

**AA GROUP HOLDINGS LTD.**

(Company Registration No: 200412064D)

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**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF TOKO CONSTRUCTION PTE LTD**

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The Board of Directors (the “**Board**” or “**Directors**”) of AA Group Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refer to the Company’s announcement dated 18 December 2015 in relation to the proposed acquisition of Toko Construction Pte Ltd (the “**Target**”) from Chew Liang Kwang (“**CLK**”) and Chew Mee Seng (“**CMS**”) (and together with CLK hereinafter referred to as the “**Vendors**”) by A2A Management Pte Ltd (“**A2A**”), a wholly owned subsidiary of the Company (the “**Proposed Acquisition**”).

The Board wishes to update that A2A has completed its due diligence exercise on the Target. Following the results of the due diligence exercise, A2A and the Vendors have agreed to reduce the aggregate consideration for the assignment and transfer of the Shareholder’s Loan and the sale and purchase of the Sale Shares from **S\$2,000,000** to **S\$1,296,691** (the “**Consideration**”). Save for the aforesaid reduction in Consideration, all the other terms in the Agreement remain unchanged.

The consideration for the assignment and transfer of the Shareholder’s Loan shall be the amount equal to the Shareholder’s Loan, which is S\$236,235 as at the date of this announcement. The consideration for the sale and purchase of the Sale Shares shall be the amount equivalent to the difference between S\$1,296,691 and the Shareholder’s Loan, and shall be divided amongst the Vendors in proportion to their shareholdings in the Target.

Based on (i) the revised Consideration for the sale and purchase of the Sale Shares, (ii) the unaudited consolidated financial statements of the Group for the six month period ended 30 June 2015 (“**1H2015**”) and (iii) the unaudited financial statements of the Target for 1H2015, the relative figures for the Proposed Acquisition computed on the bases set out in Rules 1006 (a) to (e) of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Catalist Rules**”) are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Size of Relative Figures (%)</b>
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value. Not applicable to an acquisition of assets	Not applicable
(b)	The net profits attributable to the assets acquired, compared with the Group’s net profits	584.96 <sup>(1)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalization based on the total number of issued shares excluding treasury shares	14.18 <sup>(2)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable
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**Notes:**

- (1) The net profits of the Group for 1H2015 were S\$28,000. The net profits of the Target for 1H2015 were S\$163,789.
- (2) The market capitalisation was derived from the 96,276,201 shares of the Company in issue and the weighted average price of S\$0.095 per share as at 17 December 2015, being the last traded market day immediately preceding the date of the Agreement.

The Board notes that the relative figures computed on the base set out in Rule 1006(b) of the Catalist Rules is more than 100%. As the Proposed Acquisition is an acquisition of a profitable asset, it is deemed to be a "Discloseable Transaction" as defined under Chapter 10 of the Catalist Rules.

As the Proposed Acquisition will result in the Company entering into a new business sector, it will be subject to the approval of the shareholders of the Company (the "**Shareholders**") at an extraordinary general meeting to be convened. In connection with the above, the Company will be convening an extraordinary general meeting to seek Shareholders' approval on the Company's business diversification with regards to the Proposed Acquisition.

By order of the Board

AA Group Holdings Ltd.  
Feng, Tzu-Ju @ Julie Feng  
Managing Director

17 February 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the SGX-ST. The Company's Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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