

**IPC CORPORATION LTD
AND ITS SUBSIDIARIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT
FOR THE 6 MONTHS ENDED
30 JUNE 2021**

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE 2021**

	Notes	Group 6 months ended 30 June		%
		2021 S\$'000	2020 S\$'000	
Sales	3	1,308	509	NM
Cost of sales		(1,556)	(1,181)	31.8
Gross profit/(loss)		(248)	(672)	(63.1)
Other income	5	412	389	5.9
Other gains/(losses), net	5	(2,566)	(18,989)	(86.5)
Expenses	5			
Distribution and marketing		(149)	(122)	22.1
Administrative		(1,809)	(2,213)	(18.3)
Finance		(310)	(289)	7.3
		(2,268)	(2,624)	(13.6)
Profit/(loss) before income tax		(4,670)	(21,896)	(78.7)
Income tax credit/(expense)	6	(48)	-	NA
Total profit/(loss)		(4,718)	(21,896)	(78.5)
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Currency translation gain/(loss) arising from consolidation		1,357	1,463	(7.2)
Items that will not be reclassified subsequently to profit or loss:				
Financial assets, at FVOCI – equity investments				
- Fair value gain/(loss)		364	245	48.6
Other comprehensive income/(loss), net of tax		1,721	1,708	0.8
Total comprehensive income/(loss)		(2,997)	(20,188)	(85.2)
Earnings/(losses) per share for profit/(loss) attributable to equity holders of the Company				
(cents per share)				
- Basic		(5.53)	(25.67)	
- Diluted		(5.53)	(25.67)	

NM: Not meaningful (change more than 100%)

NA: Not applicable

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Notes	Group		Company	
		30 Jun 2021	31 Dec 2020 (Audited)	30 Jun 2021	31 Dec 2020 (Audited)
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		7,166	8,099	2,203	3,607
Trade and other receivables		578	754	153	169
Properties developed for sale	12	10,826	11,040	–	–
Properties held for sale	12	1,786	2,526	–	–
Other assets		41	45	–	–
		20,397	22,464	2,356	3,776
Non-current assets					
Financial assets, at FVPL	9	2,702	4,352	2,702	4,352
Financial assets, at FVOCI	10	1,393	1,334	–	–
Prepayment		23	37	–	–
Investment in associated companies		–	–	–	–
Investment in subsidiaries		–	–	63,304	61,449
Property, plant and equipment		47,099	46,709	893	999
		51,217	52,432	66,899	66,800
Total assets		71,614	74,896	69,255	70,576
LIABILITIES					
Current liabilities					
Trade and other payables		1,930	2,141	112	244
Current income tax liabilities		–	11	–	–
Lease liabilities		214	285	214	285
Borrowings	13	4,912	5,201	–	–
		7,056	7,638	326	529
Non-current liabilities					
Lease liabilities		7	8	7	8
Borrowings	13	3,953	3,655	–	–
		3,960	3,663	7	8
Total liabilities		11,016	11,301	333	537
NET ASSETS		60,598	63,595	68,922	70,039
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		(1,008)	(2,365)	–	–
Fair value reserve		(892)	(1,486)	–	–
Retained earnings		29,308	34,256	35,732	36,849
Total equity		60,598	63,595	68,922	70,039

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2021**

	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
2021					
As at 1 January	33,190	(2,365)	(1,486)	34,256	63,595
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	–	–	–	(4,718)	(4,718)
Transfer upon disposal of financial assets, at FVOCI	–	–	230	(230)	–
Other comprehensive income/(loss) for the period	–	1,357	364	–	1,721
	–	1,357	594	(4,948)	(2,997)
As at 30 June	33,190	(1,008)	(892)	29,308	60,598
2020					
As at 1 January	33,190	(5,608)	(2,357)	62,685	87,910
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	–	–	–	(21,896)	(21,896)
Other comprehensive income/(loss) for the period	–	1,463	245	–	1,708
	–	1,463	245	(21,896)	(20,188)
As at 30 June	33,190	(4,145)	(2,112)	40,789	67,722

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2021**

	Share capital	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000
2021			
As at 1 January	33,190	36,849	70,039
Total comprehensive income/(loss) for the period			
Profit/(loss) for the period	–	(1,117)	(1,117)
	–	(1,117)	(1,117)
As at 30 June	33,190	35,732	68,922
2020			
As at 1 January	33,190	81,295	114,485
Total comprehensive income/(loss) for the period			
Profit/(loss) for the period	–	(19,125)	(19,125)
	–	(19,125)	(19,125)
As at 30 June	33,190	62,170	95,360

