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Full Fortune International Co., Ltd

寶來國際有限公司

*(Incorporated in the Republic of Seychelles as
an international business company)*

Kakiko Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2225)

JOINT ANNOUNCEMENT

- (1) ACQUISITION OF APPROXIMATELY 51.42% INTEREST IN
KAKIKO GROUP LIMITED
BY FULL FORTUNE INTERNATIONAL CO., LTD;
(2) UNCONDITIONAL MANDATORY CASH OFFER BY
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED**



GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED

- FOR AND ON BEHALF OF
FULL FORTUNE INTERNATIONAL CO., LTD TO ACQUIRE
ALL THE ISSUED SHARES OF KAKIKO GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY FULL FORTUNE INTERNATIONAL CO., LTD AND
THE PARTIES ACTING IN CONCERT WITH IT); AND
(3) RESUMPTION OF TRADING**

Financial adviser to Full Fortune International Co., Ltd



GUOTAI JUNAN CAPITAL LIMITED

THE SP AGREEMENT

The Board was informed by the Vendor that on 27 May 2019 (before trading hours), the Offeror as purchaser entered into the SP Agreement with, among others, Mighty One as vendor and Mr. Kuah Ann Thia, pursuant to which the Offeror agreed to acquire a total of 632,500,000 Shares from the Vendor, representing approximately 51.42% of the total issued share capital of the Company as at the date of this joint announcement at a total consideration of HK\$257,100,000, which was agreed between the Offeror and the Vendor after arm's length negotiations taking into account of, amongst others, the audited consolidated net assets of the Group as at 31 December 2018, results of operations of the Group and the control premium (when compared to the audited consolidated net assets of the Group as at 31 December 2018) attributable to the Acquired Shares. Completion took place immediately after signing of the SP Agreement on 27 May 2019. The total consideration for the Acquired Shares in the amount of HK\$257,100,000 had been fully settled by the Offeror by way of cash as at the date of this joint announcement.

Immediately prior to the Completion, the Vendor held 632,500,000 Shares, representing approximately 51.42% of the issued Shares, and none of the Offeror and parties acting in concert with it owned, controlled or had direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

UNCONDITIONAL MANDATORY CASH OFFER

Immediately prior to the Completion, the Offeror and parties acting in concert with it were not interested in any of the issued share capital of the Company. Upon the Completion and as at the date of this joint announcement, the Offeror is interested in 632,500,000 Acquired Shares, representing approximately 51.42% of the entire issued share capital of the Company, and the Offeror and parties acting in concert with it together hold voting rights in the Company of approximately 51.42%.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will be required to make an unconditional mandatory general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

As at the date of this joint announcement, there are 1,230,000,000 Shares in issue. Save for the 1,230,000,000 issued Shares, the Company has no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement. Taking into account 632,500,000 Shares that are already owned or agreed to be acquired by the Offeror and parties acting in concert with it, a total of 597,500,000 Shares will be subject to the Offer.

GTJA Securities will make the Offer for and on behalf of the Offeror on the terms to be set out in the offer document or, as the case may be, the composite document in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.4065 in cash

The Offer Price is approximately equal to but not lower than the purchase price per Acquired Share paid by the Offeror under the SP Agreement. The Offer is unconditional in all respects. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the offer document).

As at the date of this joint announcement, there are 1,230,000,000 Shares in issue of which the Offeror and parties acting in concert with it together hold 632,500,000 Shares. On the assumption that the Offer is accepted in full by the holders of the Offer Shares and on the basis that there are 597,500,000 Offer Shares and the Offer Price being HK\$0.4065 per Offer Share, the value of the Offer is HK\$242,883,750. The Offeror intends to finance and satisfy the consideration payable under the Offer by way of the Facility severally granted by Tonghai Securities and Mason Securities.

As a security to the Facility, the Offeror has agreed to, among others, enter into a deed of share charge where all of the Acquired Shares and Offer Shares to be acquired pursuant to the Offer will be charged in favour of Tonghai Securities and Mason Securities.

