GREAT GROUP HOLDINGS LIMITED

RESPONSE TO SGX'S QUERY REGARDING ANNOUNCEMENT OF QUARTERLY RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (THE "RESULTS")

The Board of Directors of Great Group Holdings Limited ("Company") refers to its Second Quarter Results Announcement and wishes to provide the following information in response to the query raised by the Singapore Exchange Securities Trading Limited ("SGX") on 19th August 2015.

SGX Query 1:-

In paragraph 8 of the Company's 2Q2015 Results Announcement ("Announcement"), the Company stated in the Announcement that "Trade and other receivables increased by RMB20.99 million or 12.5% to RMB189.24 million as at 30 June 2015 from RMB168.25 million as at 31 December 2014 mainly due to outstanding receivables from two new customers. Increase in advances to few new suppliers also contributed to this increase". Noted that sales decreased but Trade and other receivables increased by 12.5% due to outstanding receivables from two new customers and increase in advances to a few new suppliers. Please:-

i) Quantify the amounts outstanding from these two new customers;

Company Response:-

As at 30 June 2015, the outstanding amount due in relation to these two customers were RMB16.53 million. Subsequently, there was a collection of RMB11.16 million from them, which reduced the outstanding amount to RMB5.37 million as at 19 August 2015.

In RMB million	As at 30 June 2015	Subsequent Collection	As at 19 August 2015
Balance as at 1 January 2015	-	-	-
Sales	27.57		27.57
Collection	(11.04)	(11.16)	(22.20)
Balance	16.53	(11.16)	5.37

ii) Provide reasons on why the two new customers are not able to make their payments promptly. Do they account for a significant portion of the Company's sales?

Company Response:-
90 days credit term was extended to the two new customers. One of the customers, who owed RMB0.61 million, was late in payment. However, the full amount was paid upon the Company's request to collect after 30 June 2015.

For the outstanding RMB15.92 million that was less than 90 days, RMB10.55 million was paid by the customers in a subsequent collection after 30 June 2015, leaving a balance of RMB5.37 million owed. The sales for these two new customers amounting to RMB27.57 million, accounts for 16.6% of the Company's sales in the first half of FY2015.

In RMB million	As at 30 June 2015	Subsequent Collection	As at 19 August 2015
< 90 days	15.92	(10.55)	5.37
90-180 days	0.61	(0.61)	-
>180 days	-	-	-
Total	16.53	(11.16)	5.37

iii) Quantify the amounts advanced to the new suppliers; and

Company Response:-
As at 30 June 2015, the advances to the new suppliers amounted to RMB22.30 million.

iv) Provide details on the rationale for and the risks of providing advances to these new suppliers

Company Response:-
The Company is required to place advances with its suppliers under the following circumstances: (i) when ordering from new suppliers; (ii) when ordering customised raw materials with existing suppliers; and (iii) to secure better pricing for large orders.

Advances placed with the six new suppliers in this quarter were mainly due to the customised raw materials as specified by customers and are less than 60 days as at 30 June 2015.

The Company thus is exposed to potential defaults by the suppliers with whom it has placed advances. The Company closely monitors the advances to the suppliers and the utilisation of such advances on a month-to-month basis. To date, management is not aware of any indications that the suppliers are unable to refund the amount if required or unable to deliver the required material.

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SGX Query 2:-

In paragraph 9, the Company is required to disclose whether there are any variance between the prospects disclosed in paragraph 10 of its previous results announcement. This disclosure is applicable. Please disclose accordingly.

Company Response:-
There is no variance between the prospect commentary given in our previous results announcement and the actual results for the period reported on.

Ong Wei Jin
Company Secretary
21 August 2015