Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Plato Capital Limited

Stock code: YYN

Meeting details:
Date: 27 April 2021
Time: 2.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q1. 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?**

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

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?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q2. 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?**

(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?**

(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?**

Q3. 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?**

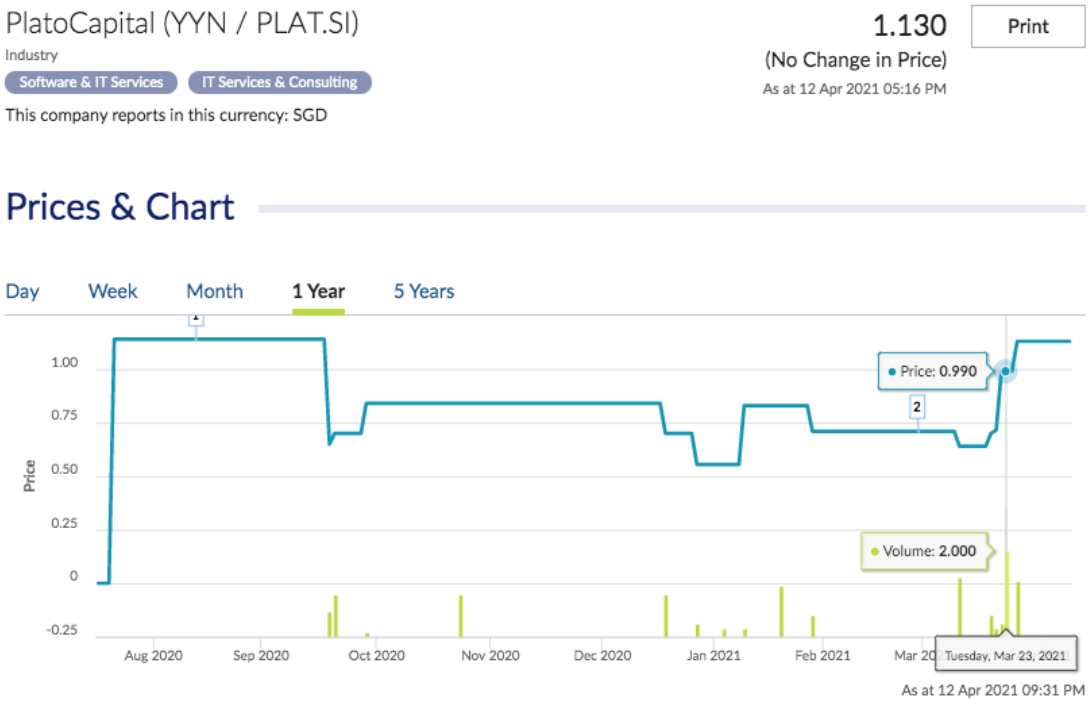
In the circular, the board stated that it believed that the share consolidation exercise would be beneficial to shareholders for the following reasons:

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	The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares issued and outstanding.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

and attractiveness of the Company and its Shares	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?**

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

(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?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)