PLATO CAPITAL LIMITED

Company Registration Number: 199907443M
Incorporated in Singapore

SIGNING OF NON-LEGALLY BINDING INVESTMENT TERM SHEET FOR JOINT VENTURE IN AIRASIA (CHINA)

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1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of Plato Capital Limited (the "**Company**" or "**Plato**") is pleased to announce that the Company has on 25 September 2017 entered into a non-legally binding investment term sheet ("**Term Sheet**") with AirAsia Berhad,, Everbright Financial Investment Holdings and Oxley Capital Limited (collectively, the "**Proposed JV Partners**") in relation to the setting up of a joint venture to establish a low-cost airline in China to be known as AirAsia (China) (the "**Proposed JV**").

2. RATIONALE FOR ENTERING INTO THE PROPOSED JV

The Board believes that the Proposed JV represents an attractive investment proposition to further diversify the Company's investment portfolio.

China is one of fastest growing air travel markets in the world to operate a low cost carrier ("LCC") which offers an affordable but high-quality airline service to Chinese passengers and foreign tourists by leveraging the best-in-class LCC business model. This will give the Chinese population a greater choice of destinations, better connectivity to underserved routes, affordable fares and will provide a boost in multiple industries namely tourism, export related industries, logistics, airport retailers and airline support industries, which is expected to spur overall economic growth in China.

With rapid liberalization and the gradual easing of travel restrictions, China's aviation market is experiencing remarkable growth. China currently ranks 2nd after the U.S. in terms of air travel passenger market and is set to overtake the US to become the world's largest aviation market by 2024 as more people take to the skies domestically and internationally. In the past 5 years, China passenger traffic has been growing at a remarkable rate of more than 10% annually which is higher than the world forecast average growth rate of 4% – 5.5% annually.

As the first potential foreign LCC to enter China, the Board believes that the Proposed JV will benefit from a certain first-mover advantage to redefine the basis of LCC competition in China and further drive LCC adoption. Low cost travel is at an early stage of its development in China which signifies that there is ample room for growth for the JV in China. LCC penetration rate in China which currently stands at approximately 9% - 10% is far lower than LCC penetration rates in the Association of Southeast Asian Nation (Asean) region which is at 56%, 40% in Western Europe and 32% in the US.

The establishment of a low cost carrier terminal, an aviation academy and a maintenance, repair and overhaul service provider is to create a robust aviation ecosystem which will support the growth Aviation in China.

The selection of Zhengzhou to incorporate the JV company as well as to be the operating base is due to the vast potential of Zhengzhou which is in Central China, has favorable infrastructure, has plans to develop an aerotropolis - an industrial, commercial and logistics zone five times the size of Manhattan with the airport at its heart and strong local government support.

3. SALIENT TERMS OF THE JV DOCUMENTS

3.1 The Term Sheet is non-legally binding and is intended for the Proposed JV Partners to confirm their interest in establishing the Proposed JV.

3.2 The Term Sheet is valid for a period of no longer than 12 months from 25 September 2017 for the parties to discuss and negotiate definitive agreements for the Proposed JV. The definitive agreements shall be subject to the approval of the board of directors of the parties to the Term Sheet.

3.3 Notwithstanding that the Term Sheet are non-legally binding, the JV Partners have agreed that they shall be bound by the provisions of the Term Sheet in relation to Confidentiality, Publicity and Exclusivity.

4. FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of the listing manual of the Singapore Exchange Securities Trading Limited, as and when there are material developments in respect of the Proposed JV. Subject to the final terms of the Proposed JV, the Company may seek such approvals as may be required, including shareholders' and regulatory approvals.

5. CAUTIONARY STATEMENT

Shareholders should note that there is no certainty or assurance as at the date of this announcement that the Proposed JV will be established and/or definitive agreements will be entered into by the JV Partners.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the actions they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Oh Teik Khim
Director
25 September 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any other information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).