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

RESPONSE TO SGX QUERIES – ANNOUNCEMENT ON UPDATE ON PROPOSED SUBSCRIPTION OF EQUITY INTEREST IN TIANJIE YUNTAI WANRUN (XIUWU) PROPERTY DEVELOPMENT CO., LTD – COMPLETION

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*Unless otherwise defined, capitalised terms used herein shall bear the same meanings ascribed to them in the Company's circular to shareholders dated 21 September 2018 (the "**Circular**").*

The Board of Directors (the "**Board**") of the Company refers to the Company's announcement dated 1 November 2020 in relation to the completion of the proposed subscription of equity interest in Tianjie Yuntai Wanrun (Xiuwu) Property Development Co., Ltd (the "**Announcement**").

Further to the Announcement, the Board wishes to provide the following additional information in response to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 4 November 2020.

Question 1: It is stated in Paragraph 2.2(a) of the Announcement that:-

"TPYI's obligation to fully pay the Subscription Amount to the Target Company has been extended from 31 December 2020 to 30 April 2022. It was further provided that TPYI's rights and obligations as a registered shareholder of the Target Company will be recognised from the date of registration (the "Registration Date") of the increase in registered capital of the Target Company with the relevant AIC (instead of the date of receipt of the Subscription Amount by the Target Company).

In connection with the foregoing, TPYI agreed to pay the Target Company US$1,460,000 of the Subscription Amount, and the remaining US$19,070,000 will be paid by TPYI to the Target Company on or before 30 April 2022, being the deadline for such payment."

It is also stated in Paragraph 3 of the Announcement that:-

"TPYI is now the owner of equity interest amounting to 80% of the registered capital of the Target Company, having all rights and benefits as the holder of such equity interests."

(a) Has TPYI paid US$1,460,000 to the Target Company?

Company's Response: As at the date hereof, TPYI has not paid the US$1,460,000 to the Target Company as the Target Company has yet to provide the details of its US Dollar bank account to receive such payment in connection with the Proposed Subscription. Upon receipt of such bank account details, TPYI shall make full payment of the US$1,460,000 to the Target Company. Regardless, as disclosed

in the Announcement, TPYI is the owner of equity interest amounting to 80% of the registered capital of USD22,000,000 of the Target Company.

(b) Please clarify how TPYI's may be, "registered as the holder of 80% of the enlarged registered capital of the Target Company in the records of the relevant AIC from the Registration Date.", noting that, "the Company was informed on 29 October 2020 that such registration took effect from 27 October 2020..." and that after paying the Target Company US$1,460,000 of the Subscription Amount, TPYI would still have a remaining US$19,070,000 to be paid to the Target Company on or before 20 April 2022.

Company's Response: As disclosed, TPYI's rights and obligations as a registered shareholder of the Target Company will be recognised from the Registration Date, being the date of registration of the increase in registered capital of the Target Company with the relevant AIC. Notwithstanding that the full Subscription Amount has not yet been paid to the Target Company, TPYI and JTYI have agreed to register the increase in registered capital of the Target Company with the relevant AIC. The increase in registered capital and the registration of TPYI as the holder of 80% of the enlarged registered capital of the Target Company in the records of the relevant AIC were completed on 27 October 2020.

(c) What is the legal recourse of the Target Company should TPYI be unable to provide the full consideration of US$20,530,000 by 30 April 2022?

Company's Response: If TPYI is not able to provide the full consideration of US$20,530,000 by 30 April 2022, pursuant to the terms of the Restated Subscription Agreement, TPYI will be liable to pay interest of 0.01% per day on the outstanding amount. If monies remain outstanding for a period of more than 30 days after 30 April 2022, JTYI shall have the right to terminate the Restated Subscription Agreement, and hold TPYI liable for losses suffered as a result of such termination. In the event of such termination, TPYI will be required to transfer its shares in the Target Company to JTYI, and JTYI will be required to pay to TPYI US$1,460,000 that TPYI would have paid to the Target Company, less any claims, liabilities and losses that TPYI is liable for in connection with such termination.

Question 2: It is stated in Paragraph 2.2(b) of the Announcement that:-

"Following the update to the Articles of Association of the Target Company, board resolutions now require approval from a majority of the board of directors of the Target Company, as opposed to unanimous approval as disclosed in Section 2.8(a) of the Circular."

(a) Please clarify what is the rationale for the update made to the Articles of Association of the Target Company as mentioned above.

Company's Response: The Articles of Association contains, amongst others, the names of the Target Company's shareholders and the shareholdings details, and the Articles of Association was updated to include TPYI's details to facilitate the registration of TPYI as the holder of 80% of the enlarged registered capital of the Target Company in the records of the relevant AIC, as well as for compliance with the latest rules and regulations.

The update to the Articles of Association to provide that board resolutions now require approval from a majority of the directors of the Target Company (as opposed to unanimous approval) was made

voluntarily. As disclosed, this amendment was for the benefit of TPYI as two out of the three directors of the board of directors of the Target Company are nominated by TPYI upon Completion.

Question 3: It is stated in Paragraph 2.2(d) of the Announcement that:-

"Pursuant to the current Articles of Association of the Target Company which was updated on 26 October 2020, a shareholder of the Target Company shall have a preemption right over the shares of the Target Company held by the other shareholders. When the Subscription Agreement was signed on 8 November 2017, neither TPYI nor JTYI had any intention for any right of pre-emption to be granted over JTYI's shares in the Target Company. Accordingly, to record the original intention of the parties, the Restated Subscription Agreement expressly provides that following Completion, TPYI shall waive its right of pre-emption over the JTYI Shares, to facilitate JTYI transferring its JTYI Shares to Xiuwu Development or its nominee. Xiuwu Development is a shareholder of JTYI in the tourism development business, and it is an indirect wholly owned subsidiary of the Xiuwu County State-owned Asset Supervisory and Administration Office (修武县国有资产监督管理办公室).

