

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

REPLY TO SGX QUERY

In response to the SGX's queries dated 28 June 2019 for clarification on the announcement of proposed acquisition of equity interest of Tremendous Entertainment Group ("**TEG**") (the "**Announcement**"), the Board of Directors (the "**Board**") of Attilan Group Limited (the "**Company**") wishes to announce the following:-

SGX's Query 1:

Please disclose all past or present relationships between the directors, beneficial shareholders, controlling minds or any other interested persons of the Tremendous Opportunity Fund I LP ("**Vendor**") with the Company, its directors, CEO, controlling shareholders and their respective associates.

The Company's responses:

Ng Teck Wah, being a controlling shareholder of the Company, is also a director of TEG and Tremendous Asia Partners Inc. ("**TAPI**"), the general partner of the Vendor, and a director of Tremendous Asia Management Inc. ("**TAMI**"), the fund manager of the Vendor.

Datuk Jared Lim Chih Li, being a controlling shareholder and director of the Company, was formerly a director of TEG (resigned on 13 November 2017), TAPI (resigned on 18 December 2014) and TAMI (resigned on 8 December 2014).

Dato' Mohammed Azlan Bin Hashim, being the sole shareholder and a former director of Tremendous Asset Partners Ltd, which owns TAPI and TAMI, was formerly a Chairman and Non-Executive Director and also a former controlling shareholder of Attilan Group Limited.

Ng Teck Wah, Datuk Jared Lim Chih Li and Dato' Mohammed Azlan Bin Hashim do not have interest in the Vendor and TEG.

Save as disclosed, there are no other past or present relationships between the directors, beneficial shareholders, controlling minds or any other interested persons of the Vendor with the Company, its directors, CEO, controlling shareholders and their respective associates.

SGX's Query 2:

In relation to Information on TEG and the Vendor:-

- a. Please provide details of TEG such as the year of incorporation and paid up capital.
- b. Please disclose the recent awards and year in which they were awarded as mentioned in the "portfolio of award winning content".
- c. Please explain how is the Hi-5 broadcast content related to the Company's Hi-5 pre-schools?
- d. Please elaborate on what this 360-degree business model and in what country do they operate in?

- e. Please clarify if Base Entertainment Asia is a wholly own subsidiary of the TEG. If not, please disclose the identity of the other shareholder(s).

The Company's responses:

- a. TEG was incorporated in the British Virgin Islands on 19 September 2014. As at 30 June 2019, it has an ordinary share capital of US\$1.00 comprising of 1 issued and fully paid up ordinary share. TEG's objective is to consolidate the entertainment and media portfolios of Tremendous Opportunity Fund I under a single branded platform with the intent of producing content for family entertainment in the broadcast, live and exhibition space. The broadcast and exhibition businesses have been in operations since 2012 and the live business has been in operations since 2011. A total of US\$35 million (approximately S\$47 million) has been invested by the Vendor into TEG Group since 2012.
- b. TEG's entertainment contents have received the following awards and nominations:

Year	Awards	Awarded at	Division
2000 to 2004	Five (5) ARIA Awards for 'Best Children's Albums'. Our fourth win broke ARIA history with Hi-5 being the only band to win an ARIA Award over four consecutive years.	ARIA Music Awards	Broadcast
2000, 2001 and 2004	Three (3) Australia Logie Award for 'Most Outstanding Children's Programme'	Logie Awards	Broadcast
2002	Best Presentation for Children	Helpmann Award	Broadcast
2004	Gold Award for US series CD, Jump and Jive with Hi-5	Parent's Choice Award	Broadcast
2005 to 2007	Nomination for three (3) Daytime Emmy Awards for US series	Daytime Emmy Awards	Broadcast
2011	Winner in the category 'Best in Education and Outreach'	Museum Roundtable Awards	Exhibition
2011	Winner of Most Innovative Marketing Initiative	Singapore Experience Awards	Exhibition
2015	Best Preschool Programme	20 th Asian Television Awards	Broadcast
2018	Best Children's Entertainment Drama	Asian Academy Creative Awards	Broadcast

- c. TEG owns Hi-5 World Ltd which owns all the Hi-5 assets which include intellectual properties, music assets, trade name, trade mark and also the education arm, Hi-5 Learning. The Company is the franchisee of Hi-5 education arm.
- d. The 360-degree business model refers to a range of family entertainment attractions which extends beyond television programme and includes stage shows, brand licensing, music, merchandise, digital sales and education. TEG Group is headquartered in Singapore and has offices in Malaysia and Las Vegas, United States. TEG Group has an extensive global presence in multi territories such

as South East Asia, Australia, North Asia, Latin America, North America and Europe. In addition the partners for the Group's Hi-5 business include major TV networks or channels like Disney Junior, Netflix Asia Pacific and Astro Malaysia.

