

**ATTILAN GROUP LIMITED**  
(Incorporated in Singapore)  
(Company Registration Number: 199906459N)

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**REPLY TO SGX QUERY**

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*All capitalised terms used in this announcement shall, unless otherwise defined herein, have the same meanings ascribed to them in the announcement dated 26 March 2018.*

In response to the SGX's queries dated 28 March 2018 for clarification on the unaudited results for the financial year ended 31 December 2017 ("**FY2017**"), the Board of Directors (the "**Board**") of Attilan Group Limited (the "**Company**") wishes to announce the following:-

**SGX's Query 1:**

Please provide details on the following:

- a. Details of the Put Options terms and exercise price;
- b. When was the Put Option granted and what is the exercisable period;
- c. How much was the consideration for the Put Option paid;
- d. The circumstances and transaction that gave rise to the Put Option;
- e. Who is TAP Venture Fund I, what are its principle activity and who owns the preference shares;
- f. Who manages the TAP Venture Fund I and its track records;
- g. How much did the Company sell the preference shares to the investors in TAP Venture Fund I Pte. Ltd. for and when was it sold;
- h. Why was the Put Option granted to the investors in TAP Venture Fund I Pte. Ltd.;
- i. How does the legal suit result in the significant change in the Company's position;
- j. To disclose how contingent liability become a financial guarantee expense, and how is the total financial guarantee expense calculated;
- k. How much has the total financial guarantee expense been recognized to date since the agreement; and
- l. How much of the financial guarantee expense has been settled, whether it was paid in cash and manner it was settled.

**The Company's responses:**

- a. As announced on 6 July 2017 and 26 March 2018, the purchase price of the preference shares payable by the Company pursuant to the exercise of the Put Options is the issue price of S\$25,000 per preference share plus any consideration paid by the respective Investor to the Company for the grant of Put Option. Save for the customary terms and conditions for a sale and transfer of shares, there are no other material conditions to exercise the Put Options.

- b. As announced on 6 July 2017 and 26 March 2018, the Put Options were granted to 11 investors (“**Investors**”) in TAP Venture Fund I Pte. Ltd. (“**TAPVF**”) between January 2013 and April 2014. The Put Options may be exercised by the Investors during the period of six months commencing on the earlier of (i) the end of three months after the fifth anniversary from the date of issuance of the preference shares, or (ii) the receipt by the Investors of the final report issued by TAPVF stating its net assets value after the fifth anniversary from the date of issuance of the preference shares.
- c. The consideration for the Put Option for four Investors is S\$125,000 each, one Investor is S\$75,000 and for the other Investors, the consideration is S\$1.
- d. As announced on 18 August 2017, the Put Option was granted to each of the Investors pursuant to a share subscription agreement in relation to the subscription of preference shares in TAPVF by the Investor.
- e. TAPVF is a private equity fund and the preference shares are owned mainly by high net worth individuals including the Investors.
- f. TAP Private Equity Pte. Ltd. (“**TAPE**”), a wholly-owned subsidiary of the Company, is the fund manager of TAPVF. The Group has been involved in fund management, private equity and investing activities since 2008.
- g. As announced on 18 August 2017, a total of 980 preference shares in TAPVF were issued to the Investors between January 2013 and March 2014. The aggregate issue price for the 980 preference shares in TAPVF was S\$24,500,000.
- h. Please refer to paragraph (d) above.
- i. The legal suit with Phillip Asia had led to a significant increase in the Group’s liabilities and probable threat of liquidation of the Company. As a result, the contingent liabilities arising from the Put Options have been regarded as material and imminent, taking into account the Group’s net liabilities and current financial condition.
- j. The financial guarantee expense consists of the following:

Phillip Asia Opportunity Fund Ltd	S\$8.73 million
Less: Indemnity Recoverable from TAMI	S\$2.35 million
	<u>S\$6.38 million</u>
 Put Options Agreements	 S\$24.50 million
 Total Financial Guarantee Expense	 <u>S\$30.88 million</u>

As stated in the Company’s announcement on 6 July 2017, the Company is involved in a legal suit with Phillip Asia Opportunity Fund Ltd which cannot be settled amicably. It has resulted in a significant change in the Company’s financial position and probable threat of liquidation. With such, the Company has to recognise the contingent liabilities arising from the put option agreements as financial guarantee expense.

