Great Group Holdings Limited
Company Registration No. 200804077W
(Incorporated in the Republic of Singapore)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") WITH RESPECT TO THE COMPANY'S ANNOUNCEMENT DATED 3 JUNE 2015 ON THE ENTRY INTO OF A SETTLEMENT AGREEMENT IN RESPECT OF THE LICENSE AGREEMENT ENTERED INTO WITH SAPO INVESTMENT PTE LTD

The Board of Directors of Great Group Holdings Limited (the "**Company**" and together with its subsidiaries the "**Group**") would like to respond to the following queries raised by the SGX-ST dated 9 June 2015 as follows:

SGX Query 1:

(1) In the Company's announcement on 3 June 2015, it was disclosed that "the Licensor, SAPO Investment Pte. Ltd., had on 5 August 2013 novated its obligations under the License Agreement to DSAFF (Singapore) Pte. Ltd. ("DSAFF Singapore"). Please:-

(i) Provide details of the "obligations" that were novated under the License Agreement;
(ii) Disclose the background of DSAFF Singapore and the resources it possessed to fulfill the obligations under the License Agreement;
(iii) Explain why the Novation Agreement was not announced in 2013 and how DSAFF Singapore had the financial standing and track record to fulfil their obligations; and
(iv) Who is the party holding the license to the Shows.

Company's Response:

(i) The obligations of SAPO Investment Pte. Ltd. ("**SAPO**") that was novated to DSAFF (Singapore) Pte. Ltd. ("**DSAFF Singapore**") were the obligations to ensure that the mega fashion show Asia tour (the "Show") will be produced in accordance with the License Agreement, including to procure that the Producer, Mr Sasaki Daisuke, provides exclusive production services required by the Company in connection with the Show, to ensure that the format of the Show is of a similar concept, quality and standard as compared to the Sapporo Collection 2013 mega fashion show in Japan, and to bear all costs and expenses relating to the production of the Show.

(ii) The beneficial owners of DSAFF Singapore are ISR Capital Limited, Quah Su Yin and Sim Hiang Teck. Mr Sim Hiang Teck is both a director and shareholder of SAPO and DSAFF Singapore. DSAFF Singapore had at the point of the Novation Agreement procured the services of Mr Sasaki Daisuke as Producer of the Show in accordance with the terms of the License Agreement. Mr Sasaki Daisuke is the creative director and producer of many successful and influential fashion shows in Japan, such as the Sapporo Collection (http://www.sapporo-collection.jp/) and Kansai Collection (http://www.kansai-collection.net/index.html). DSAFF Singapore also manages a fund that would finance the production of the Show.

(iii) The novation of the License Agreement to DSAFF Singapore was not disclosed via SGXNet in 2013 as the Company was of the view that this was not material information under Listing Rule 703(1). Based on the understanding of the Company, DSAFF Singapore is backed and supported by ISR Capital Limited (5EC), which is listed on the Singapore stock exchange. Moreover, as mentioned in (ii) above, DSAFF Singapore has procured the Producer, who has strong experience in Japan, for the Show. In addition, Mr Sim Hiang Teck, the principal director and shareholder of and key manager behind SAPO, is also a director and shareholder of DSAFF Singapore. Hence, the Company is of the view that DSAFF Singapore had the financial standing and track record to fulfill its obligations.

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(iv) Pursuant to the terms of the License Agreement dated 6 May 2013, SAPO held and licensed to the Company a limited exclusive right to publicly perform and stage one run of the Show in Singapore. The rights and obligations of the License Agreement have been transferred to DSAFF Singapore by way of the Novation Agreement dated 5 August 2013, pursuant to which the parties agree to do all such acts and things as may be lawful and within its powers to carry into effect the provisions of the Novation Agreement.

SGX Query 2:

(2) It was disclosed that the first run of the Show must be held no later than December 2014 under the Amendment Agreement

(i) Please explain why the Company had not held the Show since August 2013 until December 2014;
(ii) If the Show had been held, what would have been the payments due to SAPO Investment Pte. Ltd. or DSAFF Singapore and how were these amounts determined; and
(iii) Please disclose how much has been paid to-date under the SAPO contract and the Amended Agreement and when were these payments made.

Company's Response:

(i) On procurement of the Producer's services, the Producer shall have sole authority to produce and direct the Show. The Company is not actively involved in the production of the Show and does not exercise control over the organisation and production of the Show. The intended date of the Show was originally in December 2013, but as per the Amendment to License Agreement dated 31 December 2013, the parties have agreed to postpone the Show to May 2014. In March 2014, the Company further received a letter from DSAFF requesting to reschedule the Show to a later date in 2014.

(ii) The License Fee of S$2,000,000 was to be paid in 3 tranches. If the first run of the Show has been held, the balance amount of the License Fee of S$1,700,000 (being 85% of the License Fee) is payable according to the following milestones:-

(a) S$700,000 (being 35%) payable 30 days before the performance date of the Show; and
(b) S$1,000,000 (being 50%) payable 30 days after the performance date of the Show.

(iii) The Company paid an initial non-refundable deposit of S$300,000 (being the first 15% of the License Fee) on 11 July 2013.

SGX Query 3:

(3) It was disclosed that "After considerable negotiations with a view to resolve the dispute expediently, the Company had on 3 June 2015 entered into a settlement agreement

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("Settlement Agreement") with DSAFF Singapore, pursuant to which the Company and DSAFF Singapore agree that the Company shall pay DSAFF Singapore a total sum of S$200,000 ("Settlement Sum")…" Please elaborate on the following:-

(i) As DSAFF had not provided any Shows for the Company, please provide the basis why the S$200,000 had to be paid to DSAFF Singapore;
(ii) How will the S$200,000 compensation be funded;
(iii) What was the compensation amount set out under the SAPO Agreement in the event of a failure by SAPO to organize the Show;
(iv) What was the obligation of the Company set out under the SAPO Agreement in the event the Show is not held; and
(v) If the amounts in paragraph 3(iii) and (iv) are material, please explain why the obligations had not been disclosed by the Company when the SAPO Agreement was announced.

Company's Response:

(i) The Company understands that production costs have been incurred by DSAFF during the preparation for the Show and is prepared to resolve the dispute expediently by paying a sum of S$200,000 to DSAFF.

(ii) The settlement amount will be funded internally.

(iii) The License Agreement and the Amendment Agreement do not provide for compensation payable by SAPO in the event of a failure by SAPO to organize the Show.

(iv) The first 15% amounting to S$300,000 that has been paid by the Company is non-refundable. Apart from the non-refundable deposit, the License Agreement and the Amendment Agreement do not provide for the obligations of the Company in the event that the Show is not held.

(v) The Company has disclosed the key terms of the License Agreement, including the total License Fees of S$2,000,000, in an announcement made on 20 May 2013. The Company is of the view that sufficient disclosure has been made.

BY ORDER OF THE BOARD

Weng Wenwei
Chief Executive Officer
10 June 2015