

THE PLACE HOLDINGS LIMITED

Half Year and Full Year Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	6 months ended		Variance
	30/6/2020	30/6/2019 Restated	
	\$'000	\$'000	
Revenue	562	686	(18)
Cost of sales	(95)	(155)	39
Gross profit	467	531	(12)
Gross profit margin	83%	77%	NM
Administrative expenses	(1,224)	(1,059)	(16)
Results from operating activities	(757)	(528)	(43)
Net finance costs	2,945	247	NM
Profit (Loss) before tax	2,188	(281)	NM
Tax expense	(193)	(180)	(7)
Profit (Loss) for the period	1,995	(461)	NM
Attributable to:			
Owners of the company	1,996	(461)	NM
Non-controlling interests	(1)	-*	NM
	1,995	(461)	
Statement of comprehensive income			
Net income (loss) for the period	1,995	(461)	NM
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Foreign currency translation differences of foreign operations	604	(388)	NM
Other comprehensive income for the period, net of tax	604	(388)	NM
Total comprehensive income (loss) for the period	2,599	(849)	NM
Total comprehensive income (loss) attributable to:			
Owners of the company	2,600	(849)	NM
Non-controlling interests	(1)	-*	NM
Total comprehensive income (loss) for the period	2,599	(849)	NM

* Less than \$1,000

NM: Not meaningful

Profit (Loss) before income tax is arrived at after charging/ (crediting) the following:

Depreciation of property, plant and equipment	308	104
Interest income	3	8
Interest expense	(959)	(713)
Net foreign exchange (gain) loss	(1,965)	458

- 1(b)(i) A balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	Group		Company	
	As at 30/06/2020 \$'000	As at 31/12/2019 \$'000	As at 30/06/2020 \$'000	As at 31/12/2019 \$'000
Non-current assets				
Plant and equipment	1,609	2,093	1,497	1,958
Investment in subsidiaries	-	-	56,769	56,769
	1,609	2,093	58,266	58,727
Current assets				
Trade and other receivables	48,944	35,477	12,723	3,827
Cash and cash equivalents	55,294	63,102	18,197	26,920
	104,238	98,579	30,920	30,747
Total assets	105,847	100,672	89,186	89,474
Equity				
Share capital	149,845	149,845	149,845	149,845
Reserves	(1,225)	(1,829)	-	-
Accumulated losses	(54,072)	(56,068)	(61,924)	(62,261)
Equity attributable to owners of the Company	94,548	91,948	87,921	87,584
Non-controlling interests	4	5	-	-
Total equity	94,552	91,953	87,921	87,584
Non-current liability				
Lease liabilities	634	890	564	802
Current liabilities				
Trade and other payables	9,968	6,648	203	439
Current tax liabilities	184	511	41	28
Lease liabilities	509	670	457	621
	10,661	7,829	701	1,088
Total liabilities	11,295	8,719	1,265	1,890
Total equity and liabilities	105,847	100,672	89,186	89,474

- 1(b)(ii) Aggregate amount of the group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/06/2020		As at 31/12/2019	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

The amount repayable after one year

As at 30/06/2020		As at 31/12/2019	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

Details of any collaterals

None.

- 1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Cash Flow Statement for six months financial period ended 30 June

Group	
6 months ended	
30/6/2020	30/6/2019
	Restated
\$'000	\$'000
Cash flows from operating activities:	
Profit (Loss) before tax	2,188 (281)
Adjustments for:	
Depreciation of plant and equipment	308 104
Interest expense	3 8
Interest income	(959) (713)
Net foreign exchange (gain) loss	(1,965) 458
	(425) (424)
Changes in:	
- Trade and other receivables	(3,757) (449)
- Trade and other payables	3,525 (135)
Cash used in operations	(657) (1,008)
Interest received	632 569
Tax paid	(520) (384)
Net cash used in operating activities	(545) (823)
Cash flows from investing activity:	
Deposit paid for potential acquisition of other investment	(5,017) -
Deposit paid for acquisition of investment property	(3,774) (11,835)
Purchase of plant and equipment	- (208)
Net cash used in investing activity	(8,791) (12,043)
Cash flows from financing activity:	
Repayment of lease liabilities	(244) (87)
Net cash used in financing activity	(244) (87)
Net decrease in cash and cash equivalents	(9,580) (12,953)
Cash and cash equivalents at beginning of the period	63,102 89,883
Effect of exchange rate fluctuations on cash held	1,772 (846)
Cash and cash equivalents at end of the period	55,294 76,084

1(d)(i) A statement for the issuer and the group together with a comparative statement for the corresponding year of the immediately preceding financial year.

