

DISPOSAL OF A SUBSIDIARY, PORTWELL INVESTMENTS LIMITED

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as in the Company's announcements dated 25 May 2015 and 2 June 2015.

In response to the further queries of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") dated 8 June 2015 for clarification on the disposal of a subsidiary, Portwell Investments Limited ("**Portwell**"), the Board of Directors (the "**Board**") of Attilan Group Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce the following:

Query 1:

We refer to the Company's announcement dated 2 June 2015 (Response to SGX Queries). It is stated that as at 31 December 2014, the audited NAV of Portwell was S\$322,484, while Portwell has a net liability position of S\$574,179 as at 31 March 2015.

Please quantify and provide details on the items that changed the NAV of S\$322K into a net liability position of S\$574K in 1Q2015 and elaborate on the factors that led to the worsening of Portwell's balance sheet between 31 December 2014 and 31 March 2015.

Response 1:

This was due to the interest expenses payable on interest-bearing loans of S\$507K and foreign exchange translation reserve of S\$389K recognised for the first quarter ended 31 March 2015.

Query 2:

It is stated that the "assets of Dragonrider Fund consist of a basket of investments in several private companies in Singapore, Malaysia and Thailand and a listed company in Singapore."

Please disclose whether the Company held at least 5% interest in these investments and whether the Company had disposed of any entities that would be subjected to Listing Rule 704(18). If so, please provide the relevant details.

Response 2:

Dragonrider Fund is a discretionary fund and Portwell has no control over the decision and type of investment made by the fund manager of Dragonrider Fund. In addition, the Dragonrider Fund also comprises other investors. The Company only records its investment made in Dragonrider Fund in its account. However, the assets of and investments made by Dragonrider Fund are not regarded as the Group's direct investment, and are not recorded in the Company's accounts as its investment. As such, Listing Rule 704(18) is not applicable.

Query 3:

It is stated that "as at 31 December 2014, the audited net asset value of Portwell was S\$322,484. This was due to a one off gain on novation of assets between Portwell and another subsidiary of the Company. The gain was eliminated at the group level for consolidation purposes."

- a) Please quantify and provide details of the assets and/or liabilities that were novated.
- b) Please disclose the reasons for the novation.
- c) Please disclose the identity of the subsidiary ("Subsidiary") and quantify how the gain was derived.

Response 3:

- a) The details of the assets and liabilities that were novated are as follows:

		<u>USD</u>
Asset		
	Economic rights of Chaswood Shares	7,040,665
	Investment in Dragonrider Fund	<u>16,227,992</u>
Total Assets		23,268,657
Liabilities		
	Amount due to a former subsidiary	16,197,541
	Amount due to investee company	<u>6,745,160</u>
Total Liabilities		22,942,701
Gain on novation		<u><u>325,956</u></u>

- b) The novation allows the Group to undertake an internal restructuring of the assets and liabilities of the Group as disclosed in the Company's announcement dated 25 May 2015 to streamline its assets and liabilities that will allow the Group to procure liquidity for its long term assets and at the same time reduce both the short term and long term liabilities.
- c) The assets and liabilities were originally carried in the balance sheet of the Company's wholly owned subsidiary, Asiasons Investment Ltd ("AIL") that is also the holding company of Portwell. Hence, the novation was an intercompany novation to achieve the purpose as stated in the response 3b) above. The novation of the assets and liabilities has resulted in a novation gain at the time of the novation as stated in the response 3a) above. The novation gain was eliminated at the group level for consolidation purpose for the financial year ended 31 December 2014 as mentioned in the Company's announcement dated 2 June 2015.

Query 4:

In the breakdown of the net liabilities position of Portwell, we noted amounts due to a former subsidiary of S\$22.8M and due to investee company of S\$9.3M. Please disclose:

- a) the nature of the transactions which resulted in the liabilities and how the values of the liabilities were derived.
- b) the identity of each of the former subsidiary ("Former Subsidiary") and investee company ("Investee Company")
- c) if the amount due to Former Subsidiary of S\$22.8M is related to the investment in Dragonrider Fund of S\$22.3M. What caused the difference in the two values?
- d) if the amount due to Investee Company of S\$9.3M is related to the economic rights of Chaswood Shares of S\$9.1M. What caused the difference in the two values?

Response 4:

- a) These amounts are mainly long term interest-bearing loans provided between 2012 and 2014. These amounts were utilized for the investments, working capital and repayment of bank borrowings of the Group and are carried based on outstanding amount repayable.
- b) The former subsidiary is Tremendousness Asia Management Inc. ("TAMI") (formerly known as Asiasons Management II Inc.). The investee company is Dragonrider Fund.
- c) The amount due to Former Subsidiary of S\$22.8 million is not related to the investment in Dragonrider Fund of S\$22.3 million.

Response 4 (Cont'd)

- d) The amount due to Investee Company of S\$9.3 million is not related to the economic rights of Chaswood Shares of S\$9.1 million.

Query 5:

For a proper understanding of the transactions and the concept of the structure, please disclose the relationships between the entities, including but not limited to the Company, Asiasons Partners Sdn Bhd, Subsidiary, Former Subsidiary, Investee Company, Portwell, Mr. Lee Toh Chong, Dragonrider Fund and Chaswood Resources Holding Limited.

Response 5:

Asiasons Partners Sdn Bhd is a 70%-owned subsidiary of the Company and Mr Lee Toh Chong is its Investment Director. AIL is a wholly-owned subsidiary of the Company and Portwell is in turn a wholly-owned subsidiary of AIL. Chaswood is an associated company of the Group.

TAMI is the fund manager of Dragonrider Fund. Portwell is currently the investor of Dragonrider Fund.

By Order of the Board

Datuk Jared Lim Chih Li
Managing Director
14 June 2015