PLATO CAPITAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199907443M)

RESPONSES TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) FOR THE PURPOSES OF THE ANNUAL GENERAL MEETING TO BE HELD ON 27 APRIL 2021

The Board of Directors (the "**Board**") of Plato Capital Limited (the "**Company**" or "**Plato**") would like to thank the Securities Investors Association (Singapore) for submitting their questions in advance of the Annual General Meeting to be held by electronic means on 27 April 2021. Below are the responses of the Company to the questions.

Question 1:

As disclosed in Note 2 (page 55 - Summary of significant accounting policies: Basis of preparation), management prepared the consolidated financial statements on a going concern basis notwithstanding the excess of current liabilities over current assets of $10,290,000 (2019: $2,909,000) as the directors are of the view that the group will continue as a going concern.

The directors' view is based on the following (page 55):

- **the Group's ability to continue to have access to banking facilities available to the Group with the support of Lim Kian Onn, a director and controlling shareholder of the company ("LKO") as guarantor to those facilities. As at the date of these financial statements, LKO has provided a commitment to the Group to continue to provide and not withdraw such personal guarantee so as to enable the Group to have continuous access to these banking facilities;**

- **LKO's commitment to exercising his right to convert the outstanding RCULS into ordinary shares instead of cash redemption when these become due in May 2021;**

- **the Group will be able to generate sufficient cash flows from its operating and investing activities; and**

- **the Group will be able to secure additional borrowings by securing its long-term assets which are currently unencumbered.**

Resulting from the completion of the Share Consolidation Exercise, the conversion price has been revised from $0.13 to $2.60. Accordingly, the 62 RCULS outstanding are convertible into 2,384,615 Consolidated Shares and accrued interest of $142,704 are convertible into 54,886 Consolidated Shares as at 31 December 2020.

(i) Would the company help shareholders understand if it has secured an irrevocable commitment from LKO to exercise his right to convert the outstanding RCULS into shares when these become due in May 2021?

Company's Response:

LKO has exercised his rights to convert all outstanding RCULS into ordinary shares of the Company, as announced on 26 April 2021.

(ii) **If not, when will the conversion take place? Doing so will improve the group's financial position and reduce the redemption/liquidity risks.**

Company's Response:

Answer as per response for Question 1(i).

As seen in Note 35 (page 110 – Capital management), the group has net debt of $(13.0) million and cash and cash equivalents of $2.06 million as at 31 December 2020. The gearing ratio is 25%. The net cash flows used in operating activities were $(0.688) million in FY2020, $(3.61) million in FY2019, $(5.14) million in FY2018, $(0.731) million in FY2017 and $(2.52) million in FY2016.

(iii) **Does the group have sufficient capital to weather this pandemic?**

(iv) **Has the board assessed if the group has sufficient capital to support its strategic growth objectives? Would the board be looking at options to further strengthen its financial position?**

Company's Response:

It is uncertain as to how long this pandemic and its economic impact will persist - especially as it pertains to the travel and hospitality sectors. At this material point in time, the Company has sufficient capital to maintain its current operations and commitments. The Management continues to monitor the situation closely and will make any recommendations to the Board at the material point in time as to funding options.

Question 2:

Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

(i) **Provision of credit facilities: The group recognised interest income from provision of credit facilities amounting to $509,751 in FY2020, up from $107,896 (page 69). Can management help shareholders understand the nature of the group's activities in providing credit facilities? What led to the increase? Does it significantly alter the risk profile of the group?**

Company's Response:

A Malaysian subsidiary of the group possesses a local money lending license. With this license, the subsidiary in question is allowed to make loans. Historically, the group has used this selectively as part of the group's transactions such as the acquisition of TYK Capital Sdn Bhd which involved the issuance of mezzanine debt which has since been repaid in full. In the recent financial year, a loan was made to a third party borrower and sufficient collateral was obtained as part of this loan so as to not significantly alter the risk profile of the group.

(ii) EDUC8: On page 3, the chairman highlighted that the closure of borders has led to a significant loss of interest from the target market of North Asian. Due to COVID, the enrolment has fallen and the withdrawal of expatriates from Malaysia will further exacerbate the demand-supply imbalance of international schools. Nevertheless, the group registered a share of profit of $0.36 million in FY2020. Can management help shareholders reconcile the (negative) narrative and the improved financial performance?

Company's Response:

The improved financial performance at the school is due in part to significant cost reduction activities such as the removal of third party providers of food and facilities management and conducting those services in-house. Furthermore, a write back in royalties owed to a third party as a result of a renegotiated commercial agreement yielded a non-cash gain which contributed to the modest gain.

(iii) Hotels: Is the 452-key Tune Hotel KLIA2 able to sustain itself in terms of cash flow now that it is being used as a quarantine hotel? What is the status of the group's hotel development in Melbourne? Is the 533-key, twin-tower Melbourne hotel development put on hold indefinitely?

Company's Response:

Government-mandated quarantine services at Tune Hotel KLIA2 ceased as at 31 December 2020. As with all hotel operators in Malaysia, operational performance fluctuates heavily as the country moves in and out of lockdowns. As at the current moment, the property has sufficient reserves and liquidity to fund operations until the end of 2021. The development in Melbourne is currently on hold and we will re-assess the project in a post pandemic environment.

