THE PLACE HOLDINGS LIMITED

(Company Registration No.: 200107762R)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF PROPERTY – SUCCESSFUL TENDER BY JOINT VENTURE AND ESTABLISHMENT OF JOINT VENTURE COMPANY – NEW VISION HOLDING PTE. LTD.

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1. INTRODUCTION

The Board of Directors of The Place Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that its joint venture has been successfully awarded the tender for the acquisition by way of collective sale (the "**Proposed Acquisition**") of all the strata units together with the common property comprised in the development known as 15 Enggor Street, Realty Centre, Singapore 079716 (the "**Property**") at the aggregate purchase price of S$148,000,000 (the "**Purchase Price**"). The bid ("**Bid**") was duly accepted by the Collective Sale Committee of the Property on 22 April 2019 (the "**Date of Acceptance**"). The joint venture which was established for the purpose of the Proposed Acquisition is New Vision Holding Pte. Ltd. ("**JVCo**"), a company incorporated in Singapore on 18 April 2019, the shares of which are 51%-owned (5,100 shares) by The Place Yuntai Investment Pte. Ltd. ("**TPYI**"), a wholly-owned subsidiary of the Company, and 49%-owned (4,900 shares) by Sun Card Limited ("**SCL**"), and with a total issued and paid up share capital of S$10,000 as at the date of this Announcement. The directors of the JVCo are Mr. Ji Zenghe, the executive chairman of the Company, and Ms. Tay Ai Li, the financial controller of the Company. Further details of JVCo and SCL are set out in paragraphs 3.2 and 3.3 below.

2. INFORMATION ON THE PROPERTY

Details of the Property are as follows:

Tenure	:	Freehold
Land Area	:	Approximately 1,021.9 square metres
Plot Ratio	:	Approximately 5.6+
Zoning	:	Commercial
Location	:	15 Enggor Street, Singapore 079716 comprised in the whole of Lot 384T of Town Subdivision 3

3. INFORMATION ON THE PARTIES AND JOINT VENTURE IN RESPECT OF THE PROPOSED ACQUISITION

3.1 <u>Information on the Vendors</u>

This is a collective sale of all strata units comprised in the Property. At the time of the Bid, not all the subsidiary proprietors of the strata units ("**Vendors**") had given their consent to the collective sale. Accordingly, the solicitors for the Vendors will be seeking a sale order approving the collective sale of the Property in accordance with the Land Titles (Strata) Act (Chapter 158 of Singapore) (the "**Sale Order**"), and completion of the Proposed Acquisition ("**Completion**") remains conditional upon *inter alia* such Sales Order being obtained (unless the remaining subsidiary proprietors consent to the collective sale).

For the avoidance of doubt, none of the Vendors are "interested persons" of the Company, and the Proposed Acquisition is therefore not an "interested person transaction" under Chapter 9 of the Listing Manual ("**Listing Manual**") of Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

3.2 Information on Joint Venture and SCL

SCL is a Hong Kong corporation in which Mr. Ji Zenghe, the executive chairman of the Company and Mr. Fan Xianyong, an executive director and chief executive officer ("**CEO**”) of the Company, indirectly hold in aggregate a 95% shareholding interest. They are also directors of SCL. No other director or controlling shareholder of the Company has any interest in SCL.

JVCo was established by TPYI and SCL to undertake the Proposed Acquisition and subsequent re-development of the Property. As at the date of this Announcement, JVCo has a total issued and paid up share capital of S$10,000, the shares of which are 51%-owned (5,100 shares) by TPYI, a wholly-owned subsidiary of the Company, and 49%-owned (4,900 shares) by SCL. It is intended that JVCo will fund the Purchase Price and subsequent re-development of the Property through a mix of capital (contributed by TPYI and SCL in direct proportion of their 51%:49% shareholding equity) and external bank borrowings.

Under the terms of the joint venture, TPYI and SCL have committed to provide (a) total initial capital contribution of S$10 million in aggregate (i.e. S$5.1 million from TPYI and S$4.9 million from SCL); and (b) shareholders' loans to JVCo (i.e. up to S$70.38 million from TPYI and up to S$67.62 million from SCL) to enable JVCo to meet its payment obligations to the Vendors in the event JVCo is unable to obtain sufficient external bank borrowings (at all or on terms acceptable to TPYI). In respect of any additional funding which JVCo may require for the redevelopment of the Property, TPYI and SCL have further agreed that JVCo shall obtain external bank borrowings for this purpose, and only if JVCo is unable to obtain sufficient external bank borrowings (at all or on terms acceptable to TPYI) will TPYI and SCL use best endeavours to provide additional capital or shareholders' loans to JVCo in direct proportion of their 51%:49% shareholding equity in JVCo. Such amounts will be mutually agreed between the parties at such time, and TPYI is not obliged to make payment for such contributions if the Company has restrictions under the Listing Manual or any laws and regulations in this regard.

