0.9, and the Valuation Reports serve only as a guide for the Company on the value of its assets. Based on the commercial reasons which have already been disclosed in the Sale of Properties Announcements, the Board is of the view that the sale is on a willing-buyer willing-seller basis, and not prejudicial to the Company.

BY ORDER OF THE BOARD

Ngiam Mia Hai Bernard
Director
20 June 2023