- k. As set out in the Company’s FY2017 results and stated in the Company’s announcement on 26 March 2018, the total financial guarantee expense is S\$30.88 million for FY2016 following restatement.
- l. As at the date of this announcement, the Company has not paid any financial guarantee expense.

**SGX's Query 2:**

Please disclose:

- a. Which are the relevant entities involved in the translation of functional currency to reporting currency;
- b. What are the currencies involved and why is the loss so significant at \$0.53 million; and
- c. Why is there a swing of \$0.99 million for 9 month 2017 to FY2017.

**The Company's responses:**

- a. The relevant entities involved in the translation of functional currency to reporting currency are the Company, Attilan Investment Ltd, Attilan Investment (Thailand) Sdn Bhd, TAP Partners Sdn Bhd, TAP Private Equity Inc, Posh Corridor Sdn Bhd and HOL International Pte Ltd.
- b. The currencies involved are mainly USD and RM for foreign currency translation. The foreign exchange gain for FY2017 is S\$0.86 million instead of a foreign exchange loss of S\$0.53 million. This is due to the reclassification of S\$1.39 million from foreign exchange expense in the unaudited consolidated income statement to the foreign currency translation reserve in the unaudited balance sheet. Please refer to the Company's announcement on 4 April 2018 on the corrigendum to the Group's unaudited financial statement for the financial year ended 31 December 2017.
- c. Please refer to paragraph (b) above.

**SGX's Query 3:**

In relation to Chaswood Resources Holdings Ltd:

- a. Why is the Company reporting fair value gain/loss of \$0.33 million in Chaswood Resources Holding Ltd when it does not have any beneficiary or economic benefits in the Chaswood shares?
- b. Who is the Company holding the shares on behalf for, and the reason for doing so?
- c. Why does the parent not hold the shares in its own name?
- d. What is the role of the Company in this arrangement and who makes the decision whether to hold, buy or sell?
- e. How many Chaswood shares are currently held by the Company on behalf of the parent?
- f. Does the Company own any shares in Chaswood and how many?

**The Company's responses:**

- a. As announced on 26 March 2018, based on FRS 39, the Company is required to assess the fair value of the quoted debt instruments and derivative liability being designated as financial liability on quarterly basis. The fair value gain of S\$0.33 million was mainly due to the lower fair value of the financial liability in FY2017 due to the lower share price of Chaswood share of S\$0.011 for FY2017 as compared to S\$0.019 for FY2016.
- b. As announced on 25 May 2015, by way of an internal restructuring of assets and liabilities of the Group prior to the disposal of the entire stake in Portwell Investments Limited ("**PIL**"), PIL has taken over certain economic rights and entitlement to the future proceeds to be derived from the sale and disposal of the shares in Chaswood Shares. Notwithstanding so, the entire legal and

beneficial ownership has been retained by the Group, which will continue to control such Chaswood Shares and exercise its rights over these voting shares at its absolute discretion.

- c. Please refer to paragraph (b) above.
- d. As mentioned in paragraph (b) above, the Group controls such Chaswood Shares and exercise its rights over these voting shares at its absolute discretion.
- e. As disclosed in the Company's Annual Report FY2016, the Group holds approximately 40.38% in Chaswood Resources Holdings Ltd being 101,195,877 Chaswood Shares. Out of these Chaswood Shares, the certain economic rights and entitlement to the future proceeds to be derived from the sale and disposal of the shares in 83,367,877 Chaswood Shares have been disposed.
- f. Please refer to paragraph (e) above.

