

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 6 July 2017 on the contingent liabilities arising from put options and indemnity (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 18 January 2017, the Company would like to provide the following disclosures:-

(a) It was disclosed in the Announcement:-

“Between January 2013 and April 2014, the Company had entered into various put option agreements with certain investors (“Investors”) whereby the Company had granted to the Investors a right to require the Company to acquire all the preference shares held by the Investors in TAP Venture Fund I Pte. Ltd. (“TAPVF”) (formerly known as Asiasons Venture Fund Pte. Ltd.) (“Put Options”). TAPVF is a fund company incorporated in Singapore which has issued preference shares to accredited investors and is managed by TAP Private Equity Pte. Ltd. (a subsidiary of the Company) as a fund manager.

In addition, the Company has on 29 December 2016 provided an undertaking in favour of Tremendous Asia Management Inc. (“TAMI”) to indemnify TAMI against any losses suffered by TAMI arising from the non-repayment of outstanding amounts owing by the Company’s subsidiaries to TAMI (“Indemnity”) in consideration of TAMI withholding claims against the Company’s subsidiaries for such non-payments.

As stated in its announcements dated 14 March 2017 and 7 June 2017, the Company is currently involved in a legal suit with Philip Asia Opportunity Fund Ltd. in the High Court in Singapore. In light of this legal suit, there has been a significant change in the Company’s financial position since the legal suit cannot be settled amicably. Consequently, this has resulted in the Put Option and Indemnity being regarded as material taking into account the Company’s net liabilities and financial condition. Accordingly, the Company has to recognise the Put Option and the Indemnity as contingent liabilities and make the necessary provisions in its financial statements which were not taken into account in prior years”.

(a)(i) **SGX’s Query:**

What are the terms of the Put Options? What are the conditions (if any) to exercise the put options?

The Company’s responses:

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 (5th) 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 (5th) 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.

(a)(ii) SGX's Query:

Whether the put option agreements when entered into by the Company with the Investors had been previously announced via SGXNet. If not, please explain the reason(s) why no announcement was made on the put option agreements previously.

The Company's responses:

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.

(a)(iii) SGX's Query:

What is the outstanding amount owing by the Company's subsidiaries to TAMI and how was this incurred? Are the Company's subsidiaries able to repay the amounts owed to TAMI?

The Company's responses:

The total outstanding amount owing by the Company's subsidiaries to TAMI is approximately SGD3.3 million as at 30 June 2017. 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. The Company's subsidiaries are currently in a capital deficit position and are unlikely to repay the amount owed to TAMI.

(a)(iv) SGX's Query:

The reason(s) why the contingent liabilities are only being recognised now.

The Company's responses:

As stated in the Announcement, the Company is currently involved in a legal suit with Phillip Asia Opportunity Fund Ltd. ("**Phillip 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.

(b)(i) In the Announcement, the Company also referenced its past announcements dated 14 March 2017 and 7 June 2017, which were in relation to the writ of summons filed by Philip Asia Pacific Opportunity Fund Ltd ("**Philip Asia**"); and the Company's application to the High Court of Singapore for an order that Philip Asia be restrained from taking further steps in their legal proceedings so that the Company can undertake a debt restructuring plan to implement a Scheme of Arrangement under Section 210 of the Companies Act (Cap 50).

In this regard, we note that the Company has made several related announcements. Please find below follow-up queries in relation to the announcements of 19 January 2017 and 10 June 2017:-

In the 19 January 2017 announcement in response to SGX (the "**19 January 2017 Announcement**"), it is disclosed that:-

"The Creditor is Philip Asia Pacific Opportunity Fund Ltd ("**Creditor**")...the debt relates to sums owing to the Creditor by Turf Group Holdings Limited ("**Turf Group**") which was an entity wholly owned by a fund known as Dragonrider Opportunity Fund II L.P. ("**DOFII**"). DOFII was managed by Asiasons Management II Inc. ("**AM**") which was a former subsidiary of the Company, and has been disposed in May 2014. In 2014, Turf Group entered into an agreement with Creditor in relation to subscription of redeemable secured notes of up to a sum of US\$5,000,000 ("**Subscription**"). In connection with the Subscription, the Company had provided a corporate guarantee to the Creditor in January 2014...AM was disposed by the Company after the completion of the Subscription, in May 2014. Following the sale of AM, the Company had

agreed to continue to act as guarantor in relation to the Subscription and in return, TAPL provided the counter indemnity to the Company.

...The counter indemnity was given by Tremendous Asia Management Inc. ("TAMI"), which is a wholly-owned subsidiary of TAPL. Under the terms of the counter indemnity, in consideration of the Company continuing to be the guarantor under the Corporate Guarantee, TAMI irrevocably and unconditionally undertakes to indemnify the Company against all or any losses and/or damages that the Company may incur or suffer as a result of being a guarantor for the Corporate Guarantee.

