THE PLACE HOLDINGS LIMITED

(Company Registration Number: 200107762R)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES ON THE UNAUDITED FINANCIAL RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2020

The board of directors (the "**Board**" or the "**Directors**") of The Place Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the queries from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") raised on 11 March 2021 on its unaudited full-year results for the financial year ended 31 December 2020 which was announced on 28 February 2021. The Company sets out its responses to the queries raised by the SGX-ST below:

Question #1:

It is noted that the Company has a net cash outflow from operating activities of S$20,534,000 and a net profit of S$309,000 for the financial year ended 31 December 2020. Please explain why the Company is unable to generate net cash inflow from its operating activities, despite the Company's net profit position for the financial period/year.

Response to Question #1:

The reason for net cash outflow from the Company's operating activities is due to cash paid for development properties amounting S$22,054,000. Development properties are recognized as a part of the Group's operating activities and are thus categorized under cashflow from operating activities.

Question #2:

(a) Please provide the reason(s) for the significant trade and other payables of S$23,409,000 when the Group recorded a cash and cash equivalent of S$73,030,000 as at 31 December 2020.

(b) Please disclose a breakdown of trade and other payables amounting to S$23,409,000 as at 31 December 2020. For other payables, please disclose the identity of the counterparties, the aging and nature of these other payables.

Response to Question #2:

(a) Trade and other payables comprise mainly advances from Sun Card Limited for its 49% shareholding in the acquisition of the development at 15 Enggor Street, Realty Centre, Singapore 079716 (the "**Realty Centre**"). As at 31 December 2020, S$34,275,000 had been paid for the acquisition of Realty Centre and the advance from Sun Card Limited was S$16,676,000 (FY2019: S$5,799,000).

(b) The breakdown of trade and other payables as at 31 December 2020 is as follows:

	FY2020 (S$'000)	FY2019 (S$'000)
Advance from Sun Card Limited	16,676	5,799
Other payables due to related party (trade)	44	-
Other payables due to related party (non-trade)	4,546	-
Share subscription capital owing to joint venture	800	-
Accrued operating expenses	382	441
Other payables	887	287
Other tax payables	74	121
	23,409	6,648

Investment in joint venture pertains to the Group acquiring a 20% stake in MCC Land (TMK) Pte. Ltd. which is involved in the development of the site at Tanah Merah Kechil Link (the "**Tanah Merah Kechil Development**") on 30 December 2020. As at 31 December 2020, the capital injection for the Group's 20% stake in MCC Land (TMK) Pte. Ltd. for the Tanah Merah Kechil Development had not been paid.

Other payables due to related party (non-trade) arose from Tianjie Yuntai Wanrun (Xiuwu) Property Development Co., Ltd ("**Wanrun**"). They pertained to land-related costs paid on behalf by Jingneng Tianjie Yuntaishan Investment Co., Ltd.

Question #3:

It is stated that, "A reclassification was made to reclass payments made for the acquisition of Realty Centre from deposits to development properties, to enhance comparability with the current year's financial results." Development Properties is reflected in the Balance Sheet under current assets, amounting to S$47,625,000.

Please clarify how is Development Properties a current asset and whether it should have been classified as non-current assets under the relevant financial reporting standard.

Response to Question #3:

Development properties were classified under current assets in accordance with SFRS 1 paragraph 66(a) where it is expected to be realized, with intention to sell or consume, in the normal operating cycle.

Question #4:

It is stated that Cost of sales amount to a positive S$41,000 for the Group's 6 months ended 31 December 2020. It is also stated that, "The positive cost of sales for 2H20 was due to an adjustment on over-accrual during the year."

Please elaborate and disclose what does Cost of sales comprise of for the 6 months and 12 months ended 31 December 2020.

Response to Question #4:

For FY2020, due to the impact of Covid-19, the revenue arises from management services provided. Under the contractual arrangement of such management services, the actual cost will only be determined at the year end. As such, management will estimate and accrue the cost of sales on a monthly basis before revising at the year end. Cost of sales comprises manpower costs, electricity and utility costs, etc. The variation in the actual Cost of sales from our estimate is due to decrease in manpower costs.

Question #5:

It is stated that finance costs for the FY2020 amounts to S$910,000 (FY2019: S$46,000). It is also stated that, “The increase in net finance costs was mainly due to interest expenses incurred in the acquisition of Realty Centre, coupled with interest expenses arose mainly from the adoption of SFRS (I) 16 Leases.”

However, the recorded finance costs is not accompanied with any loans or borrowings. Please elaborate on the Finance Costs and provide a breakdown, if necessary.

Response to Question #5:

Due to the Covid-19 situation, the construction sector in Singapore came to a standstill and the plans to redevelop the Realty Centre were put on hold. The finance costs of S$592,000 is due to interest expenses paid to the vendors for the Realty Centre for the delay in handover. The remaining finance costs are interest expenses arose mainly from the adoption of SFRS (I) 16 Leases.

By Order of the Board

Ji Zenghe
Executive Chairman

18 March 2021