The Board is of the view that the waiver of such pre-emption right will benefit TPYI. Following Completion, TPYI would already hold a majority interest of 80% in the Target Company. Having Xiuwu Development, an entity associated with the local tourism authorities in Xiuwu county where the Target Company operates a tourism related business, as a shareholder of the Target Company is likely to assist the Target Company in its existing and future plans relating to the Mount Yuntai Integrated Tourist Township Project."

(a) What is the reason(s) for updating the Articles of Association of the Target Company updated on 26 October 2020?

Company's Response: Please refer to our response to Question 2(a).

(b) The Company's circular to shareholders dated 21 September 2018 ("Circular") states that, "JTYI is an 80% / 20% joint venture between (i) Jingneng Tianjie (Beijing); and (ii) Xiuwu Development, which are both PRC incorporated companies". It is also noted that, "Accordingly, to record the original intention of the parties, the Restated Subscription Agreement expressly provides that following Completion, TPYI shall waive its right of pre-emption over the JTYI Shares, to facilitate JTYI transferring its JTYI Shares to Xiuwu Development or its nominee." In this regard, what about Jingneng Tianjie (Beijing)? Was there any consideration to waive rights of pre-emption to Jingneng Tianjie (Beijing)? Please elaborate.

Company's Response: The JTYI Shares refer to the shares held by JTYI in the Target Company which, following Completion, amounts to 20% of the enlarged registered capital of the Target Company. TPYI holds the remaining 80% of the enlarged registered capital of the Target Company. As disclosed in the Announcement, neither TPYI or JTYI intended to have a right of pre-emption over the other party's equity interest in the Target Company. To record the original intention of the parties, the Restated Subscription Agreement expressly provides that following Completion, TPYI shall waive its right of pre-emption over JTYI's shares in the Target Company (that is, the JTYI Shares), to facilitate JTYI transferring the JTYI Shares to Xiuwu Development or its nominee. As far as the Company is aware, Jingneng Tianjie (Beijing) does not have any right of pre-emption over the equity interest in the Target Company.

(c) Please provide the Board's and the Audit Committee's view on how "TPYI shall waive its right of pre-emption over the JTYI Shares, to facilitate JTYI transferring its JTYI Shares to Xiuwu Development or its nominee.", "will benefit TPYI". In this regard, it is noted that, "Following Completion, TPYI would already hold a majority interest of 80% in the Target Company. Having Xiuwu Development, an entity associated with the local tourism authorities in Xiuwu county where the Target Company operates a tourism related business, as a shareholder of the Target Company is likely to assist the Target Company in its existing and future plans relating to the Mount Yuntai Integrated Tourist Township Project."

Company's Response: As disclosed in the Circular, JTYI is 80% owned by Jingneng Tianjie (Beijing) and 20% owned by Xiuwu Development. Following Completion, JTYI's equity interest will be diluted to 20% of the enlarged registered capital of the Target Company. As disclosed in the Announcement, the Target Company operates a tourism-related business in Xiuwu county. Accordingly, the Board and Audit Committee believe that having Xiuwu Development, an entity associated with the local tourism authorities in Xiuwu county, as a direct joint venture partner and fellow shareholder holding 20% of the enlarged registered capital of the Target Company will assist and facilitate the Target Company's business in Xiuwu county, as well as its plans in relation to the Mount Yuntai Integrated Tourist Township Project, which is in Xiuwu county.

Question 4: It is stated in Paragraph 4 of the Announcement that:-

"…the Company is currently in the midst of completing the process on the change the land zoning of the Target Company's Land from commercial to residential (the "Change in Zoning").

(a) Please clarify if the Change in Zoning is consistent with Paragraph 2.3.1 of the Circular which states:-

"It is envisaged that each JTYI Group Company will develop the land owned by it with the aim of collectively developing an integrated tourism township comprising a large scale Leisure Hot Spring Water World, hotels (two 5-star hotels, one themed hotel, one 4-star hotel and one boutique hotel), The Place Fun World Theme Park, Skyscreen Performance Centre, Specialty Food Street, Commercial Homestay Street, Hot Spring and Health Centre, Rehabilitation Centre, corporate clubhouses and high-end elderly resorts."

Company's Response: Yes, the Change of Zoning is generally consistent with the extract above. As some time has passed since the date of the Circular, it is currently envisaged that the Target Company will, together with the JTYI Group Companies, *collectively* develop an integrated tourism township comprising a large scale Leisure Hot Spring Central Square, hotels (one themed hotel, one business hotel and one boutique hotel), The Place Water World Theme Park, Skyscreen Performance Centre, Specialty Food Street, Commercial Retail Street, Health Rehabilitation Centre, corporate clubhouses and high-end elderly resorts. As further disclosed at paragraphs 2.1 and 2.3.2 of the Circular, the Target Company will be involved in the development of corporate clubhouses on the Target Company's Land ("**Clubhouse Development Project**").

By changing the land zoning of the Target Company's Land from commercial to residential, other than the increase in gross floor area, the Target Company will be able to better attract potential buyers, as amongst others, taxes payable and utility bills payable for residential properties differs from commercial

properties and the land tenure of residential properties is longer than that of commercial properties. Please see paragraph 2.3.2 of the Circular for more information on the Clubhouse Development Project.

BY ORDER OF THE BOARD

Ji Zenghe
Executive Chairman

9 November 2020