It is expressly agreed in the terms of the joint venture that all risks and rewards of the joint venture shall always be in direct proportion to the equity shareholding of each party, and parties have further agreed that the constitution of JVCo and any other agreements relating to the joint venture shall reflect this principle at all times.

3.3 Joint Venture is an Interested Person Transaction

Under Chapter 9 of the Listing Manual, SCL is considered an associate of Mr. Ji Zenghe, the executive chairman of the Company and Mr. Fan Xianyong, an executive director and CEO of the Company as they indirectly hold in aggregate a 95% shareholding interest in SCL. Hence, the joint venture is an "interested person transaction" within the meaning set out in the Listing Manual.

From 1 January 2019 (being the start of the current financial year ending 31 December 2019) to date, the aggregate value of all of the interested person transactions entered into between the Company and Mr. Ji Zenghe and Mr. Fan Xianyong and their associates (not including the Proposed Acquisition) amount to approximately S$370,797, representing approximately 0.40% of the Group's latest audited net tangible assets ("**NTA**") as at 31 December 2018 (i.e. S$92,896,000). Details of the interested person transaction are as follows:

Description of Transaction	Amount
Beijing Aozhongxingye Real Estate Development Co., Ltd. (Payment of management fee for the management of certain assets of BJ Aozhong Real Estate Development Co., Ltd., including the landmark LED screen located at The Place, Beijing)	S$370,797

From 1 January 2019 (being the start of the current financial year ending 31 December 2019) to date, the aggregate value of all current interested person transactions (not including the Proposed Acquisition) entered into amounts to approximately S$370,797, representing approximately 0.40% in the Group's latest audited NTA as at 31 December 2018 (i.e. S$92,896,000).

The Audit Committee has reviewed the terms of the joint venture and is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and is satisfied that the terms of the joint venture are not prejudicial to the interests of the Company and its minority shareholders. Any equity investment in or loans to the JVCo are and shall be on the same terms for both TPYI and SCL and in proportion to their 51%:49% shareholding equity. Accordingly, pursuant to Rule 916(2) and (3) of the Listing Manual, the Group's equity investment in and loans to the joint venture shall not be subject to Rule 906 of the Listing Manual, which rule would otherwise have required the approval of the shareholders of the Company ("**Shareholders**") to be obtained for the joint venture. It is intended that any future capital injection or loans to JVCo, if required, shall fall within the description in Rules 916(2) and (3) of the Listing Manual.

4. SALIENT TERMS OF THE PROPOSED ACQUISITION

The following are some of the salient terms and conditions contained in the relevant contractual documentation for the Bid (the "**Agreement**"):

4.1 <u>Purchase Price</u>

The Purchase Price of S$148,000,000 for the Proposed Acquisition was arrived at on a willing-buyer and willing-seller basis, as part of a competitive tender process and after taking into account various commercial factors, including without limitation, the location and potential of the Property, its freehold tenure, the Urban Redevelopment Authority's ("**URA**") latest Central Business District ("**CBD**") incentive schemes, prevailing market conditions and market prices of properties in the surrounding area and the Company's assessment of the redevelopment potential of the Property.

The Purchase Price is payable in instalments in the following manner:

(a) a tender fee of S$1,480,000 (the "**Tender Fee**") which has been paid;

(b) an amount of S$5,920,000 (being 5% of the Purchase Price less the Tender Fee) is payable within seven (7) business days from the Date of Acceptance;

(c) an amount of S$7,400,000 (being 5% of the Purchase Price) is payable within seven (7) business days from:

(i) the date a copy of the Sale Order is served on the solicitors for the JVCo; or

(ii) the date of written confirmation by the solicitors for the Vendors that the Sale Order is not required for the collective sale of the Property; and

(d) the balance amount of S$133,200,000 (being 90% of the Purchase Price) is payable on Completion.

Corresponding to its 51% interest in the joint venture, TPYI's share of the Purchase Price is S$75,480,000.[1] The Group intends to fund this amount through its internal resources and bank borrowings.