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 JUNE 2021**

	Group	
	6 months ended 30 June	
	2021	2020
	S\$'000	S\$'000
Cash flows from operating activities		
Profit/(loss) before tax	(4,670)	(21,896)
Adjustments for		
- Depreciation	925	1,140
- Unrealised translation losses/(gains)	(84)	(174)
- Gains on disposal of property, plant and equipment	(76)	-
- Fair value loss/(gain) on financial assets, at FVPL	1,650	17,651
- Write-down on properties held for sale	794	-
- Write-down on properties developed for sale	261	1,487
- Written off of other receivable	1	-
- Interest income	(7)	(24)
- Interest expenses	310	289
	<u>(896)</u>	<u>(1,527)</u>
Change in working capital		
- Other assets	4	(4)
- Properties	220	-
- Trade and other receivables	189	58
- Trade and other payables	(211)	74
Cash generated from/(used in) operations	<u>(694)</u>	<u>(1,399)</u>
Interest received	7	24
Income tax paid, net	(6)	(11)
Net cash provided by/(used in) operating activities	<u>(747)</u>	<u>(1,386)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(344)	(94)
Proceed of disposal of property, plant and equipment	406	-
Proceed of disposal of financial assets, at FVOCI	305	-
Net cash provided by/(used in) investing activities	<u>367</u>	<u>(94)</u>
Cash flows from financing activities		
Interest paid	(310)	(289)
Proceeds from borrowings	618	-
Repayment of borrowings	(824)	(40)
Principal payment of lease liabilities	(173)	(131)
Net cash provided by/(used in) financing activities	<u>(689)</u>	<u>(460)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(1,069)</u>	<u>(1,940)</u>
Cash and cash equivalents at beginning of financial period	8,099	7,440
Effects of currency translation on cash and cash equivalents	136	187
Cash and cash equivalents at end of financial period	<u>7,166</u>	<u>5,687</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2021

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 23 Tai Seng Drive, #06-00, Singapore 535224.

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 and hospitality services.

2. BASIS OF PREPARATION

The condensed interim financial statements for the 6 months ended 30 June 2021 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 annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s. There are no changes in the accounting policies or methods of computation effective for annual periods beginning on or after 1 January 2021.

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 unquoted equity financial assets designated at FVPL
- Note 12 - 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 Administration and Finance Director.

The CODM considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in two primary geographic areas namely China 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 held for trading and investments held for strategic purposes which are included in the “Other” column.

3.1 REPORTABLE SEGMENTS

	Properties	Hotel	Investment	Other	Total
	China	management	Japan	Singapore	
Group	S\$'000	China	S\$'000	S\$'000	S\$'000
6 months ended 30 June 2021					
Revenue and other income					
- external sales	294	1,014	-	-	1,308
- other income	272	19	-	121	412
- inter-segment income	114	-	-	-	114
	680	1,033	-	121	1,834
Cost of revenue and operating expenses	(459)	(1,193)	-	(1,247)	(2,899)
Inter-segment expense	-	(114)	-	-	(114)
Depreciation	(700)	(13)	-	(212)	(925)
Other gains/(losses), net	(256)	(789)	(1,650)	129	(2,566)
Profit/(loss) before income tax	(735)	(1,076)	(1,650)	(1,209)	(4,670)
As at 30 June 2021					
Total assets	57,998	4,473	2,702	6,441	71,614
Total assets include:					
Additions to:					
- property, plant and equipment	-	8	-	436	444
Total liabilities	9,064	818	-	1,134	11,016
6 months ended 30 June 2020					
Revenue and other income					
- external sales	-	509	-	-	509
- other income	222	14	-	153	389
- inter-segment income	131	-	-	-	131
	353	523	-	153	1,029
Cost of revenue and operating expenses	(198)	(970)	-	(1,497)	(2,665)
Inter-segment expense	-	(131)	-	-	(131)
Depreciation	(696)	(209)	-	(235)	(1,140)
Other gains/(losses), net	(1,449)	(38)	(17,651)	149	(18,989)
Profit/(loss) before income tax	(1,990)	(825)	(17,651)	(1,430)	(21,896)
As at 30 June 2020					
Total assets	62,940	3,273	5,269	7,168	78,650
Total assets include:					
Additions to:					
- property, plant and equipment	68	6	-	20	94
Total liabilities	8,523	775	-	1,630	10,928

Revenue from major products and services

Revenue from external customers are derived mainly from the sale of properties and hotel management. All the revenue are recognised at a point in time.

