AA GROUP HOLDINGS LTD.
Company Registration No.: 200412064D
(Incorporated in the Republic of Singapore)

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Unless otherwise defined or the context otherwise requires, all terms herein shall have the same meaning as defined in the announcement dated 24 February 2020.

The Board of Directors (the "**Board**") of AA Group Holdings Ltd. (the "**Company**") refers to the Company's unaudited full year financial results announcement for the financial year ended 31 December 2019 ("**FY2019**") released via the SGXNet on 24 February 2020 (the "**Unaudited Financial Statements**").

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Company wishes to highlight that there are certain adjustments made to the Unaudited Financial Statements following the finalisation of the audit by the Company's external auditors, Crowe Horwath First Trust LLP (the "**Independent Auditors' Report**", and the related audited financial statement is referred to herein as the "**Audited Financial Statements**"). The details and explanations of the material variances are set out in **Appendix A** as annexed hereto.

Shareholders are advised to exercise caution when dealing in shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

The Board confirms that to the best of their knowledge, all material disclosures, facts and information have been provided and announced and are not aware of any facts, information or disclosures, the omission of which would make any statement in this announcement or disclosure misleading.

By Order of the Board

Tan Poh Guan
Executive Director
6 April 2020

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. David Yeong (Tel (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

APPENDIX A

A. Consolidated Statement of Financial Position for FY2019

	The Group					The Company				
	FY2019 (Audited)	FY2019 (Unaudited)	Variance		Note	FY2019 (Audited)	FY2019 (Unaudited)	Variance		Note
	S$'000	S$'000	S$'000	%		S$'000	S$'000	S$'000	%	
Right-of-use assets	**5,982**	7,495	(1,513)	(20.2)	1	**-**	-	-	-	
Financial assets, at FVOCI	**35**	150	(115)	(76.7)	2	**-**	-	-	-	
Trade and other receivables	**4,259**	4,161	98	2.4	3	**145**	-	145	n.m.	8
Other current assets	**351**	427	(76)	(17.8)	4	**10**	155	(145)	(93.5)	8
Total Assets	**78,656**	80,261	(1,605)	(2.0)		**34,244**	34,244	-	-	
Non-Current lease liabilities	**6,098**	7,087	(989)	(14.0)	5	**-**	-	-	-	
Deferred tax liabilities	**9,383**	9,407	(24)	(0.3)	*	**-**	-	-	-	
Other liabilities	**471**	648	(177)	(27.3)	6	**-**	-	-	-	
Trade and other payables	**6,065**	5,847	218	3.7	6	**12,208**	12,143	65	0.5	9
Current lease liabilities	**491**	486	5	1.0	5	**-**	-	-	-	
Total Liabilities	**24,135**	25,101	(966)	(3.9)		**13,208**	13,143	65	0.5	
Reserves	**19,303**	19,950	(647)	(3.2)	7	**(14,189)**	(14,124)	(65)	(0.5)	9
Non-controlling interests	**(7)**	(15)	8	(53.3)	*	**-**	-	-	-	
Total Equity	**54,522**	55,160	(638)	(1.2)		**21,036**	21,101	(65)	(0.3)	

Note:

1) Decrease of S$1.5 million of Right-of-use ("**ROU**") assets is due to the audit adjustments for the recognition of, (i) SFRS(I) 16 Leases of approximately S$1.0 million in Engineering Manufacturing Services (S) Pte. Ltd.("EMS"), and (ii) impairment loss amounting to $521,000 arising from W & P Corporation Pte Ltd and W & P Precast Sdn. Bhd. as the management does not expect to achieve profitability and generate positive cashflows for subsidiaries within the remaining lease terms.

2) Decrease of S$0.1 million of Financial assets, at FVOCI (Fair value through Other Comprehensive Income) due to audit adjustment for the changes of fair value of financial assets in accordance to SFRS(I) 39 Financial Instruments: Recognition and Measurement.

3) Increase of approximately S$98,000 of Trade and other receivables is attributable to reclassification of other receivables from other current assets.

4) Decrease of approximately S$76,000 is due to reclassification of other receivables from other current assets.

5) Decrease of approximately S$1.0 million of Lease liabilities is contributed by the audit adjustment for recognition SFRS(I) 16 Leases.

6) Decrease of approximately S$0.2 million of Other liabilities is in relation to audit adjustment to reclassify the rental deposit from non-current other liabilities to trade and other payables.

7) Decrease of S$0.6 million of Reserves is mainly contributed by the impairment loss of ROU assets amounting to $521,000 and audit adjustment pertaining to the fair value of financial assets of $115,000.

8) Increase of S$0.1 million of Trade and other receivables is mainly due to reclassification of other receivables from other current assets.

9) Increase of approximately S$0.1 million of Trade and other payables is due to the audit adjustment of professional fee undertaken up.

