

THE PLACE HOLDINGS LIMITED
(Company Registration No.: 200107762R)
(Incorporated in the Republic of Singapore)

QUALIFIED OPINION BY INDEPENDENT AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors ("**Board**") of The Place Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent auditor, KPMG LLP (the "**Independent Auditor**"), has in its Independent Auditor's Report dated 14 June 2020 (the "**Independent Auditor's Report**"), included a qualified opinion ("**Qualified Opinion**") in relation to the Group's consolidated financial statements for the financial year ended 31 December 2019 ("**FY 2019**").

The Independent Auditor opined that, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section in the Independent Auditor's Report, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) so as to give a true and fair view of the consolidated financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Please refer to the copy of the Independent Auditor's Report attached hereto for further details. The consolidated financial statements of the Group for the financial year ended 31 December 2019 ("**FY2019**") and the Independent Auditor's Report can also be found in the Company's annual report for FY2019, which has been released via the SGXNet on 14 June 2020.

The Board and the Management of the Company hold a different opinion from the Independent Auditors on the RMB100 million refundable deposit (the "**Refundable Deposit**")¹ placed with Tianjie Yuntai Wanrun (Xiuwu) Property Development Co., Ltd ("**Tianjie Yuntai**"). A copy of the statement dated 14 June 2020 (the "**Statement**") from the Company setting out its views is attached. As the Statement is written in Chinese, a non-official English translation of the salient terms is set out below:

"The Company was revitalised after the Subscription Exercise² in 2016. As the Company's operations are considered small, in order to expand the Company quickly, the Board and the Management had put in a lot of effort to push for its development. The Company had exited the SGX Watchlist on 5 June 2018 and is in

¹ Please refer to the Company's announcement dated 8 January 2020 (the "**8 Jan 2020 Announcement**") for more details on the Refundable Deposit.

² Please refer to the circular issued by the Company (under its former name Eucon Holding Limited) dated 27 September 2016 seeking shareholder approval for, among others, the proposed allotment and issuance of new shares in the Company to OSF III (the "**Subscription Exercise**").

the process of completing the acquisition of Realty Centre in the Singapore Central Business District for re-development³. At the same time, substantial shareholders of the Company have been working hard within a legal and ethical framework to complete the Proposed Subscription⁴ at a price that is commercially favourable to the Company.

The Proposed Subscription concerns the commercial land (approximately 270,000 km²) owned by Tianjie Yuntai in the South East of Mount Yuntai (the "**Tianjie Yuntai Land**"), as described in the Company's Circular to Shareholders dated 21 September 2018 (the "**Circular**"). The Tianjie Yuntai Land is located within the Mount Yuntai Scenic Area, with a newly developed transport network connecting a population of more than 40 million people within an hour's drive. This is a unique, mature project with development potential. Mount Yuntai Project is a large-scaled project with plentiful, wide range of nature themes. After undergoing the overall planning and design of well-known architects, this project of wholesome living among nature is exceptional. To-date, roads pavement, greenery, water system and other basic ancillary facilities which will support the Tianjie Yuntai Land are substantially complete. Based on the foregoing, the Company takes the view that the Tianjie Yuntai Land is strategically located with substantial development potential. The Refundable Deposit was therefore made to show TPYI's continued commitment to the Proposed Subscription.

With regard to the recoverability of the Refundable Deposit, this has already been expressly provided for in the Supplemental Agreement. In addition, as witnessed by lawyers, Tianjie Yuntai has delivered the original land title deed (the "**Title Deed**") relating to the Tianjie Yuntai Land to us for safekeeping. At the same time, Tianjie Yuntai has already appointed various professional service providers to commence work on the Proposed Subscription. Hence, the Board and the Management are of the view that the risk to the Refundable Deposit is minimal.

Accordingly, the Board and Management hold a different opinion from the Independent Auditors on the Refundable Deposit and wish to release this statement so that shareholders and other stakeholders of the Company are apprised of the relevant facts surrounding the Refundable Deposit."

In addition, the Board wishes to advise as follows:

- (1) As mentioned in the Statement, TPYI, JTYI and Tianjie Yuntai have agreed that TPYI shall have physical possession of the Title Deed. The Title Deed shall be released by TPYI to Tianjie Yuntai once the Refundable Deposit is refunded or converted into and treated as part of the Subscription Amount. Tianjie Yuntai has also undertaken not to create any security over the Tianjie Yuntai Land in the meantime. The parties also agreed that if Tianjie Yuntai refuses to refund the Refundable

³ Please refer to the Company's announcements dated 22 April 2019 and 15 May 2020.