Statement of Changes in Equity for the six months financial period ended 30 June

	Share capital \$'000	Foreign currency translation reserves \$'000	Statutory reserves \$'000	Accumulated losses \$'000	Total equity attributable to owners of the company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group							
At 1 January 2019, as previously stated	149,845	(1,325)	305	(55,929)	92,896	- *	82,896
Total comprehensive loss for the period:							
Loss for the period	-	-	-	(446)	(446)	- *	(446)
Adjustment on application of SFRS (I) 16, net of tax [#]	-	-	-	(15)	(15)	-	(15)
Loss for the period, as restated	-	-	-	(461)	(461)	-	(461)
Other comprehensive income							
Foreign currency translation difference of foreign operations	-	(388)	-	-	(388)	-	(388)
Total other comprehensive loss for the period	-	(388)	-	-	(388)	-	(388)
Total comprehensive loss for the period	-	(388)	-	(461)	(849)	- *	(849)
At 30 June 2019	149,845	(1,713)	305	(56,390)	92,047	- *	82,047
At 1 January 2020	149,845	(2,353)	524	(56,068)	91,948	5	91,953
Total comprehensive income for the period:							
Profit for the period	-	-	-	1,996	1,996	(1)	1,995
Other comprehensive income							
Foreign currency translation difference of foreign operations	-	604	-	-	604	-	604
Total other comprehensive income for the period	-	604	-	-	604	-	604
Total comprehensive income for the period	-	604	-	1,996	2,600	(1)	2,599
At 30 June 2020	149,845	(1,749)	524	(54,072)	94,548	4	94,552

* Less than \$1,000

- 1(d)(i) A statement for the issuer and the group together with a comparative statement for the corresponding year of the immediately preceding financial year.

Statement of Changes in Equity for the six months financial period ended 30 June

<u>Company</u>	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 January 2019, as previously stated	149,845	(60,115)	89,730
Loss and total comprehensive loss for the period	-	(953)	(953)
At 30 June 2019	149,845	(61,068)	88,777
At 1 January 2020	149,845	(62,261)	87,584
Loss and total comprehensive income for the period	-	337	337
At 30 June 2020	149,845	(61,924)	87,921

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the financial period ended 30 June 2019 ("1H19"), The Place Holdings Limited (the "Company") did not issue any shares.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30/06/2020	As at 31/12/2019
The total number of issued shares excluding treasury shares	5,880,654,539	5,880,654,539

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) updates on the efforts taken to resolve each outstanding audit issue; and

(b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

An except-for qualified opinion was issued in the latest financial statements for the financial year ended 31 December 2019. The qualified opinion was issued on recoverability of RMB 100 million (S\$19.32 million equivalent) refundable deposit ("the Refundable Deposit") paid to Tianjie Yuntai Wanrun (Xiuwu) Property Development Co., Ltd. ("Wanrun"). The Board and the Management of the Company hold a different opinion from the Independent Auditors on the recoverability of the Refundable Deposit paid to Wanrun. Please refer to Clarification Announcement made on 14 June 2020.

The Board confirms that the impact from all outstanding audit issues on the financial statements have been disclosed.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation as those used for the most recent financial statements for the financial year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and effect, of the change.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as with the most recently audited financial statements for the financial year ended 31 December 2019. The Group has adopted SFRS (I) 16 Leases for the financial period beginning 1 January 2019 using the modified retrospective approach of which the right-of-use ("ROU") assets recognised at date of initial application are equal to their lease liabilities with no restatement to the comparative information. The Group applied the practical expedient to grandfather the definition of a lease on transition of which the Group applied SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4. On 1 January 2019, the effect on adoption of SFRS (I) 16 an increase in ROU assets of \$314,000 and an increase in lease liabilities of \$314,000.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year after deducting any provision for preference dividends.

