

## PLATO CAPITAL LIMITED

### PROPOSED SHARES ACQUISITION AND PROPOSED RCULS ISSUE AS AN INTERESTED PERSON TRANSACTION

The Board of Directors of Plato Capital Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that:

#### SECTION I: ACQUISITION OF A WHOLLY-OWNED SUBSIDIARY

The Company had on 22 February 2016 acquired from two (2) independent third parties a wholly-owned subsidiary known as Truesource Sdn Bhd (“**TSSB**”) in Malaysia with an issued and paid-up capital of RM2.00 (equivalent to S\$0.67<sup>(1)</sup>) comprising two (2) ordinary shares for a cash consideration of RM2.00 which was funded internally. TSSB was incorporated on 18 February 2016.

*Note <sup>(1)</sup> At an exchange rate of RM1: SGD0.3340*

The principal business activity of TSSB is that of investment holding. The acquisition of TSSB is towards establishing a special purpose vehicle for a proposed acquisition by the Company, more particularly set out in Section II of this announcement.

The acquisition of TSSB is not expected to have any material impact on the Group's earnings per share and/or net tangible assets per share for the financial year ending 31 December 2016.

#### SECTION II: PROPOSED SHARES ACQUISITION

##### 1. Introduction

TSSB had on 23 February 2016 entered into a conditional share sale agreement (“**SSA**”) with four (4) independent third parties (“**Vendors**”) to acquire 74,194,973 ordinary shares of RM0.12 each or 25.89% of the total issued and paid-up capital (“**Subject Shares**”) of ECM Libra Financial Group Berhad (Company No. 713570-K) (“**ECMLIB**”) a public company incorporated in Malaysia pursuant to the Malaysia Companies Act 1965 and is listed on the Main Board of Bursa Malaysia Securities Berhad (“**Bursa**”). The purchase consideration for each of the Subject Shares is RM0.37 (equivalent to S\$0.1236<sup>(1)</sup>) and the total purchase consideration for the Subject Shares is RM27,452,140.00 (equivalent to S\$9,169,014.76 <sup>(1)</sup>) (“**Purchase Consideration**”) payable by cash at completion (“**Proposed Shares Acquisition**”).

The Purchase Consideration of RM0.37 per Subject Share is at a 12.1% premium to ECMLIB's the last traded price of RM0.33 as at 23 February 2016. The table below also sets out the premium / discount that the Purchase Consideration represents relative to the Volume Weighted Average Price (“**VWAP**”) of ECMLIB over a one month, three month and six month period.

	ECMLIB Share Price (RM)	Implied Premium / (Discount) represented by RM0.37 per Subject Share
1-Month VWAP	0.3187	16.1%
3-Month VWAP	0.3831	(3.4%)
6-Month VWAP	0.4217	(12.3%)

In consideration of the Vendors, at the request of the Company, agreeing to enter into the SSA with TSSB, the Company had on 23 February 2016 issued a letter to the Vendors guaranteeing the obligations and performance of TSSB under the SSA ("**Letter of Guarantee**").

The Vendors for the Proposed Shares Acquisition are independent third parties and the Purchase Consideration was negotiated at arms' length and concluded on a willing-buyer willing-seller basis and after taking into consideration the current traded share price of ECMLIB and its last reported net asset value, more particularly set out in paragraph 5 of this Section II.

The Company proposes to fund the Purchase Consideration using monies raised from a proposed Issue of redeemable convertible unsecured loan stocks ("**Proposed RCULS Issue**") more particularly set out in Section III of this announcement.

## **2. Information on ECMLIB**

The principal business of ECMLIB is in financial services with core business segments including fund management and investment holding.

Mr Lim Kian Onn ("**Mr LKO**"), a director and controlling shareholder of the Company, is also a director and substantial shareholder of ECMLIB. Mr LKO together with his wife hold 24.367% of the share capital of ECMLIB.

## **3. Principal Terms and Conditions of the SSA and the Letter of Guarantee**

The principal terms and conditions of the SSA include, *inter alia*:

- (a) The sale, purchase and transfer of the Subject Shares is conditional upon the resolutions being passed at a general meeting of the Company approving (i) the issuance of RCULS of an aggregate value up to S\$10 million by the Company to Mr LKO to raise proceeds to satisfy the Purchase Consideration and the transaction on the terms and conditions contained in the SSA and (ii) all regulatory approvals being obtained for issuance of the RCULS by the Company ("**SSA Conditions Precedent**");
- (b) In the event that the SSA Conditions Precedent cannot be met by 31 May 2016 ("**Stop Date**"), TSSB shall be obliged to cause and procure a new purchaser to carry on with the purchase of the Subject Shares in accordance with the terms and conditions of this Agreement;
- (c) Completion under the SSA shall be no later than 14 days from the date the SSA Conditions Precedent are satisfied ("**Completion Date**"); and
- (d) TSSB may assign all its rights and obligations under the SSA to any other 100% owned subsidiary of the Company.