**SGX's Query 4:**

Please explain why the amount of financial guarantee expense of \$30,881,372 in FY2016 was adjusted to the audited FY2016 amount of \$6,381,372.

**The Company's responses:**

As announced on 6 July 2017, the Company had to make prior year adjustments to the financial statements for FY2016. Please refer to the Company's announcement for more details.

The adjustment of the financial guarantee expense is as follows:

	FY2016 S\$ (Restated)	FY2016 S\$ (Audited)	FY2016 S\$ Total
Net Financial Guarantee to Phillip Asia Opportunity Fund Ltd	-	6,381,372	6,381,372
Put Option Agreements	24,500,000	-	24,500,000
Total amount of financial guarantee expense	<u>24,500,000</u>	<u>6,381,372</u>	<u>30,881,372</u>

**SGX's Query 5:**

The Company announced that "*it provided a financial guarantee for the benefits of its subsidiary TAMI*", please explain how is TAMI related to the financial guarantee of \$30.88 million granted by the Company in relation of TAP Venture Fund I.

**The Company's responses:**

As clarification, the financial guarantee of S\$30.88 million includes the corporate guarantee provided by the Company to Phillip Asia in relation to the Subscription. In May 2014, the Company sold its shares in TAMI, which managed Dragonrider Opportunity Fund II L.P. which in turn wholly owns Turf Group Holdings Limited, to Tremendous Asset Partners Ltd.. Due to certain advances owing by the Group to TAMI, the Company had continued to act as a guarantor in relation to the Subscription notwithstanding the sale and in return, TAMI provided a counter indemnity to the Company.

**SGX's Query 6:**

Please explain why is the financial guarantee also given to Philip Asia Pacific Opportunity Fund Ltd and who are the beneficial owners of the fund?

**The Company's responses:**

The Company has given a corporate guarantee to Phillip Asia in relation to the Subscription. Based on ACRA search, Phillip Asia is a private equity fund whose shares are held mainly by high net worth individuals.

**SGX's Query 7 :**

Please explain how is the amount of \$8.07 million expense in FY2017 and the \$8.73 million expense in FY2016 calculated.

**The Company's responses:**

Please refer to the table below for the breakdown:

	<b>FY2017 US\$</b>	<b>FY2017 S\$(<sup>1</sup>)</b>	<b>FY2016 US\$</b>	<b>FY2016 S\$(<sup>2</sup>)</b>
Principal Amount	5,000,000	6,683,000	5,000,000	7,231,500
Interest Amount	1,040,770	1,391,093	1,040,770	1,505,266
Total	<u>6,040,770</u>	<u>8,074,093</u>	<u>6,040,770</u>	<u>8,736,766</u>

**Notes:**

- (1) Based on the exchange rate of US\$1: S\$1.3366 as at 31 December 2017.  
(2) Based on the exchange rate of US\$1: S\$1.4463 as at 31 December 2016.

**SGX's Query 8 :**

What is the basis for the amount derived and what would affect the amount expensed in FY2016 and FY2017?

**The Company's responses:**

The amount derived will be based on the deduction of the counter indemnity recoverable from TAMI and any exchange difference arising out from it.

**SGX's Query 9**

Will there be any future expense that will have to be recognized for this financial guarantee? If so, please disclose all factors involved.

**The Company's responses**

Any future expense will be based on the actual settlement amount with Phillip Asia and also the actual counter indemnity claims from TAMI.

**SGX's Query 10 :**

Please explain why is the counter indemnity for TAMI only \$2.355 million when the corporate guarantee to Philip Asia Pacific Opportunity Fund Ltd given by the Company is \$8.07 million?

### **The Company's responses**

The counter indemnity given by TAMI is for the entire sum to be settled by the Company with Phillip Asia. As clarification, the provision of S\$2,355,392 represents the fair value of the counter indemnity which derived based on the amount owing by the Company's subsidiaries to TAMI which will be set off against the sum settled by the Company with Phillip Asia.

