



THE PLACE HOLDINGS LIMITED

(Company Registration Number: 200107762R)

(Incorporated in the Republic of Singapore)

**RESPONSE TO THE SGX-ST'S QUERIES RAISED ON 25 AUGUST 2023 ON THE COMPANY'S
UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30
JUNE 2023**

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 25 August 2023 in relation to the Company’s unaudited interim financial statements for the financial period ended 30 June 2023.

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

Query 1

Please explain the decrease in cost of sales by 32% from S\$41,000 for the six-months period ended 30 June 2022 (“1HFY2022”) to S\$28,000 for the six-months period ended 30 June 2023 (“1HFY2023”) when revenue increased by 27% from 1HFY2022 to 1HFY2023.

The Company's Response to Query 1

The decrease in cost of sales was mainly due to reduction in payroll costs in 1HFY2023 as compared to 1HFY2022.

Query 2

It is disclosed on page 2 of the unaudited financial statements that a reversal of impairment loss on financial asset of S\$945,000 was recorded for 1HFY2023. In this regard, please disclose the following information:

- (i) how the impairment reversal amount of S\$945,000 was determined;
- (ii) details on the financial assets which the reversal of impairment loss pertain to; and
- (iii) the Board’s confirmation as to whether it is satisfied with the reasonableness of the methodologies and assumptions used to determine amount of impairment reversed

The Company's Response to Query 2

- (i) Please refer calculation below on the impairment reversal of S\$945,000

	30 June 2023	31 December 2022
	S\$	S\$
Loan to third parties - Party A	2,000,000	3,888,000
Interest for period ended 30 June 2023	54,658	-
Less: Impairment loss - Party A	-	(1,888,000)
Less: Collections for period ended 30 June 2023	(3,000,000)	-
Add: Reversal of impairment loss on financial asset	945,342	-
	-	2,000,000

- (ii) This is the loan owing by Billion Sight Holdings Limited (“**Billion Sight**”). The Company has entered into a loan agreement of S\$3,600,000 with Billion Sight on 20 December 2017. 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. 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. The Company has received S\$3,000,000 in 1HFY2023. Thus, the Company has reversed S\$945,000 of the impairment loss of S\$1,888,000 incurred in FY2022 as per calculation above.
- (iii) In accordance with SFRS(I) 9, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss has been recognised.

Based on the collections received till date, the Board is satisfied with the reasonableness of the methodologies and assumptions used to determine the amount of reversal of impairment loss on financial asset.

Query 3

It is disclosed on page 12 of the unaudited financial statements that “The loan is secured by corporate guarantee from a related party, a company in which the Chairman and the CEO of the Company have controlling interests. The loan bears interest at 4.00% (2022: 4.00%) per annum and is repayable by 20 December 2023 (2022: by 20 December 2022). The above amount includes interest receivable of \$243,000 (2022: \$288,000). During the financial year, the Company recognised an impairment loss amounting to \$943,000 (2022: \$1,888,000) based on an agreed repayment plan. The loan was done in 2017 and there is no intention to renew the loan when due.”.

It is disclosed in the Company’s response to our queries dated 12 March 2023 that, “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. 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.”.

Please disclose:

- (i) Details regarding the agreed repayment plan;
- (ii) Whether and when Billion Sight and BJ Shimao Wuye had repaid S\$2,000,000 as committed before 30 June 2023;
- (iii) The relationship between Billion Sight and BJ Shimao Wuye, if any;
- (iv) Whether Billion Sight and BJ Shimao Wuye are still in operation;
- (v) The Company’s plans for the recoverability of the loan by 2024;
- (vi) The actions taken to recover these loan to third parties;
- (vii) How the impairment loss amount of S\$943,000 was determined;
- (viii) the Board’s confirmation as to whether it is satisfied with the reasonableness of the methodologies and assumptions used to determine amount of impairment; and
- (ix) the Board’s assessment of the recoverability of the remaining balances from Party A.