	Group 6 months ended	
	30/6/2020	30/6/2019
Earnings/(Loss) per ordinary share for the period based on net profit/(loss) for the period:		
(i) Based on the weighted average number of ordinary shares in issue (cts); and	0.03	(0.01)
Weighted average number of shares	5,880,654,539	5,880,654,539
(ii) On a fully diluted basis (cts)	0.03	(0.01)
Weighted average number of shares	5,880,654,539	5,880,654,539

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 30/06/2020	As at 31/12/2019	As at 30/06/2020	As at 31/12/2019
Net asset value per ordinary share (cts)	1.61	1.56	1.50	1.49
Number of shares	5,880,654,539	5,880,654,539	5,880,654,539	5,880,654,539

8. Review of the Group's performance

INCOME STATEMENT

Revenue and Profitability

The Group's revenue for first half of year 2020 ("1H20") only comprised of revenue from provision of management services to BJ Aozhong Real Estate of \$0.6 million. Due to spread of Covid-19 in Beijing, no contracts were secured in 1H20, resulting the decrease in revenue.

The Group's gross profit margin ("GPM") increased from 77% in 1H19 to 83% in 1H20 as provision of management services to BJ Aozhong Real Estate commands a higher margin. Due to spread of Covid-19 in Beijing, no contracts were secured in 1H20.

Expenses

Administrative Expenses

Administrative expenses mainly consist of professional fees, staff salaries, directors' remuneration, provision of directors' fees, audit fees, depreciation and other administrative expenses. The increase in administrative expenses in 1H20 is mainly due to increase in depreciation expenses of S\$200,000 partially offsetted by other administrative expenses.

	1H20	1H19
	\$'000	\$'000
Depreciation Expense:		
- Plant and equipment	52	23
- Rights of use	256	81
	<u>308</u>	<u>104</u>

The increase in depreciation expense is due to the moving of office in September 2019 resulting in additional furniture and fittings. The new office rental is higher and it increases the depreciation of rights of use.

Net finance costs

Net finance income comprises of interest income and net foreign exchange differences.

	1H20	1H19
	\$'000	\$'000
Interest income	959	713
Other income	46	-
Finance cost	(25)	(8)
Net foreign exchange gain (loss)	<u>1,965</u>	<u>(458)</u>
	<u>2,945</u>	<u>247</u>

Interest income increased from \$0.7 million in 1H19 to \$1 million in 1H20 due to additional interest income earned from a deposit placed for acquisition of a potential investment. A deposit of USD3.5 million (approximately S\$5.0 million) placed was fully secured by a 3rd party and yields a interest rate of 1.5% - 3% per month. Net foreign exchange gain relates to unrealised exchange loss arising from translation of United States Dollars denominated cash and cash equivalent. United States Dollars increased significantly against Singapore Dollars in the first half of 2020.

Tax expense

Tax expense was incurred by The Place Holdings Limited and its subsidiary, Beijing Vast Universe Culture Communication Co., Ltd ("Beijing Vast Universe").

STATEMENTS OF FINANCIAL POSITION

The decrease in plant and equipment mainly pertains to the depreciation of plant and equipment in 1H20.

	30/06/2020	31/12/2019
	\$'000	\$'000
ROU assets	1,112	1,541
Motor Vehicle	366	386
Others	<u>131</u>	<u>166</u>
	<u>1,609</u>	<u>2,093</u>

The increase in trade and other receivables mainly pertains to the 5% deposit paid for the acquisition of Realty Centre of \$7.4 million and a deposit of \$5 million (equivalent of USD3.5 million) placed for acquisition of a potential investment. This deposit is fully secured by a 3rd party and yields a interest rate of 1.5% to 3% per month. The remaining increase is due to interest receivables.

The decrease in the Group's cash and cash equivalents was mainly attributable to 5% deposit paid for the acquisition of Realty Centre of \$3.8 million and a deposit of \$5 million (equivalent of USD3.5 million) placed for acquisition of a potential investment.

Trade and other payables are mainly due to other payables at corporate level which comprise accrued independent director's fees, audit fees and other expenses. The increase in trade and other payables is mainly due to payables made by the remaining 49% shareholder of New Vision Holding Pte (a 51% owned subsidiary of the Group) for the acquisition of Realty Centre amounting to \$3.6 million

Lease liabilities relates to recognition of liabilities for lease of office arising from the adoption of SFRS (I) 16 on 1 January 2019.

