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

REPLY TO SGX QUERY

The Board of Directors ("**Board**") of Attilan Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement dated 3 August 2017 on the reply to SGX query (the "**Announcement**").

Unless otherwise specified, all capitalised terms used and not defined herein shall have the same meanings ascribed to them in the Announcement.

In response to queries on the Announcement raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in its email dated 11 August 2017, the Company would like to provide the following disclosures:-

(a) **SGX's Query:**

It was disclosed in the Announcement:-

"The Put Options may be exercised by the Investors during the period of six (6) months commencing on the earlier of (i) the end of three (3) months after the fifth (5^{th}) 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 (5^{th}) anniversary from the date of issuance of the preference shares. 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."

Please clarify:-

(i) How many preference shares are there in total?
(ii) What would be the total amount?

The Company's responses:

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.

(b) **SGX's Query:**

It was disclosed in the Announcement:-

"When the Company entered into the put option agreements with the Investors between January 2013 and April 2014, the Company was of the view that the value of the put option agreements were below the materiality threshold at that time and hence, the Company did not make an announcement in respect of the put option agreements."

Please show the ratios to substantiate that the value of the put option agreements were below the materiality thresholds at that time.

The Company's responses:

The put option agreements were entered separately with each Investor pursuant to a share subscription agreement in relation to the subscription of preference shares in TAPVF by the Investor. The put option agreements between the Company and each of the Investors were entered over the period between January 2013 and March 2014. Based on the market capitalisation of the Company as at on the respective dates of the put option agreements, the value of each put option agreement did not exceed 5% of the market capitalisation of the Company at the relevant times.

(c) <u>SGX's Query:</u>

It was disclosed in the Announcement:-

"The amount owing by the Company's subsidiaries to TAMI was a result of advances made by TAMI to the Company's subsidiaries for working capital purposes."

Please provide the breakdown with details on the use of proceeds for working capital purposes.

<u>The Company's responses:</u>

The breakdown of the use of proceeds for working capital is as follows:

	S$
Advance to related company	429,547
Employee costs	493,167
Finance costs	2,136,811
Professional fees	103,862
Rental of premises	80,218
Other administrative expenses	68,420
Total	3,312,025

(d) <u>SGX's Query:</u>

It was disclosed in the Announcement:-

"As stated in the Announcement, the Company is currently involved in a legal suit with Philip Asia Opportunity Fund Ltd. ("Philip Asia") in the High Court in Singapore which led to a significant change in the Company's financial position, resulting in the contingent liabilities being regarded as material taking into account the Company's net liabilities and current financial condition."

Please clarify:-

(i) How the legal suit with Philip Asia lead to a significant change in the Company's financial position? Please quantify and substantiate.

(ii) Why the contingent liabilities were only recognised now instead of previously?

<u>The Company's responses:</u>

(i) Prior to the legal suit with Philip Asia, the Group was already facing extremely challenging financial situation, as explained in the Company's shareholders' circular for the issuance of redeemable structured convertible notes with an aggregate principal amount of up to S$50,000,000 to Advance Opportunities Fund 1. The Company was actively exploring opportunities to recover to profitability and enhance the Group's cash flow. As announced by the Company on 5 January 2017, the Company obtained approval from its shareholders in a general meeting for the issuance of aforesaid convertible notes for the Group's capital requirements for the expansion of its media and education business. However, when Philip Asia commenced legal proceedings against the Company, the Company had to recognise contingent liabilities of approximately US$6.2 million arising from the legal proceedings which have caused the Group's financial situation to worsen. As a consequence of the legal proceedings with Philip Asia which could not be resolved, the Company has decided to make an application to the High Court of Singapore to undertake a comprehensive scheme of arrangement under Section 210 of the Companies Act, as announced on 11 July 2017.

(ii) The contingent liabilities that arose from the put options are only exercisable from 22 May 2018 and the Company's undertaking to indemnify TAMI against any loss suffered by TAMI is in respect of any non-repayment of amounts owing by the Company's subsidiaries to TAMI. As stated in paragraph (i) above, following the legal proceedings with Philip Asia, the Company's financial position has worsened by approximately US$6.2 million. In light of this, the contingent liabilities arising from the put options and the Company's undertaking in favour of TAMI had to be regarded as material in the applicable context. Accordingly, the Company has on 6 July 2017 released an announcement regarding the recognition of these contingent liabilities.

(e) <u>SGX's Query:</u>

It was disclosed in the Announcement:-

"The tangible securities provided to the Creditor are: (i) a charge over shares of a private company owned by Turf Group; and (ii) a charge over the shares of a listed company owned by Posh Corridor Sdn. Bhd., a wholly-owned subsidiary of the Company."

Please clarify:-

(i) What is the name of the listed company?
(ii) How many shares are there and how much are the shares worth?

<u>The Company's responses:</u>

(i) The name of the listed company is Chaswood Resources Holdings Ltd.

(ii) The charge is over 83,367,877 ordinary shares in Chaswood Resources Holdings Ltd with an estimated value of approximately S$1,250,518 based on the approximate closing share price of S$0.015 per share as at 15 August 2017.

(f) <u>SGX's Query:</u>

It was disclosed in the Announcement:-

"Due to the prolonged negotiation between Philip Asia and TAMI which has yet to come to fruition and after assessing the merits of pursuing its rights under the counter indemnity, the Company is of the view that as TAMI is incorporated in Cayman Islands, substantial costs and effort would be required to recover the amount under the counter indemnity."

Please clarify:-

(i) How much it costs to pursue TAMI versus the value of the claim by Philip Asia?

<u>The Company's responses:</u>

The professional costs to pursue legal proceedings against TAMI (and enforcement or recovery proceedings if the Company were to obtain a judgement in its favour) is anticipated to exceed S$500,000 as the Company is incorporated in Singapore, whereas TAMI is incorporated in Cayman Islands and its assets are located in different jurisdictions outside Cayman Islands. In the event that the proceedings against TAMI is prolonged, the costs may be significantly higher than S$500,000. The management of the Company is of the view that the professional costs required to recover the amount under the counter indemnity is substantial in light of the Group's current available cash flow. In addition, there exists an inherent risk that there is no assurance of success in any litigation proceedings or subsequent recovery actions.

BY ORDER OF THE BOARD

Datuk Jared Lim Chih Li
Managing Director
18 August 2017