KAKIKO GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2225)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the "**Board**") of directors (the "**Directors**") of Kakiko Group Limited (the "**Company**", together with its subsidiaries, "**the Group**") announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2019 (the "**Period**" or "**1H2019**"), together with the unaudited comparative figures for the corresponding period in 2018 ("**1H2018**") and certain comparative figures as at 31 December 2018. The issued shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange on 17 October 2017 (the "**Listing Date**" and the "**Listing**", respectively).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a Singapore-based service provider and mainly provides manpower outsourcing and ancillary services to building and construction contractors in the Republic of Singapore ("**Singapore**"). To a lesser extent, the Group also provides dormitory services, IT services and construction ancillary services (which comprise warehousing services, cleaning services and building maintenance works) in Singapore. The Group commenced the business of providing manpower outsourcing services in Singapore in 2006.

The Group's revenue for the Period was approximately S$25.4 million (1H2018: approximately S$21.9 million). Gross profit increased from approximately S$3.6 million for 1H2018 to approximately S$5.7 million for 1H2019, while gross profit margin increased from approximately 16.4% for 1H2018 to approximately 22.3% for 1H2019.

The Building Construction Authority of Singapore estimated that the total value of construction contracts to be awarded in 2019 could be in the upper limit of S$32 billion, comparable to the preliminary estimate of S$30.5 billion in 2018. The higher projection is on the back of a good pipeline of major public infrastructure and industrial projects. Construction demand from the private sector is expected to remain steady supported by the redevelopment of en-bloc sales sites concluded prior to the second half of 2018, along with new industrial developments. In light of this, the Group is cautiously optimistic about the demand for manpower outsourcing services in the remaining months of 2019.

SIGNIFICANT EVENT

In May 2019, Full Fortune International Co., Ltd ("**Full Fortune**") agreed to acquire 632,500,000 shares of the Company, representing approximately 51.42% of the issued share capital of the Company as at the date of the joint announcement dated 31 May 2019 from the then shareholders of the Company at a total consideration of approximately HK$257.1 million. The share acquisition was completed in May 2019 and Full Fortune has become the controlling shareholder of the Company. For details, please refer to the announcements of the Company dated 31 May 2019 and 19 July 2019, and the composite document of the Company dated 28 June 2019.

PROPOSED CHANGE OF COMPANY NAME

On 20 August 2019, the Board announced that the Company proposes to (i) change the name of the Company from "Kakiko Group Limited" to "Jinhai International Group Holdings Limited" and (ii) adopt a dual foreign name in Chinese of "今海國際集團控股有限公司". The change of company name is subject to the approval by the Shareholders at the extraordinary general meeting of the Company to be held on 16 September 2019 by way of a special resolution and the approval of the Registrar of Companies in the Cayman Islands. For details, please refer to the announcement of the Company dated 20 August 2019 and the circular of the Company dated 28 August 2019.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from approximately S$21.9 million for 1H2018 to approximately S$25.4 million for 1H2019. The following table sets forth a breakdown of the revenue for 1H2019 and 1H2018 indicated:

	1H2019 ***S$*** **(Unaudited)**	1H2018 *S$* (Unaudited)	Increase/ (Decrease) by *S$*
Manpower outsourcing and ancillary services	**21,804,489**	18,823,092	2,981,397
Dormitory services	**2,768,876**	2,588,198	180,678
Construction ancillary services	**373,084**	218,559	154,525
IT services	**415,500**	304,220	111,280
	25,361,949	21,934,069	3,427,880

Revenue from manpower outsourcing and ancillary services increased from approximately S$18.8 million in 1H2018 to approximately S$21.8 million in 1H2019, representing an increase of approximately 15.8%. This was mainly due to increases in construction demand and the charge-out rate of foreign workers as the Singapore construction industry continues to recover in 1H2019.

Revenue from dormitory services remained broadly stable at approximately S$2.8 million and S$2.6 million for 1H2019 and 1H2018, respectively. Given the occupancy rate of our dormitory, the current capacity of our dormitory is insufficient to capture further business opportunities, which results in the stable revenue derived from dormitory services. Towards the end of 2018, the Group rented an industrial property-cum-dormitory which has a right of first offer to purchase in the event the property is available for sale.

Revenue from construction ancillary services in 1H2019 increased by approximately S$0.15 million as compared to that in 1H2018. This was mainly due to an increase in sales from warehousing services due to additional industrial space rented out.

The increase in revenue from IT services from approximately S$0.3 million in 1H2018 to approximately S$0.4 million in 1H2019 was mainly due to a one-off system upgrade project in 1H2019 and an increase in the number of maintenance and support days required by our sole IT customer.