GTJA Capital, being the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee will be constituted in due course in accordance with Rule 2.1 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders other than the Offeror and parties acting in concert with it in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

An independent financial adviser will be appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. Further announcement of such appointment will be made in due course.

DESPATCH OF COMPOSITE DOCUMENT

The Offeror and the Company intend to combine the offer document and the offeree's board circular into a composite document which contains amongst others, details of the Offer, accompanied by the relevant form of acceptance and transfer for the Offer Shares, and incorporating the recommendation from the Independent Board Committee and the advice letter from the Independent Financial Adviser in respect of the Offer. Pursuant to Rule 8.2 of the Takeovers Code, the composite document is required to be despatched to the Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may consent to. It is expected that the composite document will be despatched to the Shareholders on or before 21 June 2019.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 27 May 2019 pending the publication of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 3 June 2019.

WARNING: Shareholders and potential investors in the Company are reminded to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Offer and are advised to exercise caution when dealing in the Shares. If Shareholders and potential investors are in any doubt about their position, they should consult their stockbroker, bank manager, solicitor or other professional advisers.

THE SP AGREEMENT

The Board was informed by the Vendor that on 27 May 2019 (before trading hours), the Offeror (being purchaser) entered into the SP Agreement with, among others, the Vendor (being seller), and Mr. Kuah Ann Thia, pursuant to which the Offeror agreed to acquire from the Vendor the Acquired Shares for a total consideration of HK\$257,100,000 (equivalent to approximately HK\$0.4064822 per Acquired Share).

Principal terms of the SP Agreement are set out below:

Date

27 May 2019

Parties

- (i) The Vendor, being the seller;
- (ii) Mr. Kuah Ann Thia, being the sole shareholder of the Vendor; and
- (iii) The Offeror, being the Purchaser.

Immediately prior to the entering into the SP Agreement, the Offeror and parties acting in concert with it were not interested in any of the issued share capital of the Company, and the Offeror and its ultimate beneficial owner were third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules). The Offeror became a controlling shareholder of the Company immediately following Completion which took place on 27 May 2019.

The Acquired Shares

Pursuant to the SP Agreement, the Offeror agreed to acquire and the Vendor agreed to sell the Acquired Shares, being 632,500,000 Shares, representing approximately 51.42% of the total issued share capital of the Company as at the date of this joint announcement. The Acquired Shares shall be acquired free from any encumbrances, equitable interests, claims and adverse interests and with all rights attaching to them from the Completion, including the rights to receive dividends and profit distributions declared, made or paid with respect to the Acquired Shares on or after the date of Completion.

Consideration

The total consideration for the Acquired Shares is HK\$257,100,000 (equivalent to approximately HK\$0.4064822 per Acquired Share) which has been fully settled by the Offeror by way of cash as at the date of this joint announcement.

The consideration was determined after arm's length negotiations between the Offeror and the Vendor taking into account of, amongst others, the audited consolidated net assets of the Group as at 31 December 2018, results of operations of the Group and the control premium (when compared to the audited consolidated net assets of the Group as at 31 December 2018) attributable to the Acquired Shares.

Completion

Completion of the SP Agreement took place after signing of the SP Agreement on 27 May 2019.

UNCONDITIONAL MANDATORY CASH OFFER

Immediately prior to the Completion, the Vendor held 632,500,000 Shares, representing approximately 51.42% of the issued Shares, and none of the Offeror and parties acting in concert with it owned, controlled or had direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following the Completion and as at the date of this joint announcement, neither the Vendor nor its ultimate beneficial owners hold any Shares.

Upon the Completion and as at the date of this joint announcement, the Offeror is interested in 632,500,000 Acquired Shares, representing approximately 51.42% of the entire issued share capital of the Company, and the Offeror and parties acting in concert with it together hold voting rights in the Company of approximately 51.42%. Pursuant to Rule 26.1 of Takeovers Code, the Offeror will be required to make an unconditional mandatory general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

As at the date of this joint announcement, save for the Acquired Shares, the Offeror and parties acting in concert with it do not own, control or have direction over any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

As at the date of this joint announcement, the Company has 1,230,000,000 Shares in issue, and has no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement. Taking into account 632,500,000 Shares that are already owned or agreed to be acquired by the Offeror and parties acting in concert with it, a total of 597,500,000 Shares will be subject to the Offer.