	Group	
	6 months ended 30 June 2021	2020
	S\$'000	S\$'000
Properties	294	-
Hotel management	1,014	509
	1,308	509

3.1 REPORTABLE SEGMENTS (continued)

Geographical information

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

- Singapore - the Group is headquartered in Singapore and has operations in Singapore. The operations in this area are principally investments held for trading and investments held for strategic purposes.
- China - the operations in this area are principally property investment, property development and hotel management.

	<u>Group</u>	
	<u>Sales</u>	
	6 months ended 30 June	
	2021	2020
	S\$'000	S\$'000
China	1,308	509

4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	<u>Group</u>		<u>Company</u>	
	30.6.21	31.12.20	30.6.21	31.12.20
	S\$'000	S\$'000	S\$'000	S\$'000
		(Audited)		(Audited)
Financial assets, at FVPL	2,702	4,352	2,702	4,352
Financial assets, at FVOCI	1,393	1,334	-	-
Financial assets, at amortised cost	7,588	8,723	2,356	3,776
Financial liabilities, at amortised cost	11,016	11,290	333	537

5. PROFIT/(LOSS) BEFORE INCOME TAX

5.1 SIGNIFICANT ITEMS

	<u>Group</u>	
	6 months ended 30 June	
	2021	2020
	S\$'000	S\$'000
Other income		
Interest income	(7)	(24)
Rental income (on operating leases)	(283)	(232)
Government grant income - Jobs Support Scheme	(98)	(97)
Others	(24)	(36)
Expense		
Depreciation	925	1,140
Interest expenses	310	289
Other (gains)/losses		
Foreign exchange losses/(gains), net	(64)	(149)
Fair value loss/(gain) on financial assets, at FVPL	1,650	17,651
Write-down on properties held for sale	794	-
Write-down on properties developed for sale	261	1,487
Written off of other receivable	1	-
Gain on disposal of property, plant and equipment	(76)	-

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	
	2021 S\$'000	2020 S\$'000
Current income tax expense	48	-

7. NET ASSET VALUE

	<u>Group</u>		<u>Company</u>	
	30.6.21	31.12.20 (Audited)	30.6.21	31.12.20 (Audited)
Net asset per ordinary share	S\$0.71	S\$0.75	S\$0.81	S\$0.82

8. SHARE CAPITAL

	<u>No. of ordinary shares</u> Issued share capital '000	<u>Amount</u> Share capital S\$'000
<u>Group and Company</u> 30 June 2021		
Beginning and end of financial period	85,292	33,190
31 December 2020		
Beginning and end of financial year	85,292	33,190

The Company do not hold any treasury shares as at 30 June 2021 and 31 December 2020.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

9. FINANCIAL ASSETS, AT FVPL

	<u>Group and Company</u>	
	30.6.21 S\$'000	31.12.20 (Audited) S\$'000
Financial assets, at FVPL		
Unquoted investments		
- equity investments - Asia Pacific	2,702	4,352

10. FINANCIAL ASSETS, AT FVOCI

	<u>Group</u>	
	30.6.21 S\$'000	31.12.20 (Audited) S\$'000
Financial assets, at FVOCI		
Quoted investments		
- equity investments – United States	1,393	1,334

11. 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>				
30 June 2021				
Assets				
Financial assets, at FVPL				
- Equity investments	-	-	2,702	2,702
Financial assets, at FVOCI				
- Equity investments	1,393	-	-	1,393
Total assets	1,393	-	2,702	4,095
31 December 2020				
Assets				
Financial assets, at FVPL				
- Equity investments	-	-	4,352	4,352
Financial assets, at FVOCI				
- Equity investments	1,334	-	-	1,334
Total assets	1,334	-	4,352	5,686
<u>Company</u>				
30 June 2021				
Assets				
Financial assets, at FVPL				
- Equity investments	-	-	2,702	2,702
Total assets	-	-	2,702	2,702
31 December 2020				
Assets				
Financial assets, at FVPL				
- Equity investments	-	-	4,352	4,352
Total assets	-	-	4,352	4,352

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 engaged an independent valuer to determine the fair value. 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 that varied between the valuation reports as at 30 June 2021 and 31 December 2020 are as follows:

	<u>30 Jun 2021</u>	<u>31 Dec 2020</u> <u>(Audited)</u>	<u>Relationship of unobservable</u> <u>inputs to fair value</u>
Discount rate	9.1%	10.1%	The higher the discount rate, the lower the fair value
Terminal growth rate	0.5%	0.4%	The higher the terminal growth rate, the higher the fair value
Discount on lack of control, marketability and projected growth	45%	40%	The higher the discount, the lower the fair value
Revenue growth rate	15.9% - 108%*	15.4% - 73.5%*	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

* The revenue for the period under review and the actual revenue achieved in FY2020 has declined as a result of the COVID-19 pandemic. Future forecast of revenue growth has taken into account this decline in revenue, which resulted in a significantly lower base year cash flows. As the revenue growth rate is projected upon the base year cash flows, this resulted in the significant range of the revenue growth rate projected. It is assumed that the operations will recover from the COVID-19 from year 2023 onwards.

** Market multiples fell into a negative range which makes it Not Applicable.

12. PROPERTIES RELATED ASSETS

	30.6.21	<u>Group</u> 31.12.20 (Audited) S\$'000
	S\$'000	S\$'000
Properties developed for sale	10,826	11,040
Properties held for sale	1,786	2,526
Property, plant and equipment	46,184	45,689

The Group has engaged an independent valuer to perform valuations to determine the realisable values of properties developed for sale and properties held for sale and the recoverable amounts of the certain right-of-use assets relating to a prepaid leasehold land acquired under leasing arrangement and certain buildings and improvements classified within property, plant and equipment, to determine whether any write-down or impairment was required during the period and as at the year end.

The realisable values and recoverable amounts were determined using an average of the direct comparison method and income method for properties developed for sale and property, plant and equipment. The realisable value of properties held for sale for the period under review was determined using by the income method (31 Dec 2020: 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. Based on the valuations, the management concluded that the total write-down of S\$0.261 million was required for properties developed for sale (Note 5.1) and total write-down of S\$0.794 million was required for properties held for sale (Note 5.1) for the 6 months ended 30 June 2021.

The following table presents key inputs that were used to determine the impairment of properties developed for sale, properties held for sale and properties, plant and equipment:

<u>Description</u>	<u>Inputs</u>	<u>Range of inputs</u>		<u>Relationship of inputs to value</u>
		<u>30.6.2021</u>	<u>31.12.2021</u> (Audited)	
Properties developed for sale and Properties held for sale	Capitalisation rate	5.0% - 5.5%	5.0% - 5.5%	The higher the capitalisation rate, the lower the value
	Rental growth rate	2.0% - 2.5%	2.5% - 3.5%	The higher the rental growth rate, the higher the value
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

13. BORROWINGS

	30.6.21	<u>Group</u> 31.12.20 (Audited) S\$'000
	S\$'000	S\$'000
<i>Current</i>		
- Bank borrowings (secured)	4,912	5,201
<i>Non-current</i>		
- Bank borrowings (secured)	3,953	3,655
	8,865	8,856

Bank borrowings were secured by pledge of certain prepaid leasehold land (Note 12) and certain buildings (Note 12) in Zhuhai, China.

14. 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.

	30.6.21	<u>Group</u>	31.12.20 (Audited)
	S\$'000		S\$'000
Guarantee given to banks for mortgage facilities	49		53

15. SEASONAL OPERATIONS

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

16. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Prepaid leasehold land presented separately on the statement of financial position in previous financial year has been reclassified as prepaid leasehold land under property, plant and equipment to properly reflect its nature.

The effect of the above reclassification is summarised as follows:

	Previously reported 31.12.20 (Audited) S\$'000	<u>Group</u>	After reclassification 31.12.20 S\$'000
<u>Condensed interim statement of financial position</u>			
Prepaid leasehold land	19,446		-
Properties, plant and equipment	27,263		47,099
	Previously reported 6 months ended 30.6.20 S\$'000	<u>Group</u>	After reclassification 6 months ended 30.6.20 S\$'000
<u>Condensed interim consolidated statement of comprehensive income and condensed interim consolidated statement of cash flows</u>			
Amortisation of prepaid leasehold land	228		-
Depreciation	912		1,140

OTHER INFORMATION

1. Review

The condensed interim consolidated statement of financial position of Company and its subsidiaries as at 30 June 2021 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\$1.308 million for the 6 months ended 30 June 2021 compared to S\$0.509 million for the previous corresponding financial period. The increase in sales was mainly due to the sales of the properties developed for sale in Zhuhai, China and the increase in the hotel revenue from Grand nest HOTEL zhuhai, China.

