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

ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE LISTING MANUAL EMPHASIS OF MATTER BY INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS

In compliance with Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Board of Directors of Great Group Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's auditor, Nexia TS Public Accounting Corporation, has issued the following emphasis of matter in the Independent Auditors' Report (the "**Auditors' Report**") on the Company's and Group's financial statements for the financial year ended 31 December 2013 ("**FY2013**").

Emphasis of Matter

We draw attention to Note 4 to the financial statements. The Group incurred gross loss and net loss of RMB27,417,000 and RMB240,917,000 (2012: Gross profit of RMB60,164,000 and net loss of RMB123,496,000) respectively for the financial year ended 31 December 2013 mainly due to reduction in customers' orders, higher operating costs and additional impairment provided for property, plant and equipment, trade receivables and advances to suppliers in the financial year ended 31 December 2013. Furthermore, the Group's and the Company's current liabilities exceeded current assets by RMB38,246,000 and RMB5,949,000 (2012: Net current assets of RMB197,678,000 and RMB2,667,000) respectively as at 31 December 2013. The Group is dependent on short-term bank borrowings to meet its working capital and operating cash flows requirements. As at 31 December 2013, short-term bank borrowings amount to RMB266,979,000 (2012: RMB217,417,000). These bank borrowings are significantly higher than the Group's cash and cash equivalents of RMB118,584,000 (2012: RMB81,312,000) as at 31 December 2013 and are due for repayment within twelve months from the balance sheet date.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and of the Company's abilities to continue as going concerns and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2013 is appropriate after taking into consideration of the following factors:

(i) The Group continues to tighten the controls over credit sales, advances to suppliers, inventories management and reduction of various operating expenses. With these measures, the Group has projected that it would be able to generate positive cash flows from its operations for the next twelve months.

(ii) The Group continues to maintain its credit facilities with the relevant financial institutions and has been able to refinance the short-term bank borrowings when they fall due. Management is not aware of any

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adverse circumstances that might cause the financial institutions not to refinance the short-term bank borrowings.

If the Group and the Company are unable to continue their operational existences and/or unable to maintain their credit facilities, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets as current assets. The financial statements do not include any adjustment which may arise from these uncertainties. In forming our opinion, we have considered the adequacy of the disclosure of these matters in the financial statements. Our opinion is not qualified with respect to this matter.

The Company's Annual Report for FY2013, which will contain the Independent Auditors' Report and the Company's consolidated financial statements for FY2013 will be despatched to shareholders in due course.

BY ORDER OF THE BOARD

Weng Wenwei
Director
26 March 2014