GTJA Securities will make the Offer for and on behalf of the Offeror on the terms to be set out in the offer document or, as the case may be, the composite document in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.4065 in cash

The Offer Price is approximately equal to but not lower than the purchase price per Acquired Share paid by the Offeror under the SP Agreement. The Offer is unconditional in all respects.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the offer document).

Comparison of Value

The Offer Price of HK\$0.4065 represents:

- (i) a discount of approximately 75.80% to the closing price of HK\$1.680000 per Share as quoted on the Stock Exchange immediately before trading in the Shares were halted on 27 May 2019 and being the Last Trading Day (i.e. 24 May 2019);

- (ii) a discount of approximately 75.80% to the average closing price of HK\$1.680000 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 76.50% to the average closing price of HK\$1.730000 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 77.90% to the average closing price of approximately HK\$1.839333 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 253.18% over the audited consolidated net asset value attributable to Shareholders of approximately S\$0.020234 per Share (equivalent to approximately HK\$0.115096) as at 31 December 2018, the date to which the latest audited consolidated financial results of the Company were made up.

Highest and lowest Share Prices

During the six-month period immediately preceding the date of this joint announcement (being the commencement date of the offer period under the Takeovers Code) up to and including the Last Trading Day, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange was HK\$2.07 per Share on 19 December 2018, 7 and 8 January 2019 and HK\$1.68 per Share from 20 to 24 May 2019, respectively.

Close of the Offer Period

The Offeror shall not extend the offer period for the Offer beyond 21 days following the despatch of the composite document.

VALUE OF THE OFFER

As at the date of this joint announcement, there are 1,230,000,000 Shares in issue of which the Offeror and the parties acting in concert with it together hold 632,500,000 Shares. On the assumption that the Offer is accepted in full by the holders of the Offer Shares and on the basis that there are 597,500,000 Offer Shares and the Offer Price being HK\$0.4065 per Offer Share, the value of the Offer is approximately HK\$242,883,750.

CONFIRMATION OF FINANCIAL RESOURCES

The Offeror intends to finance and satisfy the consideration payable under the Offer by way of the Facility severally granted by Tonghai Securities and Mason Securities. As a security of the Facility, the Offeror has agreed to, among others, enter into a deed of share charge where all of the Acquired Shares and Offer Shares to be acquired pursuant to the Offer will be charged in favour of Tonghai Securities and Mason Securities.

GTJA Capital, being the financial advisor to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer.

EFFECTS OF ACCEPTING THE OFFER

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

By accepting the Offer, the Shareholders will sell their Shares to the Offeror free from all liens, claims, encumbrances and all third party rights and with all rights attached thereto as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the offer document). The making of the Offer to a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Shareholders with registered addresses in jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provision of the Takeovers Code.

SETTLEMENT

Settlement of the considerations for the Offer Shares will be made in cash as soon as possible but in any event within seven Business Days of the date of receipt of a duly completed acceptance of the Offer Shares. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

No fractions of a cent (HK\$) will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent (HK\$).

HONG KONG STAMP DUTY

In Hong Kong, seller's ad valorem stamp duty payable by the Shareholders who accept the Offer is calculated at a rate of 0.1% of (i) the market value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong); or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer. The Offeror will then pay the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Offer and will bear the buyer's ad valorem stamp duty in relation to the acceptance of the Offer and the transfer of the Offer Shares.

TAXATION ADVICE

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with it, the Company, GTJA Securities, GTJA Capital, Tonghai Securities, Mason Securities and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

Save for the 632,500,000 Acquired Shares under the SP Agreement, none of the Offeror or parties acting in concert with it has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period immediately prior to the date of this joint announcement (being the commencement date of the offer period under the Takeovers Code).