Gross profit and gross profit margin

The Group's gross profit increased from approximately S$3.6 million for 1H2018 to approximately S$5.7 million for 1H2019, while gross profit margin increased from approximately 16.4% for 1H2018 to approximately 22.3% for 1H2019. Such increases were mainly due to an increase in revenue as mentioned above, partially offset by an increase in costs of services from approximately S$18.3 million in 1H2018 to approximately S$19.7 million in 1H2019, which was due primarily to the following:

a. increase in foreign workers' wages from approximately S$5.4 million in 1H2018 to approximately S$6.2 million in 1H2019 due to the fact that more workers were retained and recruited in 1H2019 as compared to that in prior period due to higher construction demand as mentioned above; and

b. increase in foreign workers' levy from approximately S$6.4 million in 1H2018 to approximately S$6.8 million in 1H2019 mainly due to more workers were retained and recruited by the Group in 1H2019.

Besides the above reasons, in the adoption of IFRS 16 which became effective on 1 January 2019 (Note 3), depreciation has increased from approximately S$0.5 million in 1H2018 to approximately S$2.9 million in 1H2019, offset by a decrease of S$2.5 million in rental expenses as lessee will now recognise the finance costs and depreciation of the right-of-use assets instead of operating lease expenses.

Other income

Other income increased from approximately S$0.52 million in 1H2018 to approximately S$1.13 million in 1H2019 mainly due to (i) an increase of approximately S$76,000 in interest earned from short-term deposits and treasury products; and (ii) the recognition of approximately S$0.55 million of interest deemed to have been received by the Group from receivables arising from the one-off profit sharing arrangement with Mines & Mineral Resources Co. Ltd. ("**Mines & Mineral**"), a third party counterparty in Myanmar, and the termination of convertible bonds issued by Mines & Mineral which was converted to a receivable in 2018.

Administrative expenses

Administrative expenses increased from approximately S$5.6 million in 1H2018 to approximately S$6.0 million in 1H2019 mainly due to (ii) expenses incurred for the upkeeping of an industrial property-cum-dormitory rented in 4Q2018; (ii) an increase in the headcount and salaries of back office staff; and (iii) fees paid to professional parties for the provision of services relating to the unconditional mandatory cash offer by Guotai Junan Securities (Hong Kong) Limited for and on behalf of Full Fortune to acquire the issued shares of the Company (the "**Offer**") and the related costs incurred for the translation, typesetting and delivery of the composite document relating to the Offer.

Other gains

Other gains increased by approximately S$0.16 million in 1H2019 due mainly to (i) gain on fair value movement of equity instruments designated at fair value through profit or loss of approximately S$0.18 million; and (ii) the reversal of impairment loss recognised on trade receivables of approximately S$0.3 million due to recovery of debts in 1H2019. This was partially offset by the net foreign exchange loss of approximately S$0.14 million (1H2018: net foreign exchange gain of approximately S$0.23 million) as a result of the revaluation of bank balances denominated in Hong Kong dollar ("**HK$**"), which depreciated against Singapore dollar ("**S$**") in 1H2019.

Finance costs

Finance costs increased by approximately S$0.3 million due to the adoption of IFRS 16 (Note 3) as the Group recognises the finance costs and depreciation of the right-of-use assets instead of operating lease expenses with effect from 1 January 2019.

Profit for the period

As a result of the above factors, the Group recorded a profit of approximately S$0.7 million in 1H2019 (1H2018: loss of approximately S$1.3 million), which was mainly due to the increase in revenue and other income as mentioned above.

DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Period to the shareholders of the Company (the "**Shareholders**") (1H2018: S$Nil).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

Liquidity

The Group generally meets its working capital requirements from its internally generated funds and maintained a healthy financial position. Upon the Listing, the source of funds of the Group had been a combination of internally generated funds and net proceeds from the Listing.

Treasury policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the Period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Use of proceeds from the Share Offer

The net proceeds from the Listing were approximately HK$82.6 million (equivalent to approximately S$14.1 million) (after deducting underwriting fees and Listing expenses), out of which approximately S$0.3 million has been utilised for the acquisition of three new lorries in 2018.