*****: Immaterial

n.m.: Not meaningful

B. Consolidated Statement of Comprehensive Income as at 31 December 2019

	The Group				
	FY2019 (Audited)	FY2019 (Unaudited)	Variance		Note
	S$'000	S$'000	S$'000	%	
Revenue	**23,900**	22,161	1,739	7.8	**11**
Cost of sales and services	**(14,891)**	(14,032)	(859)	6.1	**12**
Other income	**407**	2,103	(1,696)	(80.6)	**11**
Distribution expenses	**(1,071)**	(1,022)	(49)	4.8	*****
Administrative expenses	**(7,460)**	(8,231)	771	(9.4)	**13**
Other expenses	**(2,637)**	(2,096)	(541)	25.8	**14**
Finance income	**176**	137	39	28.5	**15**
Finance costs	**(337)**	(406)	69	(17.2)	**16**
Provision of impairment loss on financial assets, net	**(3,976)**	(3,949)	(27)	0.7	*****
Income tax expense	**(41)**	(63)	22	(34.9)	**17**
Total loss	**(5,929)**	(5,398)	(531)	9.8	
Currency translation differences arising from consolidation	**1**	(7)	8	(114.3)	**18**
Equity investment at FVOCI–net change in fair value	**(115)**	-	(115)	n.m.	**19**
Total comprehensive loss	**(6,043)**	(5,405)	(638)	11.8	

Note:

11) Increase of S$1.8 million of Revenue is attributable to reclassification of revenue from other income.

12) Decrease of S$0.9 million of Costs of sales and services is due to audit adjustment of reversal on overtaken up in costs of sales.

13) Decrease of S$0.8 million of Administrative expenses is mainly attributable to recognition of ROU depreciation $371,000 and reversal of intra-group transactions not taken up amounting to S$320,000. Additionally, the professional fee was under accrued by $66,000.

14) Decrease of S$0.5 million of Other expenses is mainly contributed by impairment loss on ROU assets amounting to $521,000.

15) Increase of S$39,000 of Finance income is due to audit adjustment to reverse the intra-group transactions.

16) Increase of S$69,000 of Finance costs is attributable to the audit adjustment on the recognition of finance costs under SFRS(I) 16 Leases.

17) Increase of S$22,000 of Income tax expenses is due to the audit adjustment on deferred tax expenses for EMS.

18) Increase of S$8,000 of Currency translation differences arising from consolidation, is mainly due to audit adjustment on the foreign operation of subsidiary in Malaysia.

19) Increase of S$0.1 million of Equity investment at FVOCI–net change in fair value, is contributed by audit adjustment pertaining to the changes in fair value of financial assets.

*****: Immaterial
n.m.: Not meaningful

C. Consolidated Statement of Cash Flows for FY2019

	The Group				
	FY2019 (Audited)	FY2019 (Unaudited)	Variance		Note
	S$'000	S$'000	S$'000	%	
Loss before tax:					
Continuing operations	**(5,888)**	(5,335)	(553)	10.4	20
Depreciation of right-of-use assets	**555**	559	(4)	(0.7)	*
Net foreign exchange loss - unrealised	**1**	(7)	8	(114.3)	20
Impairment loss on right-of-use assets	**521**	-	521	n.m.	20
Loss/(gain) on disposal of property, plant and equipment	**67**	(1)	68	n.m.	21
Provision of impairment loss on financial assets, net	**3,976**	3,949	27	0.7	*
Interest income	**(176)**	(137)	39	28.5	22
Interest expense	**334**	406	(72)	(17.7)	22
Trade and other receivables and other current assets	**8,530**	8,404	126	1.5	*
Trade and other payables	**(3,226)**	(3,766)	540	(14.3)	23
Interest received	**-**	137	(137)	n.m.	24
Interest paid	**(334)**	(406)	(72)	(17.7)	22
Income tax paid	**(791)**	(781)	(10)	1.3	25
Income tax refund	**98**	89	9	10.1	25
Net cash from operating activities	**9,113**	**8,556**	**557**	**6.5**	
Proceeds from disposal of property, plant and equipment	**52**	121	(69)	(57.0)	21
Net cash from investing activities	**42**	**111**	**(69)**	**(62.2)**	
Repayment of amount due to a former shareholder of its subsidiary	**(500)**	-	(500)	n.m.	23
Principal repayment of lease liabilities	**(469)**	(481)	12	(2.7)	*
Net cash used in financing activities	**(5,627)**	**(5,140)**	**(487)**	**9.5**	

Note:

20) This is the result of the net impact of adjustments as explained in Note 11 (Increase of Revenue) to Note 19 (Increase of Equity investment at FVOCI–net change in fair value) of the Group's Consolidated Statement of Comprehensive Income.

21) Increase in Loss on disposal of property, plant and equipment is due to disposal of property, plant and equipment and its corresponding proceeds undertaken up, now adjusted.

22) The variance is as explained in Note 15 (Increase of Finance income) and 16 (Increase of Finance costs) of the Group's Consolidated Statement of Comprehensive Income.

23) Variances in Trade and other payables is due to the reclassification of the cash flow impact of amount due to a former shareholder of its subsidiary from Trade and other payables

24) Variance in Interest received is due to the reclassification of the cash flow impact of interest income to trade and other receivables as it was derived from the loan provided to third parties.

25) Variance is attributable to reclassification of income tax refund from income tax paid.

*****: Immaterial

n.m.: Not meaningful