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

## QUARTERLY UPDATE PURSUANT TO RULE 1313 (2) OF THE SGX-ST LISTING MANUAL

### BACKGROUND

Great Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") was placed on the watch-list pursuant to Rule 1311 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual (the "**Listing Manual**") with effect from 4 March 2015.

Pursuant to Rule 1313 (2) of the SGX-ST Listing Manual, the Board of Directors (the "**Board**") of the Company wishes to provide an update on the Group's financial position for the third quarter ended 30 September 2015.

### UPDATE ON UNAUDITED FINANCIAL POSITION

The Group recorded revenue of RMB254.79 million for the 9 months ended 30 September 2015 ('**9M15**"), a decrease of RMB12.85 million from revenue recorded of RMB267.64 million in 9M14.

For the 3 months ended 30 September 2015 ("**3Q15**") the Group recorded revenue of RMB88.54 million. This was a decrease of RMB4.33 million compared to the revenue of RMB92.87 million recorded in 3Q14.

The decrease in revenue was due to the reduction in sales volume and offset by the increased in the average selling price due to different product mix.

In 3Q15, the Group revived the trading of fashion products under the "Brands Solutions" segment and the revenue contribution from this segment amounted to RMB0.9 million for the period.

Gross profit decreased by RMB2.69 million from RMB14.52 million in 9M14 to RMB11.83 million in 9M15. For 3Q15, gross profit decreased by RMB3.89 million from RMB5.64 million in 3Q14 to RMB1.77 million in 3Q15.

The decrease in gross profit is due a new lifestyle product range started by the Group which had lower contribution margin due to higher cost and low volume. The lifestyle product range is expected to do better once volume picks up. In addition, the implementation of the new social insurance plan in China resulted in higher labour cost for 3Q15.

The equity attributable to shareholders of the Group was RMB38.56 million as at 30 September 2015 as a result of the rights issue of RMB 42.13 million and loss for the 9 months period of RMB 15.87 million.

For full details of the results and financial position of the Group, please refer to the Company's results announcement for the financial period ended 30 September 2015 released on 11 November 2015.

### UPDATE ON FUTURE DIRECTION

The garment manufacturing business in China have been negatively affected by both a weakness in global demand and rising labour and other costs in China relative to other emerging economies. We note that many traditional overseas customers that previously bought from China are shifting their orders to alternative countries like Vietnam and Cambodia. The recently concluded Trans-Pacific Partnership ("**TPP**") between the United States and 11 other participating Pacific Rim countries to which China is not a party, is likely to result in even more manufacturing facilities looking to shift their base to these participating countries. China is thus expected to lose its favourable and competitive edge upon the implementation of TPP. In light of the above, the Group is operating in a challenging environment and is sourcing for potential new businesses and new business solutions.

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Simultaneous with the intensification of efforts in identifying and seeking out opportunities to diversify into new industry sectors, the Group is also embarking on a strategic review of its existing business segments which have been loss making for the last consecutive 3 years. The Group's contract manufacturing business has historically entailed. The Group places advances with its suppliers in the following circumstances: (i) when ordering from new suppliers; (ii) when ordering customized raw materials with existing suppliers; and (iii) to secure better pricing for large orders. Given the cost pressures, the importance of securing better pricing cannot be overstated. Despite this, and against the backdrop of rising trade and other receivables at a time when the Chinese textile industry continues to deteriorate, the Audit Committee in consultation with the recently refreshed Board of Directors, intend to also arrange for a special review to be undertaken on the recoverability on the trade and other receivables (which may or may not be result in an impairment) in conjunction with the strategic review of the existing business segments and the future business direction of the Group.

With the continuing uncertainties and volatility in this business environment, the Group will continue its efforts to contain costs and increase productivity.

**OTHER MATERIAL DEVELOPMENTS**

The Company will update shareholders on any other material developments and will make such necessary announcements as and when appropriate.

**BY ORDER OF THE BOARD**

Leo Peng WeiLe
Executive Director
13 November 2015