THE PLACE HOLDINGS LIMITED

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

RESPONSE TO SGX-ST QUERIES ON ANNUAL REPORT 2019

The Board of Directors (the "**Board**") of The Place Holdings Limited (the "**Company**", and together with its subsidiaries, collectively the "**Group**") wishes to provide the following information in response to queries from Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 23 June 2020 with regards to our annual report for the financial year ended 31 December 2019 ("**Annual Report**") published and released on 14 June 2020.

Question 1:

We refer to the Cash Flows Statement within the Annual Report and the Company's unaudited financial statements for FY2019 announced on 20 February 2020. Please explain the variance in the net cash generated from operating activities pursuant to Listing Rule 704(6).

Company's Response:

The variance in the net cash generated from operating activities is due to net foreign exchange loss amounting to S$618,000 being reclassified from "Net cash generated from operating activities" to "Effect of exchange rate fluctuations on cash held". Net foreign exchange loss amounting to S$618,000 relates to unrealised forex for foreign currency cash balances.

Question 2:

We refer to page 32 of the Annual Report on Disclosure of Remuneration. Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's Response:

Provision 8.1 of the Code states that "The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

(a) each individual director and the CEO; and
(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel."

The Company had disclosed the remuneration of each individual director and the CEO, as well as top five key management personnel (who are not directors or the CEO), in percentage breakdown with respect to directors' fees/salary, variable bonus, share based, and other benefits, and in remuneration bands of S$250,000, on page 32 of the Annual Report.

While the Company did not disclose to the full extent as required by Provision 8.1 of the Code, the reasons for such deviation from Provision 8.1 of the Code had been disclosed on page 33 of the Annual Report (extracted below):

> "The Company has not disclosed the exact amount of the remuneration of each Director and its key management personnel as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information. However, the Company has disclosed above the remuneration of each Director and each key management personnel, in bands

of S$250,000 and the breakdown in percentages. Accordingly, the Company has deviated from complying with Provision 8.1(a) which requires the Company to disclose the exact amount and breakdown of the remuneration of each individual Director and the CEO."

The Company and the Management are of the view that it is in the best interest of the Group to maintain confidentiality of remuneration matters given the highly competitive industry in which the Group operates.

Taking the above into account, the Company is therefore of the view that the practices it has adopted are consistent with the intent of Principle 8 of the Code as a balance is struck between the requirement for transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation, vis-à-vis the Group's need to maintain confidentiality of sensitive information.

Question 3:

We refer to page 33 of the Annual Report which states, "Save for Mr Meng Kuang-Yi, the Marketing Director of the Company, who is the brother-in-law of the Executive Chairman, Mr Ji Zenghe, there was no employee of the Group who was a substantial shareholder or an immediate family member of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2019."

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.2 of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's Response:

Provision 8.2 of the Code states that "The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report."

The Company had disclosed in its Annual Report that Mr Meng Kuang-Yi, the Marketing Director of the Company, is the brother-in-law of the Executive Chairman, Mr Ji Zenghe. The remuneration of Mr Meng is below S$100,000 during FY2019. There was no employee of the Group who was a substantial shareholder or an immediate family member of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2019. As such, Provision 8.2 of the Code has been satisfied.

Question 4:

We refer to page 36 of the Annual Report on the Internal Auditor and note that, "The AC reviews annually the adequacy, effectiveness and independence of the internal audit function, and is satisfied that it is adequately resourced and has appropriate standing within the Company."

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Accordingly, please have the Audit Committee address Listing Rule 1207(10C).

Company's Response:

As disclosed on page 36 of the Annual Report under the heading "*Internal Auditor*" (extracted below):

> "The Company's internal audit functions are out-sourced to Messrs Ernst & Young Advisory Services Sdn. Bhd. (the "**Internal Auditor**"), which is staffed with professionals with relevant qualifications and experience. The Internal Auditor has unfettered access to the Audit Committee ("**AC**"), as well as to the Company's documents, records, properties and personnel. The AC approves the hiring,

removal, evaluation and compensation of the Internal Auditor, who meets the professional standards set out in the Code.

The Internal Auditor's primary line of reporting is to the AC, although the Internal Auditor also liaise with the CEO and the Financial Controller on administrative matters.

During the year, the Internal Auditor adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational, compliance and information technology controls. All findings and recommendations of the Internal Auditor are submitted to the AC for deliberation with copies of these reports extended to the CEO and relevant senior management officers."

The AC reviews annually the adequacy, effectiveness and independence of the internal audit function. Based on the above disclosure, the AC is satisfied that the internal audit function for FY2019 was independent, effective, and adequately resourced.

The Board and the management of the Company will continue to uphold and maintain a high standard of corporate governance within the Group in compliance with the Code and the Listing Manual of the SGXST.

BY ORDER OF THE BOARD

Ji Zenghe
Executive Chairman

25 June 2020