The principal terms and conditions of the Letter of Guarantee include, *inter alia*, the Company shall guarantee the obligations and performance of TSSB which shall remain unperformed or unsatisfied pursuant to the SSA.

## **4. Potential Mandatory General Offer of ECMLIB ("ECMLIB MGO")**

The Company notes that pursuant to the Malaysian Code on Take-Overs and Mergers,

2010, TSSB may be obliged to undertake the ECMLIB MGO to acquire all the remaining shares in ECMLIB not already owned by TSSB and Mr LKO, if, *inter alia*, TSSB and Mr LKO are deemed parties acting in concert. In this respect, the Company has no current intention to own ECMLIB beyond the currently contemplated investment stake represented by the Proposed Shares Acquisition.

Mr LKO has therefore given a written undertaking to the Company to assume all of TSSB's obligations under the ECMLIB MGO in the event that this arises and subject to regulatory approval. Mr LKO would therefore be undertaking the entire ECMLIB MGO in his own capacity or together with his nominees.

## 5. Rationale for the Proposed Shares Acquisition

The Proposed Shares Acquisition offers the Company an opportunity to purchase a stake in a business with significant complementary investments in the education and precision engineering sectors. ECMLIB's fund management license offers significant synergies and strategic relevance relative to the future direction of the Company and the Group. The Company also believes that the Proposed Shares Acquisition is attractively priced due to the transaction price of RM0.37 (equivalent to S\$0.1236<sup>(1)</sup>) per Subject Share representing a discount of 22.9% to ECMLIB's announced consolidated net asset value as at 31 October 2015 of RM1.48 (equivalent to S\$0.4943<sup>(1)</sup>) adjusted for the completed distribution of cash and securities amounting to approximately RM1.00 per share to ECMLIB's shareholders as announced on 4 November 2015).

Accordingly, the Board is of the view that the Proposed Shares Acquisition is in the best interest of the Group.

## 6. Relative Figures under Rule 1006 of Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("Catalist Rules")

The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules, which have been based on the latest announced consolidated financial statements of the Group for the financial year ended 31 December 2015 are as follows:

		S\$ (million) (A)	S\$ (million) (B)	Relative Figures (A)/(B) in (%)
Rule 1006(a)	Net asset value of assets disposed of (A) compared with the net assets value of the Group (B).	Not applicable		
Rule 1006(b)	The net profit (net loss) attributable to the assets acquired or disposed of (A), compared with the consolidated net profits of the Group (B)	Not meaningful <sup>(2)</sup>		

Rule 1006(c)	The aggregate value of the consideration given or received (A), compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares (B).	9.16	17.04	53.80% <sup>(3)</sup>
Rule 1006(d)	Number of equity securities issued by the Company as consideration for the acquisition (A), compared with the number of equity securities previously in issue (B).	Not applicable		
Rule 1006(e)	Aggregate volume or amount of proven and probable reserves to be disposed of (A), compared with the Group's proven and probable reserves (B).	Not applicable		

**Notes:**

<sup>(2)</sup> *The net profits attributable to the assets to be acquired, based on ECMLIB's last announced financial results for the 9-month period ended 31 October 2015, was RM4.40 million (or S\$1.47<sup>(1)</sup>) million. As at 31 December 2015, the Group recorded a loss before taxation of S\$3.954 million. As such, the computation of the relative figure pursuant to Rule 1006(b) is negative, and hence the basis of comparison is not meaningful.*

<sup>(3)</sup> *Based on the Company's market capitalisation of approximately S\$17.04 million determined by multiplying the 165,451,344 shares of the Company ("Shares") in issue as at the date of this announcement, by the VWAP of the Shares of S\$0.103 per Share based on trades done on Catalist of the Singapore Exchange Securitax Trading Limited ("SGX-ST") on 17 February 2016 (being the last full market day preceding the date of the SSA on which the Company's shares were traded on SGX-ST)*

The Proposed Shares Acquisition constitutes a disclosable transaction pursuant to Chapter 10 of Section B: Rules of Catalist of the Listing Manual of the SGX-ST (the "Catalist Rules").

### SECTION III. PROPOSED RCULS ISSUE

#### 1. THE RCULS ISSUE

Mr LKO has by a letter of undertaking dated 23 February 2016 issued to the Company (“**Undertaking Letter**”) agreed that upon satisfaction of the SSA Conditions Precedent, Mr LKO shall subscribe for S\$10 million in aggregate principal amount of redeemable convertible unsecured loan stocks (“**RCULS**”) subject to the principal terms of the RCULS as set out in the Undertaking Letter and paragraph 2 of Section III of this announcement.