The Offeror confirms that, as at the date of this joint announcement:

- (i) the Offeror and/or parties acting in concert with it have not received any irrevocable commitment to accept or reject the Offer;
- (ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and/or any person acting in concert with it;
- (iii) there are no conditions to which the Offer are subject;
- (iv) save for the Facility, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (v) save for the Acquired Shares, none of the Offeror and/or parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (vi) there is no agreement or arrangement to which any of the Offeror is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vii) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or any person acting in concert with it has borrowed or lent;

- (viii) apart from the consideration for the Acquired Shares, there is no other consideration, compensation nor benefit in whatever form paid or to be paid by the Offeror, Mr. Chen and/or any parties acting in concert with any of them to the Vendor, Mr. Kuah Ann Thia and/or any party acting in concert with any of them in relation to or in connection with the sale and purchase of the Acquired Shares;
- (ix) there is no understanding, arrangement, agreement or special deal between the Offeror, Mr. Chen and/or any party acting in concert with any of them on the one hand, and the Vendor, Mr. Kuah Ann Thia and/or any party acting in concert with any of them on the other hand; and
- (x) there is no understanding, arrangement or agreement or special deal between any Shareholders and the Offeror, Mr. Chen and/or any party acting in concert with any of them.

The Company confirms that, as at the date of this joint announcement, there is no understanding, arrangement or agreement or special deal between any Shareholders on the one hand, and the Company, its subsidiaries or associated companies on the other hand.

OVERSEAS SHAREHOLDERS

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

INFORMATION ON THE GROUP

The Company is incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange. The Company acts as an investment holding company and its subsidiaries are principally engaged in the provision of manpower outsourcing and ancillary services, provision of dormitory services, and provision of IT services and construction ancillary services for the building and construction industry.

Set out below is a summary of certain audited financial information of the continuing operations of the Group for the financial years ended 31 December 2017 and 2018 extracted from the Company's annual report 2018 published on 29 April 2019:

	Year ended/ As at 31 December 2018 S\$ (audited)	Year ended/ As at 31 December 2017 S\$ (audited)
Revenue	47,457,263	44,441,142
Gross profit	8,889,834	11,721,271
Profit/(loss) before taxation	(3,856,113)	3,146,884
Profit/(loss) for the year	(3,538,952)	2,277,773
Net assets	24,888,160	29,351,085

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before Completion; (ii) immediately after Completion and as at the date of this joint announcement (assuming there is no other change to the shareholding structure of the Company):

	Immediately before Completion		Immediately after Completion and as at the date of the joint announcement	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Offeror and the parties acting in concert with it	0	0	632,500,000	51.42
– Offeror	0	0	632,500,000	51.42
– Parties acting in concert with the Offeror	0	0	0	0
Vendor (<i>Note 1</i>)	632,500,000	51.42	0	0
Public Shareholders	597,500,000	48.58	597,500,000	48.58
Total	<u>1,230,000,000</u>	<u>100.00</u>	<u>1,230,000,000</u>	<u>100.00</u>

Notes:

- The entire issued share capital of the Vendor is beneficially owned by Mr. Kuah Ann Thia (the chairman of the Board, an executive Director and the chief executive officer of the Company).
- Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- Save as disclosed in note 1, there is no other Director holding the Shares (i) immediately before Completion; (ii) immediately after Completion and as at the date of this joint announcement.

INFORMATION ON THE OFFEROR

The Offeror is an international business company incorporated in the Republic of Seychelles and principally engages in the business of investment holding. As at the date of this joint announcement, the Offeror is the beneficial owner of 632,500,000 Shares and is wholly-owned by Mr. Chen.

Mr. Chen, aged 44, has approximately 20 years of experience in the real estate and construction industry, particularly in operation and strategic management. Mr. Chen completed his undergraduate studies in economic management at the Army Officer Academy of People's Liberal Army of China* (中國人民解放軍南京炮兵學院) in June 2012.