In line with that disclosed in the Company's prospectus dated 4 October 2017, our Directors presently intend that the net proceeds will be applied as follows:

(i) approximately 93.4% of the net proceeds, for partly financing the acquisition of an additional foreign worker dormitory at an estimated consideration of HK$162.0 million (equivalent to approximately S$28.0 million, being the mid-point of our estimated range of consideration for the proposed acquisition), in connection with our plan to (a) cater to the accommodation needs of the additional foreign employees to be hired under our business expansion plan; and (b) increase the scale of our dormitory service business; and

(ii) approximately 6.6% of the net proceeds, for financing the acquisition of 10 additional lorries for us to cope with the expected increase in transportation needs from a larger size of our manpower in accordance with our business expansion plan. As at 30 June 2019, three lorries have been acquired under finance leases.

The net proceeds which are not immediately applied to the above purposes were deposited into short-term interest-bearing deposits or treasury products with a licensed bank in Singapore.

As mentioned above, towards the end of the 2018, the Group rented an industrial property-cum-dormitory which has a right of first offer to purchase in the event the property is available for sale.

Borrowings and gearing ratio

As at 30 June 2019, the Group had an aggregate of current and non-current lease liabilities of approximately S$12.3 million as compared to approximately S$0.3 million as at 31 December 2018. The increase was due to the recognition of additional lease liabilities arising from the adoption of IFRS 16 which became effective on 1 January 2019 (Note 3).

The Group's gearing ratio as at 30 June 2019 was approximately 48.1% (as at 31 December 2018: approximately 1.4%). Gearing ratio is calculated by dividing total borrowings (comprising lease liabilities) by total equity as at the end of the respective year and multiplied by 100%.

As at 30 June 2019, the Group had unutilised banking facilities of approximately S$609,816 available for cash drawdown (as at 31 December 2018: S$609,816).

Cash and cash equivalents

As at 30 June 2019, the Group had cash and cash equivalents of approximately S$21.1 million, of which approximately 15.6% was denominated in S$ and approximately 84.4% was denominated in HK$ which were placed in major licensed banks in Singapore and Hong Kong, respectively. Cash and cash equivalents denominated in United States dollars ("**US$**") were immaterial.

Foreign exchange exposure

The Group transacts mainly in S$, which is the functional currency of all the entities in the Group.

However, the Group retains a large portion of the proceeds from the Share Offer in HK$ which contributed to an unrealised foreign exchange loss of approximately S$0.14 million as HK$ weakened against S$ in 1H2019.

Charges on the Group's assets and contingent liabilities

As at 30 June 2019, certain lease liabilities were secured by the charge over leased assets with an aggregate net book value of approximately S$0.52 million (as at 31 December 2018: S$0.36 million).

The Group did not have any material contingent liabilities as at 30 June 2019.

Capital expenditures and capital commitments

The Group's capital expenditures principally consisted of expenditures on renovation of a newly rented industrial property-cum-dormitory, motor vehicles, computer and equipment, furniture and fittings. The Group recorded capital expenditures for the purchases of property, plant and equipment and additions to investment property in the amounts of approximately S$0.24 million and S$0.19 million for 1H2019 and 1H2018, respectively.

The Group did not have any capital commitments as at 30 June 2019.

Significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures

There were no material acquisitions and disposal of subsidiaries, associates and joint ventures for 1H2019.

During the Period, the Group disposed a portion of its investment in quoted equity shares. The proceeds from the disposal were approximately S$1.5 million.

Off-balance sheet transactions

As at 30 June 2019, the Group did not enter into any material off-balance sheet transaction.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2019, the Group had 1,846 employees (as at 31 December 2018: 1,720), including foreign workers.

The Group determines employee salaries based on employee's qualifications, position and seniority. In order to attract and retain valuable employees, the Group reviews the performance of our employees, which will be taken into account in annual salary review and promotion appraisal. The Group has also adopted a sales incentive scheme, pursuant to which our sales managers are entitled to sales commission based on the number of hours of deployment in respect of any manpower outsourcing contracts obtained by them from customers.

The Group incurred workers and staff costs (including the Directors and chief executive's remuneration, and other staff's salaries, wages and other benefits) of approximately S$12.0 million and S$11.6 million for 1H2019 and 1H2018 respectively.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest rate risk

The Group is exposed to cash flow interest rate risk on the variable rates of interest earned on the bank balances. The Group is also exposed to fair value interest rate risk in relation to fixed-rate finance lease obligations.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Foreign currency risk

The Group has certain bank balances, financial assets measured at fair value through profit or loss, trade receivables and payables denominated in US$ and HK$ other than the functional currency of respective group entities, which expose the Group to foreign currency risk.

The Group manages the risk by closely monitoring the movement of the foreign currency rate.

Credit risk

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out a search on the credit risk of the customer, assesses the customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group recognises a loss allowance for expected credit losses ("**ECL**") on trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Fair value risk

The Group is exposed to fair value risk arising from financial assets and financial liabilities that are measured at fair value on a recurring and non-recurring basis.