### **SGX's Query 11 :**

With reference to the financial guarantee provided by the Company to Phillip Asia in relation to subscription of redeemable secured notes of US\$5 million by TGH, please disclose:

- a. When were the financial guarantees entered into?
- b. Details of all the financial guarantees provided by the Company to Phillip Asia.
- c. As these guarantees are material to the Company's operations and financial position, please discuss if the Company has promptly announced these specific details when entered into?
- d. Please disclose the announcement date as the transactions are material and is required to be announced under Listing Rule 703.

### **The Company's responses**

- a. The financial guarantee was provided by the Company in April 2014.
- b. Other than the financial guarantee provided by the Company in relation to subscription of redeemable secured notes of US\$5 million by TGH, the Company has not provided other financial guarantees to Phillip Asia.
- c. As at April 2014, the Company was of the view that the financial guarantee of US\$5 million was below the materiality threshold at that time taking into consideration, amongst others, that there are tangible securities provided to Phillip Asia in relation to the Subscription. Hence, the Company did not make an announcement in respect of the financial guarantee.
- d. Please refer to paragraph (c) above.

### **SGX's Query 12 :**

Please provide specific details of the scheme of arrangement and the current status.

### **The Company's responses**

As announced on 3 August 2017, under the proposed scheme of arrangement, the participating unsecured creditors which are owed in aggregate S\$38,013,791 be settled by issuance of new shares of the Company equivalent to 3.2 cents above the breakup value of the scheme liabilities at an issue price based on the market average price on the date when the proposed scheme of arrangement is sanctioned by the High Court of the Republic of Singapore. As announced in the FY2017 results, the Company would not be proceeding with the scheme of arrangement for the time being as it is in negotiations with Phillip Asia for a bilateral settlement.

**SGX's Query 13 :**

Please disclose what is the exact amount of all the sums owing by the Company to Philip Asia in respect of the Corporate Guarantee.

**The Company's responses**

The exact amount owing by the Company to Phillip Asia in respect of the Corporate Guarantee is US\$6,040,770 which consists of the principal amount of US\$5,000,000 pursuant to the Subscription and interest of uS\$1,040,770.

**SGX's Query 14 :**

In relation to TAMI:

- a. What is the financial position of TAMI?
- b. Who are the fund managers, shareholders and beneficiary owners of the managers and fund respectively?

**The Company's responses**

- a. TAMI was disposed by the Company on 6 May 2014. Hence, the Company has no access to the current financial position of TAMI. Nevertheless, the Company is confident to recover all the financial guarantee expense from the counter indemnity provided by TAMI based on the indication of the full settlement being negotiated with Philip Asia that could be set off against the advances that are owing by the Group to TAMI.
- b. TAMI is the fund manager and Tremendous Asia Partners Inc ("**TAPI**") is the general partner of the fund. Both TAMI and TAPI are owned by Tremendous Asset Partners Ltd that is ultimately owned by Dato' Mohammed Azlan bin Hashim. To the best of our knowledge, the owners of the fund comprised various institutional investors and a family office.

**SGX's Query 15 :**

Please elaborate in details what are the steps taken and what did auditors do to verify the veracity and accuracy of the financial guarantee claims as provided in the Company's responses to SGX query.

**The Company's responses**

The management has provided the auditors copies of the Corporate Guarantee, put option agreements and indemnity by the Company in favour of TAMI. Further assessment will be performed by the auditors for the financial year ended 31 December 2017.

**SGX's Query 16 :**

Please provide the AC's views on why are these financial guarantees reasonable and justify how was it taken in the best interest of the Company and shareholders as a whole.