Question 3:

The company had on 22 July 2020 announced that it completed the share consolidation of every twenty then existing ordinary shares in the capital of the company into one share ("Share Consolidation Exercise").

(i) Did the share consolidation exercise result in any shareholder who had less than 20 shares prior to the exercise get rounded down to 0 and thereafter ceasing to be a shareholder of the company?

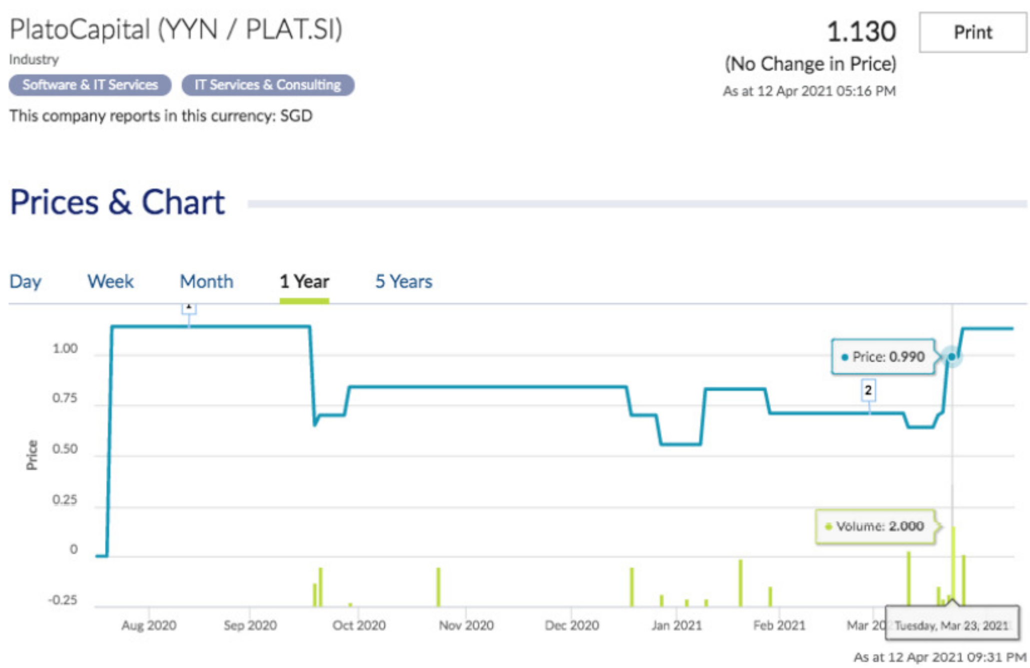
Company's Response:

As disclosed in the Company's announcement dated 23 March 2020 and circular to shareholders dated 15 April 2020, shareholders whose shareholding is less than twenty (20) existing ordinary shares preceding the share consolidation exercise may result in such shareholders no longer having shareholdings in the Company following the share consolidation exercise. As such, there were a minimal number of shareholders who ceased to be shareholders of the Company following the share consolidation exercise.

In the circular, the board stated that it believed that the share consolidation exercise would be beneficial to shareholders for the following reasons:

Reduction of volatility of the Share price	**As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), lowly-priced shares may translate to higher transaction costs, relative to the trading prices, for each trading of one board lot of Shares. In addition, lowly-priced shares are generally more prone to speculation and market manipulation, which may result in share price volatility. The Board therefore believes that the Proposed Share Consolidation may serve to (i) reduce the volatility of its Shares' price and reduce fluctuations in the Company's market capitalisation; and (ii) reduce the percentage transaction cost for trading in each board lot of Shares**
Increase in the market interest and attractiveness of the Company and its Shares	**The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares issued and outstanding.** **It is expected that, all other things being equal, the theoretical trading price and NTA of each Consolidated Share would be higher than the trading price and NTA of each Existing Share following the decrease in the number of Shares in issue after the Proposed Share Consolidation. This may increase market interest and activity in the Shares, and generally make the Shares more attractive to investors, including institutional investors, thus providing a more diverse shareholder base.**

(Source: Company's circular dated 15 April 2020)



(Source: https://www.sgx.com/securities/equities/YYN)

The stock chart from SGX is shown above. The tallest green bar represents a daily trading volume of 2,000 shares. On most days, there is no trading of the company's shares. In the past year, the highest volume was 2,000 on 23 March 2021.

(ii) Did the board review to see if the volatility of the share price has been reduced?

Company's Response:

The Board notes that after benchmarking the eight (8) month period immediately before and after the share consolidation exercise, share price volatility has decreased with the percentage fluctuation behind the highest and lowest share price being 358% prior to consolidation and 105% thereafter.

(iii) Did the company experience an increase in the market interest and attractiveness of the company and its shares?

Company's Response:

The Company did not experience an increase in traded volumes after the completion of the share consolidation exercise in July 2020 but this may also be attributable to the Company's exposure to the hospitality and travel sectors which have been significantly impacted by the global pandemic.

(iv) On what basis did the board believe that, ex ante, a 20:1 share consolidation would reduce the share price volatility and increase the market interest and attractiveness of the company and its shares?

Company's Response:

The Board took into account previous share consolidation exercises across different exchanges and publicly available third party research to inform its decision.

By Order of the Board
Plato Capital Limited

Gareth Lim Tze Xiang
Chief Executive Officer
26 April 2021