GREAT GROUP HOLDINGS LIMITED

VARIANCE BETWEEN AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 AND THE UNAUDITED FULL YEAR RESULTS ANNOUNCEMENT

The Board of Directors of Great Group Holdings Limited ("Company") refers to its announcement on 26 March 2014 and wishes to provide the following information in response to the query raised by the Singapore Exchange Securities Trading Limited ("SGX") on 28 March 2014.

SGX Query:-

We refer to your announcement on 26 March 2014 which disclosed that the audited NAV of the company as at 31 Dec 2013 was RMB 3,349,000 higher than the NAV announced by the Company in its FY 2013 Results. The Company disclosed that this is due to an adjustment made for the consideration shares to be issued to Jens Fruelund.

Please provide a detailed explanation how the issuance of shares resulted in the increase of the Company's NAV by RMB3.3million.

Company Response:-
On 31 December 2013, the Company announced the entry into of a sale and purchase agreement with Jens Fruelund for the acquisition of 51% shares in Sinex Solutions Limited for US$ 2.04 million (or equivalent of RMB 12.438 million) (as may be adjusted in such manner more particularly set out in our announcement). Payment terms are summarized below:

No	Narratives	RMB million
1	First tranche payment of cash consideration of US$ 500,000 (or equivalent of RMB 3.049 million) payable on completion date	3.049
2 (a)	Second tranche payment of: S$ 700,00 (or equivalent of RMB 3.349 million) by way of issuance of 10 million Consideration Shares, at an issue price of S$ 0.07 per Consideration Share	3.349
(b)	the balance of the second Tranche Payment after deducting S$ 700,000 to be paid in cash (US$ 1.0 million or equivalent of RMB 6.040 million) provided that the net profit after tax of Sinex for the 12 months ending 31 December 2014 shall not be lower than US$ 1.0 million	6.040
	Total	12.438

As the 10 million shares to be issued to Jens Frueland are fixed regardless of the market price of the Company's shares and the profit target to be achieved, the share consideration shall be accounted for as equity instruments in accordance with FRS 32 – *Financial Instruments: Presentation*. In view of this, the auditors have made the following adjustments by reducing the Trade and other payables of RMB 3.349 million and increasing the shares to be issued of RMB 3.349 million.

No	In RMB million	Purchase Consideration	Audited Report Dated 26 March 2014	Announcement On 1st March 2014	Variance
1	Trade and Other payables				
	Consideration Payable – US$ 500,000	3.049	3.049	3.049	-
	Shares to be issued – S$ 700,000	3.349	-	3.349	(3.349)
	Contingent Consideration – US$ 1.0 million	6.040	6.040	6.040	
	Total	12.438	9.089	12.438	(3.349)
2	Equity				
	Shares to be issued	N A	3.349	-	3.349

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Following the adjustment in line with FRS 32, the NAV increased by RMB 3.349 million from RMB 38.59 million to RMB 41.94 million.

Ong Wei Jin
Company Secretary
1 April 2014