...To the best of the Board's knowledge, TAMI has sufficient assets that would be able to fulfil its obligations. In addition, besides the Corporate Guarantee, there were tangible securities provided to the Creditor as securities in relation to the Subscription.

...The Company has been informed by TAPL that they are in negotiation with the Creditor to reach a settlement. Nevertheless, the Company intends to pursue its rights against TAPL under the relevant counter indemnity.

(b)(i)(1) SGX's Query:

Please clarify who is the purchaser of AM.

The Company's responses:

As announced in the Company's announcement dated 6 May 2014, Tremendous Asset Partners Ltd. ("TAPL") is the purchaser of AM. After the sale, AM's name was changed to Tremendous Asia Management Inc. (referred to as "TAMI" in this announcement).

(b)(i)(2) SGX's Query:

Please clarify who are the owners of Philip Asia.

The Company's responses:

Based on the ACRA search, Philip Asia is a private equity fund whose shares are held mainly by high net worth individuals.

(b)(i)(3) SGX's Query:

Please explain the reason(s) why following the sale of AM, the Company had agreed to continue to act as guarantor in relation to the Subscription, wherein a counter indemnity was then given by TAMI.

The Company's responses:

Due to certain advances owing by the Group to TAMI, the Company had to continue to act as a guarantor in relation to the Subscription notwithstanding the sale. In addition, the release of the Company from the corporate guarantee required consent of Philip Asia. Following the sale, the Company continued to negotiate with Philip Asia for the release of its corporate guarantee. Meanwhile, in return, TAMI provided a counter indemnity to the Company after the sale.

(b)(i)(4) SGX's Query:

Please clarify what is the financial position of TAMI such that the Board, to the best of its knowledge, is of the view that TAMI has sufficient assets to fulfil its obligations under the counter indemnity.

The Company's responses:

To the best of the Board's knowledge as at the 19 January 2017 Announcement, TAMI had sufficient assets to fulfill its obligations under the counter indemnity taking into consideration the tangible

securities provided to Philip Asia in relation to the Subscription and the understanding that TAMI was in negotiation with Philip Asia to reach a settlement. 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.

(b)(i)(5a) SGX's Query:

We note that Philip Asia has been pursuing legal action against the Company. We also note that the Company has been informed by TAPL that they are in negotiation with the Creditor, Philip Asia to reach a settlement.

In this regard, since the Company has a counter indemnity from TAMI and to the best of the Board's knowledge, TAMI has sufficient assets to fulfil its obligations, accordingly why is the Company unable to pay the Creditor, Philip Asia for the debts owed by Turf Group;

The Company's responses:

As stated in the 19 January 2017 Announcement, the Company has been informed by TAPL that they are in negotiation with Philip Asia to reach a settlement. To the best of the Board's knowledge, the negotiation is still on-going between TAPL and Philip Asia. 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.

(b)(i)(5b) SGX's Query:

What is the outcome of TAPL's negotiation with the Creditor, Philip Asia to reach a settlement?

The Company's responses:

To the best of the Board's knowledge, the negotiation is still on-going between TAPL and Philip Asia.

(b)(i)(6) SGX's Query:

Please give further details on the tangible securities provided to the Creditor as securities in relation to the Subscription. Who provided the tangible securities, how much are they worth and why are the tangible securities insufficient to repay the Creditor, Philip Asia?

The Company's responses:

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. To the best of the Board's knowledge, currently there are no interested buyers for the shares of the unlisted company and the volatility of shares in the listed company is very low. As such, the value of such tangible securities is unclear. As at the date of this announcement, the Company is not aware if Turf Group or Posh Corridor Sdn. Bhd. has received any notice from Philip Asia in relation to the enforcement of the tangible securities.

(b)(i)(7) SGX's Query:

We also note that the Company intends to pursue its rights against TAPL under the relevant counter indemnity. Please provide an update and more details on this matter;

The Company's responses:

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. Even if proceedings were undertaken to pursue the whole amount due under the counter indemnity, there is no certainty that TAMI will have the financial resources to pay the full amount under the counter indemnity. As such, the Board is still considering and evaluating the options available to the Company in pursuing its rights against TAMI.