Income tax payable of \$0.2 million mainly pertains to tax payable by BJ Vast Universe.

The Group's net working capital position is \$93.6 million as at 30 June 2020 as compared to \$90.8 million as at 31 December 2019.

As at 30 June 2020, the Group's current ratio (current assets/current liabilities) is 9.8x while equity attributable to owners of the Company stands at \$94.6 million.

CASH FLOW STATEMENT

For 1H20, cash flow used in operating activities of \$0.5 million was mainly due to slower receipt from customer. All outstanding trade receivables were paid in July 2020.

For 1H20, cash flow used in investing activity is due to the Group's portion of deposit paid for the acquisition of Realty Centre of \$3.8 million and a deposit of \$5 million (equivalent of USD3.5 million) placed for acquisition of a potential investment.

For 1H20, cash flow used in financing activity pertains to repayment of lease liabilities.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was disclosed to shareholders previously.

10. A commentary at the date of announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

On 15 May 2020, The Group announce that it has been informed by the solicitors for the Vendors that a Sale Order has been granted by the High Court on 14 May 2020. The 2nd instalment of \$7,400,000 was paid in June 2020 and the completion of this acquisition will take place in November 2020.

On the progress of the acquisition of Tianjie Yuntai Wanrun (Xiuwu) Property Development Co., Ltd ("Tianjie Yuntai Wanrun"), the Group had placed a RMB 100 million refundable deposit to show its commitment on this proposed acquisition and for the application to the relevant regulatory authorities of People's Republic of China ("PRC") authority for the change in zoning of the Target Company's Land from commercial to residential. Management is currently in the midst of preparing for subscription into Tianjie Yuntai Wanrun and will make the necessary announcements in a timely manner.

Following the recent outbreak of Covid-19, management expects minimal impact for the year 2020 as Beijing Vast Universe has a fixed management fee component with Beijing Aozhongxingye Real Estate Development Co., Ltd. Although sales for the first half of FY2020 was affected, management is targeting a surge in the number of conferences and events after the outbreak.

Based on the revised SGX reporting framework, the Group is not required to perform quarterly reporting. The Group wishes to inform shareholders that the Group will cease quarterly reporting with immediate effect and will instead perform half-yearly reporting. Notwithstanding the adoption of this new reporting framework, the Group remains committed in announcing material business development on a timely manner to keep the market informed of the Group's state of affairs.

11. Dividend

11(a) Any dividend declared for the current financial period reported on?

None

11(b) Any dividend declared for the corresponding period of the immediately preceding financial year?

None

11(c) Date payable

Not applicable

11(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend has been declared for the half yearly financial period ended 30 June 2020. The Group will be retaining its cash for expansion purpose.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by business or geographical segments.

Not applicable

15. A breakdown of sales as follows:

Not applicable

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Not applicable

17. Interested party transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

During the financial period, there were related parties transactions based on terms agreed between the parties as follows:-

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Beijing Aozhongxingye Real Estate Development Co., Ltd	\$556,981	-

The Company had acquired Beijing Vast Universe Culture Communication Co., Ltd ("BJ Vast Universe") on 3 January 2017. Prior to the Company's acquisition of BJ Vast Universe, BJ Vast Universe had already entered into a management agreement with BJ Aozhong Real Estate, a company which is controlled by Mr. Ji Zenghe, the Company's Executive Chairman.

Under the said management agreement, BJ Vast Universe will manage certain assets of BJ Aozhong Real Estate, including the landmark LED screen located at The Place, Beijing, and earn a fixed management fee of RMB6 million (equivalent to approximately \$1.2 million) annually, coupled with profit sharing arrangement, with BJ Aozhong Real Estate in respect of the assets being managed.

No announcement had been made in respect of the management agreement as it was in place prior to the Company's acquisition of BJ Vast Universe.

Except for the above, there was no other interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into by the Group or the Company during the financial period ended 30 June 2020.

18. Confirmation pursuant to Rule 705(5) of the SGX Listing Manual

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to its attention which may render the unaudited financial results for the second quarter ended 30 June 2020 to be false or misleading in any material aspect.

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

We confirmed that the Company has procured undertakings from all its directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

Ji Zenghe
Executive Chairman
4 August 2020