Mr. Chen is the chairman of the board of directors of Shanghai Jinhai Corporate Development Group Company Limited* (上海今海企業發展(集團)有限公司), a company founded by him in 2002 and principally engages in real estate development, such as construction of commercial plaza and residential buildings, and property management, including dormitories and commercial plaza. He has also acted as the chairman of the board of directors of each of Shanghai Guobao Property Company Limited* (上海國寶置業有限公司) since March 2006 and Shanghai Laiyada Property Development Company Limited* (上海來亞達置業發展有限公司) since March 2011 whose principal businesses also include real estate development and property management. His responsibilities include, amongst others, overseeing the progress of development and construction projects and liaising with construction contractors on various aspects, including manpower and resources allocation.

Mr. Chen is currently the executive deputy chairman (執行副會長) of Ningbo Chamber of Commerce in Shanghai (上海市寧波商會). From September 2015 to October 2017, he was the non-executive director of Vision Fame International Holding Limited (stock code: 1315) the shares of which are listed on the main board of the Stock Exchange. Save as disclosed above, Mr. Chen has not held any other directorships in any other publicly listed companies in the three years preceding the date of this joint announcement.

Immediately prior to the entering into the SP Agreement, the Offeror and parties acting in concert with it did not hold any securities of the Company and were independent third parties of the Company and its connected persons.

PUBLIC FLOAT AND LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

If the public float of the Company falls below 25% following the close of the Offer, the Offeror and the Director(s) to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists for the Shares following the close of the Offer, such as the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any of such steps if the circumstances warrant.

According to the Listing Rules, if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

INTENTIONS OF THE OFFEROR

It is the Offeror's intention to acquire a majority interest in the Company pursuant to the SP Agreement and the Offer. The intention of the Offeror is that the Company's existing principal activities, namely provision of manpower outsourcing and ancillary services, provision of dormitory services, provision of IT services and provision of construction ancillary services in Singapore, will be maintained. As set out in the paragraph headed "Information of the Offeror", Mr. Chen has been acting as director of several companies in the industries of real estate development, building construction and property (including dormitories) management for years and has obtained experience in construction contracting and the related staffing arrangement. Given that the Company's principal activities are also related to building construction and dormitory operation, the Offeror will, leverage on Mr. Chen's experience in real estate development and property management, assist the Company in reviewing its business and operations and financial position of the Group in order to seek for new business opportunities to enhance and strengthen the business of the Group.

The Offeror has no intention to introduce major changes to the existing operation and business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. Save for the proposed change(s) to the composition of the Board as mentioned below, the Offeror has no plan to terminate the employment of any other employees or other personnel of the Group. However, subject to the results of the review regarding the business and financial position of the Group, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to increase the value of the Group.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the date of this joint announcement, the Board comprises Mr. Kuah and Ms. Dolly Hwa Ai Kim (also known as Dolly Ke Aijin) as executive Directors; Mr. Lu Yong as non-executive Director; and Mr. Ong Shen Chieh (also known as Mr. Wang Shengjie), Mr. Lau Kwok Fai Patrick and Mr. Lam Raymond Shiu Cheung as independent non-executive Directors. Pursuant to the SP Agreement, all of the abovementioned existing Directors will resign with effect from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate new Directors, including Mr. Chen, to the Board with effect from the earliest time as permitted under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. Please refer to the paragraph headed “Information of the Offeror” above for the biographical details of Mr. Chen. The Offeror is in the process of identifying suitable candidates and further announcement(s) will be made by the Company regarding changes in the Board composition as and when appropriate.

Save for the change(s) to the composition of the Board as mentioned above, the Offeror has no intention to introduce any significant changes to the management of the Group, or to discontinue the employment of the employees, following completion of the Offer.

DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror (including but not limited to a person who owns or controls 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in any relevant securities of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee will be constituted in due course in accordance with Rule 2.1 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders other than the Offeror and parties acting in concert with it in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

An independent financial adviser to the Independent Board Committee will be appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. An announcement of such appointment will be made in due course.

DESPATCH OF COMPOSITE DOCUMENT

The Offeror and the Company intend to combine the offer document and the offeree board circular into a composite document which contains, amongst others, details of the Offer, accompanied by the relevant form of acceptance and transfer of the Offer Shares, and incorporating the recommendation from the Independent Board Committee and the advice letter from the Independent Financial Adviser in respect of the Offer. Pursuant to Rule 8.2 of the Takeovers Code, the composite document is required to be despatched within 21 days of the date of this joint announcement. It is expected that the composite document will be despatched to the Shareholders on or before 21 June 2019.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 27 May 2019 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 3 June 2019.