- e. The operating entity of Base Entertainment Asia namely BASE Entertainment Marina Bay Sub Pte Ltd. is a 51% subsidiary of TEG. The remaining shares are held by the management of BASE Asia and will be consolidated into TEG for the proposed acquisition of TEG Group.

SGX's Query 3:

Please quantify the factors in arriving at the purchase consideration of S\$100 million.

The Company's responses:

The purchase consideration of S\$100 million (equivalent to approximately US\$73 million) is based on *inter-alia*:

- (i) invested capital of US\$35 million (approximately S\$47 million);
- (ii) TEG Group's historical and prospective financial performance and the trading statistics for comparable companies and the TEG Group's ability for provision of content;
- (iii) Discussions with prospective investors for the latest round of funding prior to RTO;
- (iv) Indicative discussions with prospective investors and funds (financial and likely corner stone);
- (v) Discussions with professionals involved in the transaction;
- (vi) TEG Group IPs and licenses *inter-alia* its media library of Hi-5 programs, exclusive licenses for CSI and Star Trek etc., long term lease arrangement with an established and reputable theatre, franchise education model; and
- (vii) the business and prospects of the TEG Group.

In addition, the Proposed Acquisition will be supported with a business valuation from professional firms to be engaged and currently it is the intention of the parties to provide for mechanisms for adjustments which are subject to the finalization of valuation from an acceptable professional firm. Should the transaction require a whitewash waiver, the Company will seek the opinion of both a professional valuer and an independent financial adviser.

Do note that as at the date of this reply, it is envisaged that the settlement of creditors via an issuance of shares for the status of the Company as a listed company, will not result in any cashflow for the enlarged group post the completion of the RTO.

TEG Group owns IPs such as the live action children brand Hi-5 and licenses including Star Trek and Crime Scene Investigation ("CSI") that create a unique portfolio primed for expansion. Hi-5 will be producing it's first animation series and the preschool education arm has plan to expand its brand of preschools throughout Asia. The Group has an exclusive partnership with an established and reputable theatre until 2030.

The regional expansion is expected to spearhead growth in the next few years and road maps have been set.

SGX's Query 4:

Please provide the breakdown of purchase consideration to be satisfied in cash and consideration shares.

The Company's responses:

Subject to any amendments to be agreed by the Company and the Vendor, the purchase consideration of S\$100 million will be satisfied in the following manner:

- (i) S\$5 million in cash; and
- (ii) the remaining balance of S\$95 million in the form of such number of Consideration Shares at an issued price to be agreed between the Company and the Vendor.

The above is preliminary and subject to further negotiation in the definitive agreement.

SGX's Query 5:

Please disclose the relative figures for the Proposed Acquisition computed on the bases set out in Listing Rule 1006.

The Company's responses:

The relative figures for the Proposed Acquisition computed on the relevant bases of comparison set out in Rule 1006 of the Listing Manual are as follows:

(a)	Net asset value of the assets to be disposed of, compared with the Group	Not applicable to the Proposed Acquisition which is an acquisition
(b)	Net profits attributable to the TEG Group compared with the Group's net profits	Not meaningful ⁽¹⁾
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares being the last market day preceding the date of the SPA	Approximately 4,036.5% ⁽²⁾
(d)	The number of new shares to be issued by the Company as consideration for the Proposed Acquisition, compared with the number of shares of the Company previously in issue	Approximately 3,834.6% ⁽³⁾
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable to the Proposed Acquisition which is not a disposal of mineral, oil and gas company

Notes:

- (1) Based on the unaudited pro-forma consolidated net loss of the TEG Group for FY2018 of approximately US\$928,000 and the audited consolidated net profit of the Group of S\$59,395 for FY2018.
- (2) Based on the purchase consideration of S\$100 million and the Company's market capitalisation of approximately S\$2.48 million (being its issued ordinary share capital of 1,238,708,804 shares and the volume weighted average price of such shares of S\$0.002 for trades done on the Shares on the SGX-ST on 6 June 2017, being the full market day on which the Shares were last traded prior to the suspension of trading of the Shares on the Mainboard).
- (3) Assuming that the issue price is S\$0.002 per Consideration Share, there will be 47,500,000,000 Consideration Shares and the Company's issued ordinary share capital of 1,238,708,804 shares as at 30 June 2019.

BY ORDER OF THE BOARD

Datuk Jared Lim Chih Li
Managing Director
2 July 2019