ATTILAN GROUP LIMITED

Registration Number 199906459N
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES

In response to the SGX's queries dated 17 May 2017 for clarification on the FY2016 Annual Report and Differences Between Audited and Unaudited Full Year Financial Statements for the Financial Year Ended 31 December 2016, the Board of Directors (the "Board") of Attilan Group Limited (the "Company") wishes to announce the following:

Query 1:

We refer to pages 19,29 and 94 of the Company's FY2016 Annual Report.

The AC and the Board has received assurances from the Managing Director and the Group Financial Controller regarding the effectiveness of the Company's risk management and internal controls and having discussed with the Group's external auditors of their respective auditing points, note that there has been no significant deficiencies in the internal controls which could adversely affect the Company's ability to report, process or summarize financial data. Please disclose what were the deficiencies in the internal controls that were noted and the actions that the AC is taking to address those deficiencies.

Response 1:

There are no significant deficiencies except that the Group does not have a documented Disaster Recovery Plan ("DRP"). The Group has subsequently implemented a DRP to protect the Group against losses from breakdown in the IT system.

Query 2:

For the Exchange's consideration under Rule 1303(3)(c) of the Listing Manual and noting the Independent Auditor's findings on "Material Uncertainty Related to Going Concern", please provide the following information:

a. The Board's opinion if the Company will be able to operate as a going concern and the basis for the Board's view.

b. The Board's confirmation that all the material disclosures have been provided for trading of the Company's shares to continue.

Response 2:

(a) The Board is of the opinion that the Company will be able to operate as going concern as Advance Opportunities Fund I has provided confirmation that it will continue with the subscription agreement in relation to the issuance of 1% convertible notes.

(b) The Board confirms that all material disclosures have been provided for trading of the Company's shares to continue.

Query 3:

The Company has entered into a subscription agreement on 2 October 2015 to issue 1% unsecured equity linked redeemable structured convertible notes due in 2018 in an aggregate principal amount of up to S$50,000,000 in 8 tranches. During the current financial year, advances amounting to S$500,000 was received pertaining to the subscription which was subsequently issued as convertible notes described in Note 37(a)(i). Please disclose the use of the proceeds raised from the convertible notes.

Response 3:

The Company has utilised the proceeds as follows:

Description	S$'000	Percentage utilised
Repayment of existing debt	500	100%
Total amount utilised	500	100%

Query 4:

We refer to the Company's announcement on the Differences Between Audited and Unaudited Full Year Financial Statements for the Financial Year Ended 31 December 2016 released on 5 April 2017.

The Company recorded an amount of S$789,487 under Other Current Assets under its Unaudited Financial Statement and an amount of S$3,144,881 in its Audited Financial Statements. The difference of S$2,355,394 was attributed to management's recognition of a provision of amounting to S$8,736,766 which represents the fair value of management's best estimate of the future economic benefits that would be required to reimburse the fund and other current assets of S$2,355,394, which is a representation of the estimated fair value of the counter indemnity recoverable from TAMI. Please disclose:

a. Whether TAMI is in a financial position to fulfil its obligations under the counter indemnity;

b. Details of the future economic benefits that would be required to reimburse the fund and other current assets of S$2,355,394; and

c. The methodology and its calculation used to derive the estimate of S$8,736,766.

Response 4:

(a) The indemnity letter dated 1 January 2015 executed by Tremendous Asia Management Inc. in favour of the Company to indemnify the Company from and against all and any losses and/or damages that may be incurred or suffered by the Company as a result of being a guarantor under the Corporate Guarantee.

(b) The amount due from a former subsidiary amounting to S$2,355,394 represents the estimated fair value of the counter indemnity recoverable from the former subsidiary pursuant to the financial guarantee (as disclosed in Note 26 of Annual Report 2016), as the Group has an equivalent amount due to the former subsidiary included in trade and other payables (as disclosed in Note 25 of Annual Report 2016).

(c) The estimated value is based on the amount claim due to a writ of summons. A calculation is as follows:

	US$'000	S$'000
Principal amount	5,000,000	7,231,500
Interest amount	1,040,770	1,505,266
	6,040,770	8,736,766

US$ to S$	31 December 2016
Month End Rate: BS Translation	1.4463

Query 5:

The Group made full impairment loss of S$5,772,203 due to write down of the Group's goodwill in Media Sales. Please provide:

a. A breakdown of the goodwill that was down;

b. Details on when the goodwill was acquired and if an independent valuation of the goodwill was undertaken at acquisition; and

c. How the value of the write down was determined.

Response 5:

(a) As disclosed in Note 24 of Annual Report 2016, the impairment loss of S$5,772,203 is attributable to Hub Media Group Pte. Ltd.

(b) The goodwill of S$5,772,203 is attributable to the acquisition of Hub Media Group Pte. Ltd. on 6 March 2013. The goodwill arose from the difference between the purchase consideration and the management's assessment of the fair value of net identifiable assets acquired. No independent valuation of the goodwill was carried out at the acquisition.

(c) Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires that directors estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Details of the estimation of the value in use are provided in Note 24 of Annual Report 2016.

Query 6:

The Group recognized impairment losses amounting to S$1,527,547 from content licenses and productions which have been incurring losses or terminated. Please disclose:

a. A breakdown of the impairment losses of the S$1,527,547;

b. Details of when these content licenses and productions were acquired as well as if an independent valuation was undertaken at the time of acquisition; and

c. How the value of the impairment losses of S$1,527,547 was determined.

Response 6:

(a) A breakdown of the impairment losses is as follows:

	S$'000
Content license fees	999
Production costs	529
Total	1,528

(b) The content licenses and production were acquired from third parties during the period from year 2013 to 2015. No independent valuation was undertaken at the time of acquisition.

(c) The Group test intangible assets for impairment in accordance with the accounting policy as disclosed in Note 2(I)(ii) of Annual Report 2016.

<u>Query 7:</u>

The Group had recognized a fair value loss amounting to S$1,347,587 from an investment in TAP Harimau Fund L.P. Please provide details of the TAP Harimau Fund including its investment objectives, track record and the profile of the managers of the Fund.

<u>Response 7:</u>

TAP Harimau Fund L.P. is established as a private fund and registered as a limited partnership in the Federal Territory of Labuan, Malaysia on 25 March 2013. The General Partner of the Partnership is Tremendous Asia Partners (Malaysia) Ltd (the "General Partner"). The investment activities of the Partnership are managed by the General Partner. The General Partner is responsible for the management, operation and administration of the affairs of the Partnership. The Partnership invests principally in privately negotiated equity and equity-related investments in businesses in the Malaysian economy (the "Investee Companies"). The Partnership will continue for seven years after the minimum commitment has been achieved (the "Initial Closing Date", 28 June 2013). Unless it is dissolved earlier, the term of the Partnership may be extended by the General Partner for one year at the General Partner's discretion with the consent of a majority of the voting members.

BY ORDER OF THE BOARD

Datuk Jared Lim Chih Li
Managing Director
22 May 2017