4.2 Completion and Conditions to Completion

Completion is subject to satisfaction of conditions precedent as set out in the Terms and Conditions of Tender including amongst others:

(a) the Vendors obtaining the Sale Order or if the Vendors shall consent to the collective sale of the Property; and

(b) the Company obtaining the approval of its Shareholders in general meeting (and if required, the SGX-ST) for the purchase of the Property and any other transactions pursuant to the requirements imposed by the Listing Manual or SGX-ST.

Assuming all relevant conditions have been satisfied, completion of the Proposed Acquisition shall take place on the date falling three (3) months after written confirmation by the solicitors for the Vendors that either (i) the Vendors have obtained the Sale Order or (ii) all of the Vendors consent to the collective sale of the Property, whichever is the earlier. The Vendors may by notice extend Completion for a period of up to six (6) months (or such other extended period(s) as may be agreed) by notice if *inter alia* at any time on or before the date of Completion, the sale and purchase of the Property cannot be completed due to certain prescribed circumstances such as legal incapacity of any of the registered proprietors, however, if the relevant issues are not resolved, the Vendors will be entitled to rescind the Agreement and shall refund any deposit monies paid but without any interest or compensation.

Where the Sale Order (if required) is not obtained within 12 months from the date of the Agreement or the court dismisses any application for the Sale Order within 12 months from the date of the Agreement, the Agreement will terminate and any deposit monies (including the Tender Fee) paid shall be refunded without any interest, compensation or deduction whatsoever.

The Property is sold on an "as is, where is" basis and the Vendors shall deliver vacant possession of the Property (including all the strata units in the Property) not later than the expiry of four (4) months from the actual date of Completion.

The Agreement also contains other terms and conditions which are customary or common for sale and purchase transactions of this nature.

5. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION AND JOINT VENTURE

In light of the recently announced CBD incentive scheme by the URA with the intent to rejuvenate the CBD as a 24/7 mixed-use hub for work live and play, the Property lends itself as a suitable candidate within the Anson Road locale to take advantage of the plot ratio uplift and

[1] This amount excludes transaction-related expenses such as advisory fees and taxes, but includes the Tender Fee, and further assumes JVCo does not finance the Purchase Price through its own external bank borrowings.

new development mix which will include residential use. The Company intends to apply to the authorities to have the Property re-zoned to permit such mixed-use subject to its further evaluation after legal completion of the Proposed Acquisition.

The Bid has taken into account the feasibility and incremental commercial benefits that the Company can derive from the redevelopment of the Property into a mixed-use commercial and residential tower (subject to regulatory approvals) to cater for the strong latent demands in the CBD.

In summary, the Company believes that the Proposed Acquisition (assuming the necessary approvals are obtained) will serve to meet the following business objectives for the Company.

(a) Embark on tourism-related business activities in Singapore. Given that all of the Group's businesses are located overseas, having a physical presence locally would bring more relevance to Shareholders and augurs well as a springboard for its enlarged tourism-related endeavours in Singapore and globally. A new mixed-use development is an excellent avenue to showcase the commitment and unique value propositions of the Company;

(b) Generate recurrent rental income and development profit from the asset classes to be developed by the JVCo on the Property. The Group has always been on a lookout for potential target assets. Riding on the advantages of the Proposed Acquisition as mentioned at the beginning of this section, the Group's current strategy for the redevelopment of the Property is to generate development profit from sale of residential units and recurrent rental income from the commercial component held for investment; and

(c) House the headquarters of the Company. The Group is still in its expansion phase since its subscription exercise in 2016 (i.e. the share subscription by Oriental Straits Fund III, which was approved by the Shareholders on 12 October 2016) and business diversifications in 2017 and 2018. Tapping on the expertise from executive directors who have years of experience in tourism and real estate development, a centrally-located and presentable Singapore headquarters would definitely play a significant role in positioning itself for future business partnerships and investments as the Group reaches out globally.

Given that the Group is currently in its expansion phase and taking into consideration that the Group is pending for government approval for its capital injection into Tianjie Yuntai Wanrun (Xiuwu) Property Development Co., Ltd (which was approved by the Shareholders on 12 October 2018), the Company considered that entering into a joint venture with SCL to undertake the Proposed Acquisition would help to manage the financial burden on the Group. A 51% shareholding in the joint venture would enable the Group to have control over the Proposed Acquisition and offer its development know-how to position JVCo to unlock the full potential of the Property, while not over-stretching the Group's resources. The "equal risk, equal reward" framework for undertaking and funding the joint venture as described in paragraph 3.2 acts as a safeguard for the Company vis-à-vis SCL.

6. RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE LISTING MANUAL

The relative figures as computed on the bases as set out in Rule 1006 of the Listing Manual, based on the audited financial statements of the Group for the financial year ended 31 December 2018 ("**FY2018**" and the "**FY2018 Financial Statements**"), being the latest announced financial statements of the Group, are as follows:

Rule 1006[1]	Bases	Relative Figures (%)
(b)	Net profits attributable to the Property to be acquired, compared with the Group's net profits	*Not meaningful* [2]
(c)	Value of TPYI's share of the Purchase Price, being S$75.48 million, compared with the market capitalisation of the Company of approximately S$ 152.41 million	49.52[3]

Notes:

1. *Rule 1006(a) is not applicable to an acquisition of assets. Rule 1006(d) and (e) are also not applicable as no equity securities will be issued by the Company as consideration for the Proposed Acquisition, and the Company is not a mineral, oil and gas company.*
2. *The Property will be redeveloped post-acquisition and will not be income-generating. Accordingly, no profits shall be attributed to the Property. For information, the Group's audited net profits for the FY2018 is S$1,916,000.*
3. *The Company's market capitalisation of approximately S$152.41 million was computed based on the total number of 5,880,654,539 issued ordinary shares of the Company ("**Shares**") (excluding treasury shares), multiplied by S$0.025918, being the volume weighted average price of the Shares transacted on 18 April 2019, being the full market day on which the Shares were traded on the SGX-ST immediately prior to the Date of Acceptance. TPYI's share of the Purchase Price of S$75.48 million assumes that JVCo does not finance the Purchase Price through its own external bank borrowings; if JVCo does so, TPYI's and SCL's contributions will be correspondingly reduced.*

Based on the above, the Proposed Acquisition constitutes a "major transaction" for the purposes of Chapter 10 of the Listing Manual. As such, the Proposed Acquisition is subject to the prior approval of the Shareholders. A circular will be issued to the Shareholders in due course for the purpose of seeking Shareholders' approval for the Proposed Acquisition at a general meeting to be convened.

7. ILLUSTRATIVE FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

*Please note that the financial effects below are purely **for illustrative purposes only** and are not indicative of the actual financial position of the Group and/or the Company following the Proposed Acquisition.*

7.1 The illustrative financial effects of the Proposed Acquisition as set out in paragraphs 7.2 and 7.3 below have been prepared on the following key bases and assumptions:

(a) the financial effects of the Proposed Acquisition on the NTA per Share and earnings per Share ("**EPS**") of the Company are prepared based on the audited FY2018 Financial Statements;

(b) for the purposes of illustrating the financial effects of the Proposed Acquisition on the Company's NTA per Share, it is assumed that the Proposed Acquisition was completed on 31 December 2018;

(c) for the purposes of illustrating the financial effects of the Proposed Acquisition on the EPS of the Company, it is assumed that the Proposed Acquisition was completed on 1 January 2018; and

(d) excludes all professional fees incurred in connection with the Proposed Acquisition.

7.2 Profits and EPS

On the bases and assumptions set out in paragraph 7.1 above, the Proposed Acquisition is expected to have nil effect on the Company's consolidated profits and EPS:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Profits after tax and minority interests attributable to Shareholders (S$'000)	1,916	1,916
EPS (cents)	0.03	0.03

7.3 NTA per Share

On the bases and assumptions set out in paragraph 7.1 above, the Proposed Acquisition is expected to have nil effect on the Company's NTA per Share:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
NTA (S$'000)	92,896	92,896
NTA per Share (cents)	1.58	1.58

7.4 There is no available book value, NTA value or open market value for the Property. The Property is sold based on a competitive tender process as a vacant development site.

8. FINANCIAL EFFECTS OF THE INCORPORATION OF THE JVCO

The incorporation of the JVCo was funded through internal resources and is not expected to have any material impact on the net tangible assets and earnings per share of the Group for the financial year ending 31 December 2019.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED ACQUISITION AND IN THE INCORPORATION OF THE JVCO

Save as described above, none of the directors, and as far as the Company is aware, none of the controlling shareholders or substantial shareholders of the Company, have any interest, direct or indirect, in the Proposed Acquisition or in the incorporation of the JVCo, other than through their shareholding interests in the Company (as the case may be).

10. NO DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into by the Company in connection with the Proposed Acquisition.

11. DOCUMENTS AVAILABLE FOR INSPECTION

The Agreement is available for inspection at the registered office of the Company at 20 Collyer Quay #21-01, Singapore 049319 during the Company's normal business hours for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Ji Zenghe
Executive Chairman

22 April 2019