THE PLACE HOLDINGS LIMITED
(Company Registration Number: 200107762R)
(Incorporated in the Republic of Singapore)

RESPONSES TO THE SGX-ST'S QUERIES RAISED ON 13 MARCH 2023 ON THE UNAUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The board of directors (the "**Board**") of The Place Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 13 March 2023 in relation to the Company's unaudited full year financial statements for the financial year ended 31 December 2022.

The Company sets out its responses to the queries raised by the SGX-ST below:

Query 1:

On page 15 of the unaudited financial statements, it is disclosed that "The remaining loan of S$3,600,000 is secured by corporate guarantee from a related party, in which certain directors of the Company have controlling interests. The loan bears interest at 4% per annum and is repayable by 20 December 2023. As the net asset value of the guarantor falls below the loan amount, impairment loss of S$1,888,000 was provided during the financial year.". Please disclose:

(a) the background of providing such loans to third parties;

(b) the identity of the third party to whom the loan was provided;

(c) the related party who provided the corporate guarantee;

(d) the Company's plans to recover the loan to third parties;

(e) the actions taken to recover these loan to third parties; and

(f) the Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the loan to third parties.

The Company's response to Query 1:

(a) On 20 December 2017, a loan agreement of S$3,600,000 was entered between Billion Sight Holdings Limited ("**Billion Sight**") and the Company (the "**Loan Agreement**"). Billion Sight is a working partner of Beijing Aozhong Shimao Wuye Management Co., Ltd. ("**BJ Shimao Wuye**") Subsequently, renewal agreements for one (1) year each had been entered into with Billion Sight.

(b) The borrower under the loan is Billion Sight. Billion Sight is a limited liability company incorporated in Hong Kong.

(c) BJ Shimao Wuye is the related party who provided the corporate guarantee. BJ Shimao Wuye is 100% jointly owned by Mr Ji Zenghe and Mr Fan Xianyong. Mr Ji and Mr Fan are responsible for the recoverability of the loan. Mr Ji is the Chairman of the Company while Mr Fan is the Executive Director and Chief Executive Officer of the Company.

(d) The Company had discussed on the repayment of the loan with Billion Sight and BJ Shimao Wuye. Billion Sight and BJ Shimao Wuye will repay S$2,000,000 before 30 June 2023, of which Billion Sight had repaid HKD5,000,000 (equivalent to S$862,158) on 9 March 2023. Upon the repayment of S$2,000,000, the liquidity position of BJ Shimao Wuye as at 31 December 2022 will be able to cover the remaining loan amount.

(e) Nevertheless, Mr Ji and Mr Fan are responsible for the recoverability of the loan by 2024. To date, Billion Sight and BJ Shimao Wuye had committed to repay S$2,000,000 before 30 June 2023.

(f) In accordance with SFRS(I) 9, several factors were taken into consideration prior to provision of impairment for the loan. These factors are:

(i) Long outstanding loan with no prior principal repayment;

(ii) FY2021 and FY2022 interest being outstanding as at 28 February 2023;

(iii) Liquidity position of BJ Shimao Wuye as at 31 December 2022 was lower than the loan amount; and

(iv) The agreed-upon repayment plans.

After taking into account the above factors, the Board is of the view that the methodologies used to determine the value of the impairment of the loan to third parties is reasonable.

Query 2:

On page 23 of the unaudited financial statement, it is disclosed that "Due to global uncertainties and increasing interest rates, the proceeds of disposal are expected to be lower than the carrying amount of the related net assets and accordingly impairment loss of approximately S$5,780,000 has been recognized on the classification of this disposal group as held for sale."

(a) Please explain why the Company is divesting the mixed development at Realty Centre at a loss when significant investments were made only in FY2021;

(b) Please clarify how the amount of proceeds of disposal in determining the impairment loss is being arrived at;

(c) Please disclose details of any transaction entered into by the Company in respect of the disposal of Realty Centre, including whether this disposal will constitute an interested party transaction under Chapter 9 requirements; and

(d) Please disclose the Board's opinion on the reasonableness of the methodology used to determine the value of the impairment of the assets held for sale, including its computations.