The Group recorded a gross loss of S\$0.248 million compared to S\$0.672 million of the previous corresponding financial period. The decrease in gross loss for the financial period under review was in tandem with the increase in sales revenue.

The other losses for the 6 months ended 30 June 2021 was mainly due to the fair value loss of S\$1.650 million on financial assets, at FVPL from the Group's preference shares investment in NHJC, Japan and the write-down of S\$1.055 million on the properties developed for sale and properties held for sale in China.

As a result, the Group recorded a loss before income tax of S\$4.670 and a total loss after tax of S\$4.718 million for the 6 months ended 30 June 2021.

Explanation Note:

Consolidated statement of comprehensive income

1. Gross profit/(loss)
The decrease in gross loss for the financial period under review was mainly due to the increase in the hotel revenue from Grand nest HOTEL zhuhai, China.
2. Other gains/(losses), net
The decrease in other losses was mainly due to the decrease in fair value loss on financial assets, at FVPL which relates to the Group's preference shares investment in NHJC, a company incorporated in Japan, and the decrease in the write-down on the properties developed for sale in Zhuhai, China and the write down on the properties held for sale in China.
3. Distribution and marketing expense
The increase was mainly due to marketing cost incurred in the operations of Zhuhai, China.
4. Administrative expense
The decrease was mainly due to cost cutting measures implemented, including all the executive directors who have volunteered to take a 20% reduction in their remuneration for the period under review.
5. Depreciation
The decrease was mainly due to some of property, plant and equipment were fully depreciated and some disposals during the financial period under review compared with the previous corresponding financial period.
6. Other income
 - The decrease in interest income was mainly due to lesser fixed deposits and lower fixed deposit interest.
 - The increase in rental income was due to higher rental income from Zhuhai, China.
 - The decrease in others was mainly due to lesser other income received in Singapore.
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.

2. Review of performance of the Group (Continued)
Explanation Note: (Continued)

Group's statement of financial position

- (i) The decrease in cash and cash equivalents was mainly used in operating activities.
- (ii) The decrease in trade and other receivables was mainly due to collection of debts from the operations in Zhuhai, China.
- (iii) The decrease in properties held for sale was due to the write-down in properties held for sale in China.
- (iv) The decrease in the financial assets, at FVPL was due to the fair value loss on preference shares investment in NHJC, Japan.
- (v) The decrease in prepayment was mainly due to the utilisation of the prepayment from the operations in Zhuhai, China.
- (vi) The decrease in trade and other payables was mainly due to repayment during the financial period.
- (vii) The decrease in current income tax liabilities was due to payment during the financial period.
- (viii) The decrease in lease liabilities was mainly due to repayment during the financial period.

Consolidated statement of cash flows

- (i) The net cash used in operating activities was mainly related to the loss from operations.
- (ii) The increase in borrowings was for the operations of the Grand nest HOTEL zhuhai, 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 paragraph 10 of the Group's previous results announcement (Q4 FY2020) 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

In Japan, NHJC opened 2 new hotels in April this year under its management, namely Nest Hotel Naha Kumoji, Okinawa has 120 rooms, and Bespoke Hotel Sapporo, Hokkaido has 125 rooms. In total there are 17 hotels under NHJC's management and 1 new hotel in the pipeline.

Due to the pandemic, one hotel in Osaka has its operation temporarily suspended from 18 April, and expected to be reopened for business on or about 5 August 2021. With the ongoing spike in infections in Japan, the business of NHJC remains negatively impacted.

Notwithstanding the improved operating performance of Grand nest HOTEL zhuhai, in the 1st half of FY2021 as compared with the same period of FY2020, the business is still not back to the level of FY 2019. This was because of the sporadic COVID-19 infection cases in different cities within China during the period under review, which resulted in many conferences being rescheduled or cancelled. Consequently, a negative bearing on our overall MICE business.

The Group expects another challenging year for the business of Grand nest HOTEL zhuhai, for the 2nd half of FY2021.

The Group will stay focused on mitigating the negative impact resulting from COVID-19 on its operations and business.

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/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded 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 2021 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

30 July 2021

BY ORDER OF THE BOARD

Lauw Hui Kian
Director

30 July 2021