The RCULS will be issued to Mr LKO only as no prospectus or offer information statement will be issued by the Company in relation thereto in accordance with Section 272B of the Securities and Futures Act (Chapter 289 of Singapore).

#### 2. Principal terms of the RCULS

Principal amount	:	S\$10 million
Issue Price		S\$10 million
Maturity Date	:	The date falling five (5) years after the date of issue of the RCULS
Status of the RCULS	:	The RCULS constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Company under the RCULS shall, save for such exceptions as may be provided by mandatory provisions of applicable law and, at all times rank at least equally with all its other present and future direct, unsubordinated, unconditional and unsecured obligations, other than subordinated obligations and priorities created by law
Interest rate		0.5% per annum payable in arrears at redemption of the RCULS by the holder of the RCULS (“ <b>RCULS Holder</b> ”) or at end of the tenure of the RUCLS whichever is earlier.  The interest payments can be made in cash or satisfied through the issue and allotment of additional shares in the Company (“ <b>Shares</b> ”) by the Company at the discretion of the RCULS Holder. If the RCULS Holder elects to receive shares (“ <b>Interest Shares</b> ”) in lieu of cash, the number of Shares to be issued shall be equal to the total interest payment due divided by an issue price equivalent to the Conversion Price (as defined below).
Converted and status	Shares :	The RCULS are convertible into new Shares (“ <b>Converted Shares</b> ”) which when issued, will in all respects rank <i>pari passu</i> with the Shares then in issue save that they shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls prior to

the date of issue of the Converted Shares.

Conversion Right : The RCULS Holder has the right (exercisable at the option of the RCULS Holder) to convert the RCULS into Converted Shares at any time on or after the date of issue of the RCULS up to the close of business on the date immediately preceding the Maturity Date.

The price at which the Converted Shares will be issued upon conversion of the RCULS ("**Conversion Price**") in respect of each RCULS shall be S\$0.13, representing a 26.21% premium above the VWAP of the Company's Shares of S\$0.103 per Share based on trades done on Catalist of the Singapore Exchange Securitised Trading Limited ("**SGX-ST**") on 17 February 2016 (being the last full market day preceding the date of the SSA on which the Company's shares were traded on SGX-ST).

The minimum aggregate conversion amount to be converted in any single conversion of RCULS shall be S\$100,000.00 unless otherwise agreed to by the Company.

Redemption on Maturity date : Unless previously converted, the Company will redeem each RCULS at one hundred per cent (100%) of its principal amount on the Maturity Date.

For the avoidance of doubt, the RCULS are not redeemable prior to Maturity Date.

### 3. **Potential Mandatory General Offer of the Company's Shares**

Should Mr LKO convert the RCULS into Shares, the Converted Shares issued to Mr LKO may result in an obligation on Mr LKO to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Merger (the "**Code**"). In this regard, the Company and/or Mr LKO (whichever the case may be) will seek the approval of (i) the Securities Industry Council ("**SIC**") for the grant of a waiver of his obligations to make a mandatory general offer under the Code upon conversion of the RCULS for all the Shares not already owned by Mr LKO and/or parties acting in concert with him; and (ii) the approval of a whitewash resolution from independent Shareholders for the waiver of their rights to receive such a mandatory general offer from Mr LKO and/or parties acting in concert with him.

### 4. **Rationale of the Proposed RCULS Issue and the Use of Proceeds**

The Proposed RCULS Issue is the most expeditious and cost efficient way towards raising the monies required to complete the Proposed Shares Acquisition in the light of the Stop Date and Completion Date.

The proceeds from the Proposed RCULS Issue shall be utilised as follows:

- (i) 91.7% to pay the Purchase Consideration; and

- (ii) 8.3% to pay for expenses in connection with the transactions contemplated in this announcement and for general working capital purposes.

Pending deployment of the proceeds, such deposits may be placed as deposits with banks and/or financial institutions, invested in short term money markets or debt instruments or for any other purpose on a short term basis as the directors may, in their absolute discretion, deem fit from time to time.

The Group had negative working capital of S\$1.499 million as at 31 December 2015. The Directors are of the view that the Group will have continued access to banking facilities made available to the Group supported by Mr LKO as guarantor to those facilities. Mr LKO has committed to the Group to continue to provide and not withdraw such personal guarantees so as to enable the Group to have continuous access to these banking facilities. Further to that, the Directors are of the view that the Group will be able to secure additional borrowings by securing its long-term assets which are currently unencumbered.

As such, the Directors are of the opinion that, the working capital available to the Group is sufficient to meet its present requirements. The reasons for the Proposed RCULS Issue are set out above.

