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KAKIKO GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2225)

PROFIT WARNING

This announcement is made by Kakiko Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Charter 571 of the laws of Hong Kong).

The board of directors (the “**Directors**” and the “**Board**”, respectively) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on a preliminary review of the latest unaudited consolidated management accounts of the Group and information currently available to the Board, the Group expects to record a loss of approximately S\$4 to S\$5 million for the year ended 2018. The Group recorded a profit of approximately S\$4.6 million (excluding one-off listing expenses) for the year ended 2017.

In addition to the factors discussed in the Group’s interim report dated 13 August 2018, the change from profit to loss was mainly attributable to, among other factors, (i) a decrease in the number of construction ancillary services projects awarded to the Group in 2018 as compared to that in 2017; (ii) an increase in workers’ wages and other related costs as the Group employed more workers in 2018 in preparation for the large-scale public sector projects as compared to that in 2017; (iii) an increase in staff costs mainly due to bonus payment made to back office staff and the remuneration paid to the executive Directors and independent non-executive Directors who were appointed in late 2017; and (iv) an increase in travelling and entertainment expenses mainly due to an increase in the costs in relation to the relationship building with the Group’s existing and potential customers in 2018. Besides the above mentioned factors, there is a significant increase of approximately S\$2 to S\$2.5 million in provision for doubtful debts due to the adoption of IFRS 9 which was effective on 1 January 2018.

As the Company is still in the process of finalising the annual results of the Group for the year, the information contained in this announcement is only based on the preliminary assessment by the management of the Company with reference to the unaudited management accounts of the Group, which have not been audited or reviewed by the Company’s independent auditor or the audit committee of the Board and is subject to adjustment. The annual consolidated financial results of the Group for the year ended 31 December 2018 are expected to be published by the middle of March 2019.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

For and on behalf of
Kakiko Group Limited

Kuah Ann Thia

Chairman, Executive Director and Chief Executive Officer

Singapore, 16 January 2019

As at the date of this announcement, the executive directors of the Company are Mr. Kuah Ann Thia (Chairman and Chief Executive Officer) and Ms. Dolly Hwa Ai Kim (also known as Dolly Ke Aijin); the non-executive Director of the Company is Mr. Lu Yong; and the independent non-executive directors of the Company are Mr. Ong Shen Chieh (also known as Mr. Wang Shengjie), Mr. Lau Kwok Fai Patrick and Mr. Lam Raymond Shiu Cheung.