(b)(ii) SGX's Query:

In the 10 June 2017 announcement (the "10 June 2017 Announcement"), it is disclosed that:-

"...the High Court of Singapore ("Court") has allowed the Company's application for an order that all legal proceedings be restrained so that the Company can undertake a debt restructuring plan to implement a Scheme of Arrangement under Section 210 of the Companies Act (Cap 50) for the benefit of the Company, its members, employees and creditors (including Philip Asia Opportunity Fund Ltd.). The Court further ordered the Company to submit further documents, including the appointment and details of a scheme manager, the views of the Company's creditors and Advance Opportunity Fund 1, being subscriber for convertible notes issued by the Company pursuant to the Company's circular dated 21 December 2016 on the proposed Scheme of Arrangement. "

Please provide more details on the proposed Scheme of Arrangement;

The Company's responses:

The proposed Scheme of Arrangement will include certain creditors of the Company which are owed in aggregate of S\$38,013,791 as at 31 December 2016 and the terms of the proposed Scheme of Arrangement are, *inter alia*,:

- (i) Accrued interest, if any, up to 31 December 2016 shall be capitalized together with the principal outstanding amount as total debts to be settled;
- (ii) All interest, if any, (regular or otherwise), penalties, costs, fees and other charges accruing or incurred after 31 December 2016 shall be waived;
- (iii) The outstanding amount to the scheme creditors shall be settled by way of issuance of new shares of the Company equivalent to 3.2 cents above breakup value of the liabilities; and
- (iv) The proposed issuance of new shares of the Company equivalent to 3.2 cents above breakup value of the scheme liabilities will be at an issue price based on the market average price on the date when the proposed Scheme of Arrangement is sanctioned by the Court.

(c) SGX's Query:

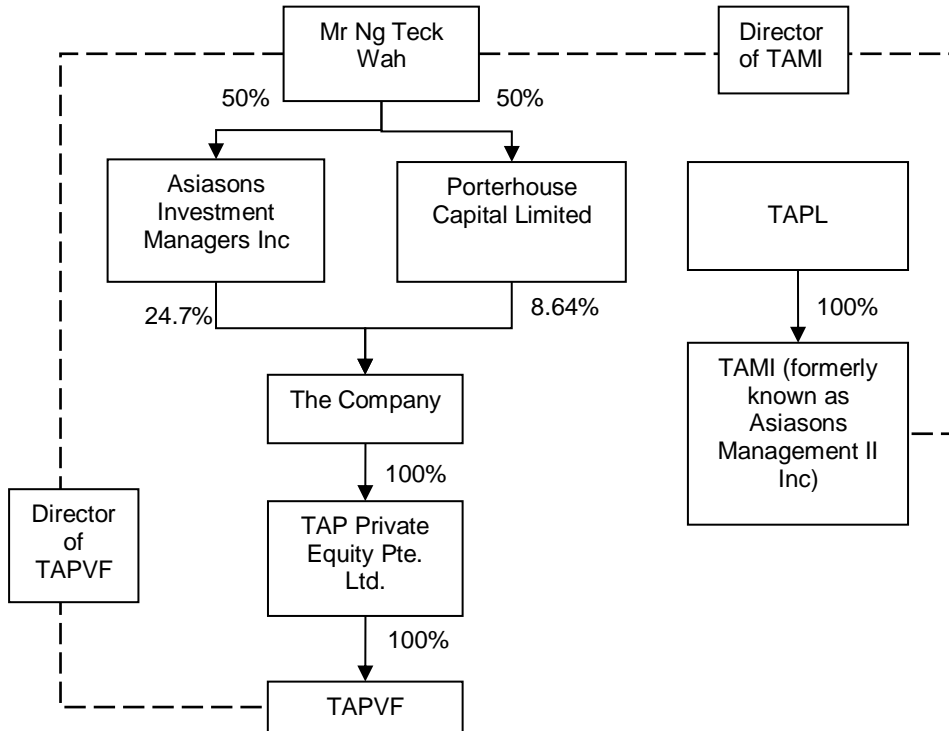
Please clarify whether (a) TAPVF and TAP Private Equity Pte. Ltd; (b) TAMI; (c) TAPL; and (d) Philip Asia Opportunity Fund Ltd have any relationship/connection with each other? If so, please provide a diagrammatic illustration.

The Company's responses:

All the voting shares of TAPVF are owned by TAP Private Equity Pte. Ltd. which is in turn a wholly-owned subsidiary of the Company. As stated in the 19 January 2017 Announcement, TAMI is a wholly-owned subsidiary of TAPL. Mr Ng Teck Wah is a deemed substantial shareholder of 33.34% of the equity interest in the Company by virtue of his interest in Asiasons Investment Managers Inc and Porterhouse Capital Limited's collective shareholding in the Company. Mr Ng Teck Wah is also a director of TAMI and TAPVF. Save as disclosed above, there are no other connections between (a) the Company, TAPVF and TAP Private Equity Pte. Ltd. and (b) TAMI and TAPL.

Mr Bradley Chew Cheng Keat, who was a former independent director of the Company, is currently a director of Philip Asia. Save as above, there are no other relationships and connections between (a) TAPVF, TAP Private Equity Pte. Ltd., TAMI, TAPL and (b) Philip Asia.

Below is a diagrammatic illustration of the abovementioned relationships:



BY ORDER OF THE BOARD

Datuk Jared Lim Chih Li
Managing Director
3 August 2017