⁴ As set out in the 8 Jan Announcement, the Company's wholly-owned subsidiary, The Place Yuntai Investment Pte. Ltd. ("**TPYI**") had, on 8 November 2017, entered into a subscription agreement with Jingneng Tianjie Yuntaishan Investment Co., Ltd. ("**JTYI**"), pursuant to which TPYI will subscribe (the "**Proposed Subscription**") for equity interest amounting to 80% of the enlarged registered capital of Tianjie Yuntai for a consideration of US\$20,530,000 (equivalent to approximately RMB 135,292,700 or S\$27,715,500) (the "Subscription Amount"). On 24 December 2019, TPYI entered into a Supplemental Subscription Agreement (the "**Supplemental Agreement**") with JTYI to extend the completion date of the Proposed Subscription as the Company was still awaiting approvals from the relevant regulatory authorities of the People's Republic of China ("**PRC**"). The Refundable Deposit was made pursuant to the Supplemental Agreement, and was intended as a show of the Company's commitment to the Proposed Subscription. On completion of the Proposed Subscription, TPYI has the option to convert the Refundable Deposit may be converted into and treated as part of the Subscription Amount.

Deposit in accordance with the terms of the Supplemental Agreement, TPYI shall have the right to take action against Tianjie Yuntai's assets, including but not limited to the Tianjie Yuntai Land, in accordance with relevant laws. The aforesaid arrangements have been confirmed by TPYI's PRC lawyers to be binding and enforceable obligations under PRC law. As at the date of this announcement, the Title Deed is held by TPYI.

- (2) On 15 May 2020, TPYI's PRC lawyers and Tianjie Yuntai had each sent an authorised representative to attend at the bank where the Tianjie Yuntai's authorised representative proved, to the satisfaction of TPYI's PRC lawyer's authorised representative, that the Refundable Deposit remains deposited in full in Tianjie Yuntai's designated bank account. TPYI's PRC lawyers directly sent a certified true copy of the bank advice, reflecting that the Refundable Deposit monies was in account, to the Independent Auditor.
- (3) As set out in the Circular, following the completion of the Proposed Subscription, the Company plans to develop clubhouses on the Tianjie Yuntai Land (the "**Clubhouse Development Project**"). In the Company's opinion, the Tianjie Yuntai Land is strategically located and has good development prospects. Based on valuation report from Savills dated 24 August 2018 set out in Appendix 3 of the Circular, the Tianjie Yuntai Land was valued at RMB410 per sqm. In the last two years, the areas surrounding the Tianjie Yuntai Land underwent significant developments. This has further demonstrated to the Company the development potential of the Tianjie Yuntai Land. Based on publicly available information, the Company understands that Evergrande Health Industry Group Limited, a company listed on the Stock Exchange of Hong Kong, acquired and built a healthcare township next to the Tianjie Yuntai Land. The selling price of these properties are priced at range of RMB7,500 – 11,000 per sqm. This has further demonstrated to the Company the development potential of the Tianjie Yuntai Land. Further, as set out in the 8 Jan 2020 Announcement, the Company is in the midst of applying to change the land zoning of the Tianjie Yuntai Land from commercial to residential. Other than the increase in gross floor area, the Company is of the view the change in land zoning allows the marketing of the clubhouses it intends to build under the Clubhouse Development Project to a wider group of buyers. As a result, the Company is of the view that, at this time, the Proposed Subscription has become even more commercially viable and the Company remains committed to completing the Proposed Subscription.
- (4) In the Independent Auditor's Report, the Independent Auditor stated that it was "unable to obtain sufficient and appropriate audit evidence over the recoverability of the Refundable Deposit and the appropriateness of the recognition and measurement of the disbursed amount as at 31 December 2019" because it was "not provided with relevant financial or other information of Tianjie Yuntai and its shareholders. The Independent Auditors were also unable to obtain relevant and reliable sources of information on the business activities and the financial position of Tianjie Yuntai through alternative means". In response, the Company would like to state that it did not refuse to submit relevant documents relating to Tianjie Yuntai. Instead, the Company had informed the Independent Auditor that the Company encountered legal and other practical difficulties in its efforts to obtain the relevant financial and other business documents from Tianjie Yuntai.

- (5) The Company and the Independent Auditor have mutually agreed that the Independent Auditor shall retire as the auditors of the Company at the conclusion of the forthcoming annual general meeting of the Company to be held on 29 June 2020 and not seek re-appointment. More details are set out in the Company's annual report for FY2019.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor's Report, the Company's annual report for FY2019, the 8 Jan 2020 Announcement, and the Circular.

Shareholders of the Company are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Ji Zenghe
Executive Chairman

14 June 2020