The Company will make periodic announcements on the utilisation of the proceeds from the Proposed RCULS Issue ("**Proceeds**"), as and when the funds from the Proposed RCULS Issue are materially disbursed. The Company will also provide a status report on the use of the Proceeds in the Company's interim and full-year financial statements issued under Rule 705 of the Catalist Rules and the Company's annual report. Where there is a material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation. Where the Net Proceeds are to be used for working capital, the Company will disclose a breakdown with specific details on the use of the proceeds for working capital.

## **5. Financial effects of the Proposed Shares Acquisition and Proposed RCULS Issue (collectively "**Proposed Transactions**")**

The financial effects of the Proposed Transactions set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Transactions. The table below sets out the financial effects of the Proposed Transactions based on the following bases and assumptions:

- (a) the latest announced unaudited financial statements of the Group for the financial year ended 31 December 2015 ("FY2015");
- (b) the financial effect on the loss per share ("LPS") is computed based on the assumption that the Proposed Transactions were completed on 1 January 2015 and incorporates ECMLIB's latest announced financial results for the nine month period ended 31 October 2015;
- (c) the financial effect on the consolidated net tangible assets ("NTA") per Share is computed based on the assumption that the Proposed Transactions were completed on 31 December 2015.

**NTA per Share**

	Before the Proposed Transactions	After the Proposed Transactions but before conversion of any RCULS	After the Proposed Transactions and assuming full conversion of the RCULS on 31 December 2015
NTA (S\$'000)	31,326,974	32,746,451	42,796,451
Number of Shares	165,451,344	165,451,344	242,374,420
NTA per Share (cents)	18.93	19.79	17.66

**LPS**

	Before the Proposed Transactions	After the Proposed Transactions but before conversion of any RCULS	After the Proposed Transactions and assuming full conversion of the RCULS on 01 January 2015
Loss attributable to Shareholders (S\$'000)	(3,265,073)	(1,845,596)	(1,795,596)
Weighted average number of Shares	165,451,344	165,451,344	242,374,420
LPS per Share (cents)	(1.97)	(1.12)	(0.74)

**6. Application to SGX-ST**

The Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. will be submitting an application on behalf of the Company to the SGX-ST for the listing and quotation of the Converted Shares on the SGX-ST. The Company will make the necessary announcements upon receipt of the approval-in-principle from the SGX-ST or the listing and quotation of the Converted Shares on the official list of the SGX-ST.

For the avoidance of doubt, the RCULS will not be listed on the SGX-ST.

**SECTION IV. PROPOSED RCULS ISSUE AS AN INTERESTED PERSON TRANSACTION****1. Interested Person Transactions**

Mr LKO, being a director and controlling shareholder of the Company is defined as an **"Interested Person"** of the Company whilst the Company is an **"Entity at Risk"** under Chapter 9 of the Catalist Rules. Accordingly, the issue of the RCULS to Mr LKO constitutes an **"Interested Person Transaction"** within the ambit of Chapter 9 of the Catalist Rules.



Pursuant to Rule 906 of the Catalist Rules, the Company is required to obtain the approval of the Shareholders for the reason:

- (i) Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 (“FY2014”), the audited consolidated net tangible assets of the Group was S\$34.61 million (“Audited NTA”). The value of the Proposed RCULS Issue as an Interested Person Transaction is S\$10.25 million (being the principal value of S\$10.00 million and interest payable of S\$0.25 million) and represents approximately 29.62% of the Audited NTA.

Mr LKO has abstained and will abstain from voting on all board resolutions relating to the Proposed RCULS Issue.

The Audit Committee of the Company will be obtaining an opinion from an independent financial adviser in relation to the Proposed RCULS which will be set out in the circular to be dispatched to shareholders of the Company in due course.

## **2. Total value of interested person transactions**

Save for the above, the Group has not entered into any transaction with Mr LKO or any other interested person since the beginning of this financial year ending 31 December 2016.

## **SECTION V INTERESTS OF DIRECTORS OR CONTROLLING SHAREHOLDERS**

Save as disclosed in this announcement, none of the Directors or controlling shareholders of the Company have any interest, directly or indirectly in the Proposed Transactions.

## **SECTION VI EXTRAORDINARY GENERAL MEETING (“EGM”)**

The Proposed Transactions are subject to approval of Shareholders at an EGM to be convened. A circular to the Shareholders together with notice of the EGM will be dispatched by the Company in due course.

## **SECTION VII TRADING CAUTION**

Shareholders and potential investors should exercise caution when trading in the Shares and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

## **SECTION VIII DOCUMENTS FOR INSPECTION**

The SSA, Letter of Guarantee and Undertaking Letter are available for inspection during normal business hours at the Company’s registered office at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 for a period of three (3) months from the date of this announcement.

By Order of the Board

Oh Teik Khim  
Director  
25 February 2016

*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 Catalyst. 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 of the 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, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*