The Company's response to Query 2:

(a) The Company would like to clarify that the tender for Realty Centre was awarded in May 2019 but due to certain delays, the transaction was only completed in April 2021. Over the span of these few years, market conditions had changed. After management's assessment, considering 2 rounds of government property cooling measures, rising cost of construction and cost of borrowings amidst the COVID-19 pandemic, the Company decided to divest the mixed development at Realty Centre.

Furthermore, this will free up more resources for other business opportunities. The Company intends to channel part of its freed cashflow into the collaboration with Stellar Lifestyle Pte Ltd.

(b) The impairment loss of S$5,780,000 arises from the Group's loss on this divestment. The impairment loss on the disposal group is calculated on the basis of de-consolidation or disposal of the subsidiary which holds Realty Centre as its sole asset, in view of negotiations with the prospective buyer with the intention to acquire the entire shareholding in such subsidiary from the Company and non-controlling shareholders free of encumbrances. The expected proceeds are estimated after deducting costs of disposal and repayment of bank loan.

(c) As the buyer is not a related party, this transaction does not constitute an interested person transaction under Chapter 9 of the Listing Manual. However, as this will be considered a significant transaction under Chapter 10 of the Listing Manual, the relevant announcement will be made once the binding term sheet is signed.

(d) The Board is of the view that the methodology used to determine the value of the impairment of the assets held for sale, including its computation, is reasonable.

Query 3:

*On page 22 of the unaudited financial statements, it is disclosed that "For FY2022 and second half of year 2022 ("**2H22**"), the Group's revenue was solely contributed by its integrated media-related business unit, which was affected by the COVID-19 pandemic as there were lesser marketing activities and branding events by customers.". Please explain why the percentage decrease in the cost of sales was not in line with the percentage decrease in revenue.*

The Company's response to Query 3:

The Group's revenue streams for media are:

(a) Revenue earned from management services provided; and

(b) Events management revenue.

Due to restrictions and controls in China since the COVID-19 pandemic, there were few large scale events held. For the Company's media-related subsidiary, there was only revenue earned from management services in FY2022 and no revenue was earned from event management. Unlike event management, although management services command a higher profit margin, they have a fixed base cost. Thus, with decreasing revenue, a situation in which the percentage decrease in the cost of sales was not in line with the percentage decrease in revenue arose.

Query 4:

On page 20 of the unaudited financial statements, it is disclosed that, "The shareholder's loan on development properties pertains to the amount lent to New Vision by noncontrolling shareholders proportionately based on their respective portion of shareholding in New Vision."

It was disclosed on page 8 of the Company's circular dated 22 July 2019 that, it is intended that any future capital injection or loans to JVCo (being New Vision Holding Pte. Ltd.), if required, shall fall within the description in Rules 916(2) and (3) of the Listing Manual. The Company will make timely disclosures via the SGXNET of its capital contributions to JVCo and/or shareholders' loans provided to the JVCo.

Please clarify whether and how the above has been complied with in respect of (i) the Company's capital contributions to JVCo; and (ii) shareholders' loans provided to the JVCo.

The Company's response to Query 4:

The Company had in its circular dated 22 July 2019 (the "**Circular**") informed and obtained shareholders' approval for its total commitment of up to S$75.48 million into the JVCo.

With reference to section 2.1.2 of the Circular, the Company disclosed its wholly-owned subsidiary, The Place Yuntai Investment Pte Ltd ("**TPYI**")'s total commitment of S$75.48 million, which comprises of S$5.1 million of capital commitment and S$70.38 million of shareholders' loans to the JVCo. This was further presented under section 2.4.2 of the Circular where TPYI's total commitment of S$75.48 million was used for the purposes of computation of the relative figures under Rule 1006(c) of the Listing Manual.

Since its Extraordinary General Meeting ("EGM") held on 6 August 2019, the Company's subsequent commitment to the JVCo had never exceeded the total commitment of S$75.48 million. To-date, the Company's total commitment to the JVCo stands at S$42.17 million, comprising of S$1.53 million of capital commitment and S$40.64 million of shareholders' loans.

The Company is of the view that it has complied with the necessary disclosures on capital contributions and shareholders' loans provided.

By Order of the Board

JI ZENGHE
Executive Chairman

17 March 2023