WARNING: Shareholders and potential investors in the Company are reminded to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Offer and are advised to exercise caution when dealing in the Shares. If Shareholders and potential investors are in any doubt about their position, they should consult their stockbroker, bank manager, solicitor or professional advisers.

DEFINITIONS

In this joint announcement (unless the context otherwise requires):

“Acquired Shares”	means the 632,500,000 Shares held by the Offeror representing approximately 51.42% of the total number of Shares in issue as at the date of this joint announcement;
“acting in concert”	has the meaning ascribed to it in the Takeovers Code;
“associate”	has the meaning ascribed to it in the Takeovers Code;
“Board”	the board of Directors;
“Business Day(s)”	a day on which the Stock Exchange is open for transaction of business;
“Company”	Kakiko Group Limited, a company established in the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 2225);
“Completion”	completion of the SP Agreement;
“Directors”	means directors of the Company;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Facility”	a loan facility of up to HK\$242,943,500 in aggregate severally granted by Tonghai Securities and Mason Securities as co-lenders to the Offeror as borrower;
“Group”	the Company and its subsidiaries;
“GTJA Capital”	Guotai Junan Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO;
“GTJA Securities”	Guotai Junan Securities (Hong Kong) Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee” or “IBC”	an independent committee of the Board comprising all non-executive Directors who have no direct or indirect interest in the Offer, to be established for the purpose of advising and giving a recommendation to the Shareholders other than the Offeror and parties acting in concert with it in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer;
“Independent Shareholders”	all Shareholders other than the Offeror and parties acting in concert with it;
“Last Trading Day”	24 May 2019, being the last trading day of the Shares before the publication of this joint announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mason Securities”	Mason Securities Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO;
“Mighty One” or “Vendor”	Mighty One Investments Limited, a company incorporated in the British Virgin Islands;
“Mr. Chen”	Mr. Chen Guobao (陳國寶先生), the sole shareholder of the Offeror;
“Offer”	the unconditional mandatory cash offer to be made by GTJA Securities for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it) in accordance with the Takeovers Code;
“Offeror” or “Purchaser”	Full Fortune International Co., Ltd 寶來國際有限公司, an international business company incorporated in the Republic of Seychelles;

“Offer Price”	the price of HK\$0.4065 per Offer Share payable by the Offeror to the Shareholders for each Offer Share accepted under the Offer;
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert it;
“Overseas Shareholders”	the Shareholders whose addresses, as shown on the register of members of the Company, are outside Hong Kong;
“PRC”	The People’s Republic of China, and for the purpose of this joint announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holders of the Shares;
“Shares”	the ordinary shares of HK\$0.01 each in the capital of the Company;
“SP Agreement”	the sale and purchase agreement dated 27 May 2019 entered into among Mighty One as vendor, the Offeror as purchaser, and Mr. Kuah Ann Thia in relation to the acquisition of an aggregate of 632,500,000 Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“S\$”	Singapore dollars, the lawful currency of Singapore;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Tonghai Securities”	China Tonghai Securities Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO; and
“%”	per cent.

Unless stated otherwise, in this joint announcement, amounts denominated in S\$ have been translated into HK\$ at the exchange rate of HK\$1.00 to S\$0.1758. No representation is made that the HK\$ amounts could have been or could be converted into S\$ at such rate or any other rate or at all. Certain amounts and percentage figures in this joint announcement have been subject to rounding adjustments.

By Order of the Board
Full Fortune International Co., Ltd
Mr. Chen Guobao
Director

By Order of the Board
Kakiko Group Limited
Kuah Ann Thia
*Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, 31 May 2019

As at the date of this joint 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than those relating to the Offeror and parties acting in concert with it) contained in this joint announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the sole director of the Offeror is Mr. Chen Guobao.

The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this joint announcement (other than that relating to the Group and the Directors) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those made by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.