The Company's Response to Query 3

- (i) The Company had received S\$3,000,000 as at 30 June 2023 and targets to recover the remaining loan and interest receivables of S\$943,000, which was fully impaired as at 30 June 2023, by end 2023.
- (ii) Please see our response for (i).
- (iii) As disclosed before on 29 March 2023 in our response to SGX query dated 27 March 2023, Billion Sight and BJ Shimao Wuye are working partners and Billion Sight is a tenant at The Place (Beijing) Mall, a shopping mall featuring global chain stores and a massive LED screen canopy with digital animation.
- (iv) Both Billion Sight and BJ Shimao Wuye are still in operation.
- (v) The Company targets to recover the remaining loan and interest receivables of S\$943,000, which was fully impaired as at 30 June 2023, by end 2023.

The Company's Response to Query 3

- (vi) Mr Ji and Mr Fan are responsible for the recoverability of the remaining loan and interest receivables.
- (vii) Please refer to our response in Query 2(i). The impairment loss of S\$943,000 was arrived at after taking into consideration the total outstanding loan and interest receivables, and deducting the total collections as at 30 June 2023.
- (viii) The amount of S\$1,888,000 was provided as an impairment loss in accordance with SFRS(I) 9 for the full year audited Financial Statements 2022. The amount of impairment loss of S\$943,000 was provided on the same basis.

The Board confirmed that they hold the same view that they are satisfied with the reasonableness of the methodologies and assumptions used to determine the value of impairment loss.

- (ix) As BJ Shimao Wuye is the related party who provided the corporate guarantee and BJ Shimao Wuye is 100% jointly owned by Mr Ji and Mr Fan, they are responsible for the recoverability of the loan.

Query 4

It is disclosed on page 12 of the unaudited financial statements that the Company has recognized amount due from a related party (trade) of \$2,387,000 and other receivables – NCI of \$3,000,000 as at 30 June 2023 respectively.

- (i) the identity of the related party and how it is related to the Group;
- (ii) the underlying transactions which gave rise to the amount due from a related party (trade) of \$2,387,000 and other receivables – NCI of \$3,000,000;
- (iii) when these amounts are due for repayment.

The Company's Response to Query 4

- (i) The related party (trade) is Beijing Aozhong Xinye Real Estate Development Co., Ltd. ("**Beijing Aozhong Xinye**"). Beijing Aozhong Xinye is 100% jointly owned by Mr Ji and Mr Fan.

The NCI is Stellar Experience Pte Ltd ("**Stellar**"), a wholly owned subsidiary of SMRT Corporation Ltd.

- (ii) The amount due from Beijing Aozhong Xinye is for the management services performed by Beijing Vast Universe Cultural Communication Co., Ltd ("**BJVU**").

The Company has entered into a joint venture agreement with Stellar in 29 May 2023 and the S\$3,000,000 is the capital injection due from Stellar as of 30 June 2023.

The Company's Response to Query 4

(iii) The amount due from related party (trade) is repayable on quarterly basis.

The amount due from other receivables – NCI will be satisfied according to the terms of the Joint Venture and Shareholders' Agreement as announced on 29 May 2023.

Query 5

It is disclosed on page 12 of the unaudited financial statements that "Prepayments mainly relates to prepaid construction costs for development properties in Mount Yuntai Project amounting to \$3,263,000 (2022: \$3,380,000)."

Please provide a status update on the Mount Yuntai Project.

The Company's Response to Query 5

The change in the prepayments is mainly due to exchange rate fluctuations for the periods ended 31 December 2022 and 30 June 2023.

Due to the current weak property sentiment in PRC and the prolonged impact of Covid-19 on the tourism sector in PRC, the Company is still exploring various options such as possible divestment and/or collaboration with other business partners on Mount Yuntai.

BY ORDER OF THE BOARD

Ji Zenghe
Executive Chairman
29 August 2023