**The Company's responses**

The AC has been kept informed by the management of the Company about the steps taken in relation to the counter indemnity and the financial guarantee claims. In forming its view that the Company had taken steps to safeguard the interest of the Company and its public shareholders, the AC had taken into consideration:

- (i) in relation to the Corporate Guarantee, that:
  - (a) the Company was the then parent company of Asiasons Management II Inc. (now known as TAMI) which manages the fund known as Dragonrider Opportunity Fund II L.P. which in turn wholly owns Turf Group Holdings Limited; and
  - (b) the Company has obtained a counter indemnity from TAMI following the sale of TAMI;
- (ii) in relation to the indemnity given by the Company in favour of TAMI, that
  - (a) there are outstanding amounts owing by the Company's subsidiaries to TAMI; and
  - (b) TAMI has withhold claims against the Company's subsidiaries for such non-payments.

**SGX's Query 17 :**

In relation to TAP Harimau, please disclose:

- a. Who are the fund managers?
- b. What are the major securities held by the fund?
- c. Why is the fund disposed at such a significant loss and who is it disposed to?
- d. Does the party who bought over the fund have any relations to any directors, controlling shareholders of the Company or its associates?
- e. What is the potential liquidation value and how was it determined?

**The Company's responses**

- a. The fund manager is Tremendous Asia Partners (Malaysia) Ltd. (formerly known as Asiasons Private Equity (Malaysia) Ltd. The fund manager was disposed of by the Company in September 2014.
- b. The fund held investment in private company in the form of equity.
- c. There was an ongoing legal suit against the portfolio investment arising from the cancellation of a distribution agreement of a major distributor and potential threat of key business divisions were going to be spun out by the respective management teams that would be a diminution of the value on the portfolio investment. The disposal was undertaken by the fund taking into consideration the risk management of the investment as one of the key considerations for the divestment versus the potential liquidation value from the investment should the shareholders feud be prolonged. The fund went through various board meetings to contemplate the next steps and in the end decided to sell the investment at below our valuation in order to avoid any prolonged hostilities that would potentially further diminish the investment.

The fund disposed the investment to the major shareholders of portfolio investment.

- d. No.
- e. The potential liquidation value could be lower by 70% based on the decrease of the EBITDA after minority interest performed by the adviser of the portfolio company assuming the termination of the key business divisions and provision for the ongoing legal suit against the portfolio company.



**SGX's Query 18 :**

Please provide details on Purplestream:

- a. What is its principle business and financial performance?
- b. Who are the shareholders and directors of Purplestream?

**The Company's responses**

- a. Its principal business is technology solutions provider in video content delivery and the financial performance is at a loss position based on the year 2016 which we have provided an impairment loss.
- b. Based on ACRA search, none of the shareholders and directors of Purplestream are related to the directors or substantial shareholders of the Company.

**SGX's Query 19 :**

Is the financial guarantee of S\$30.88 million provided by the Company to Philip Asia? If yes, why does this financial guarantee includes the contingent liabilities arising from the Put Option of S\$24.5 million when the Put Option is not related to Philip Asia?

**The Company's responses**

The financial guarantee provided by the Company to Phillip Asia as at 31 December 2017 is S\$8.07 million. Please refer to the response to Query 7 above for more detailed calculation.

**SGX's Query 20 :**

Please provide details on:

- a. the legal suit with Philip Asia Pacific Opportunity Fund Ltd; and
- b. How this legal suit has impacted the Company's financial position and its contingent liabilities.

**The Company's responses**

- a. As announced on 14 March 2017, the Company received a writ of summons filed by Phillip Asia, claiming in respect of the corporate guarantee provided by the Company relating to the amount owing by Turf Group Holdings Limited. Please refer to the announcement dated 17 January 2017 for more details. As announced on 26 March 2018, the Company is currently negotiating with Phillip Asia for a bilateral settlement.
- b. As mentioned in the response to Query 1(i) above, this legal suit had led to a significant increase in the Group's liabilities and probable threat of liquidation of the Company. As a result, the contingent liabilities arising from the Put Options have been regarded as material and imminent, taking into account the Group's net liabilities and current financial condition.

**BY ORDER OF THE BOARD**

Datuk Jared Lim Chih Li  
Managing Director  
4 April 2018