Equity price risk

The Group is exposed to equity risks arising from equity instruments designated at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***S$***	*S$*
		(Unaudited)	(Unaudited)
Revenue	*4*	**25,361,949**	21,934,069
Cost of services		**(19,699,945)**	(18,346,127)
Gross profit		**5,662,004**	3,587,942
Other income	*5*	**1,131,555**	523,925
Selling expenses		**(21,797)**	(14,515)
Administrative expenses		**(5,989,176)**	(5,590,656)
Other gains and losses	*6*	**350,563**	186,368
Finance costs		**(297,606)**	(1,439)
Profit/(loss) before taxation	*7*	**835,543**	(1,308,375)
Income tax expense	*8*	**(142,042)**	–
Profit/(loss) after taxation, representing total comprehensive income/(loss) for the period		**693,501**	(1,308,375)
Earnings/(loss) per share			
Basic and diluted	*10*	**0.06 cent**	(0.11) cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	**30 June 2019 S$ (Unaudited)**	31 December 2018 S$ (Audited)
Non-current assets			
Property, plant and equipment		**2,629,584**	3,235,443
Investment property		**108,973**	152,762
Right-of-use assets		**12,196,453**	–
Other receivables		**11,177**	1,200,828
Deferred tax assets		**447,858**	589,900
		15,394,045	5,178,933
Current assets			
Trade receivables	*11*	**7,583,690**	7,546,044
Other receivables, deposits and prepayments		**1,722,322**	2,119,070
Contract assets		**6,204**	–
Financial assets at fair value through profit or loss		**74,000**	2,966,271
Bank balances and cash		**21,100,541**	15,995,300
		30,486,757	28,626,685
Current liabilities			
Trade and other payables	*12*	**6,995,160**	7,547,990
Contract liabilities	*13*	**590,446**	556,214
Lease liabilities		**4,858,710**	62,063
Income tax payable		**298,936**	333,372
		12,743,252	8,499,639
Net current assets		**17,743,505**	20,127,046
Non-current liabilities			
Other payables	*12*	**7,706**	48,003
Lease liabilities		**7,457,783**	279,416
Deferred tax liabilities		**90,400**	90,400
		7,555,889	417,819
Net assets		**25,581,661**	24,888,160
Capital and reserves			
Share capital	*14*	**2,142,414**	2,142,414
Share premium	*15*	**14,958,400**	14,958,400
Merger reserves		**1,350,000**	1,350,000
Accumulated profits		**7,130,847**	6,437,346
		25,581,661	24,888,160

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company				
	Share capital	**Share premium**	**Merger reserves (Note a)**	**Accumulated profits**	**Total**
	S$	*S$*	*S$*	*S$*	*S$*
At 1 January 2018	2,142,414	14,958,400	1,350,000	9,976,298	28,427,112
Loss representing total comprehensive loss for the period	–	–	–	(1,308,375)	(1,308,375)
At 30 June 2018 (unaudited)	2,142,414	14,958,400	1,350,000	8,667,923	27,118,737
At 1 January 2019	2,142,414	14,958,400	1,350,000	6,437,346	24,888,160
Profit representing total comprehensive income for the period	–	–	–	693,501	693,501
At 30 June 2019 (unaudited)	2,142,414	14,958,400	1,350,000	7,130,847	25,581,661

Note:

(a) Merger reserves represent the difference between the cost of the acquisition for the reorganisation and the value of share capital of the entities acquired. Details of the reorganisation are set out in the section headed "A. Further information about our Company – 4. Corporate Reorganisation" in Appendix IV to the prospectus of the Company dated 4 October 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 14 February 2017. The immediate and ultimate holding company of the Group is Full Fortune International Co., Ltd. The ultimate controlling party is Mr. Chen Guobao, who is also the Chairman and executive Director of the Company. The registered office of the Company is at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The Company was registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Hong Kong Companies Ordinance**") on 29 September 2017 and its principal place of business in Hong Kong is at Room 2503, Cosco Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong. The headquarters and principal place of business of the Company in Singapore is at 750 Chai Chee Road, #03-10/14 Viva Business Park, Singapore 469000. The issued Shares have been listed on the Main Board of the Stock Exchange with effect from on 17 October 2017.

The Company is an investment holding company and the principal activities of its operating subsidiaries are 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.

The functional currency of the Company is S$, which is also the presentation currency of the Company and its principal subsidiaries.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

In preparing for the initial listing of the Company's shares on the Main Board of the Stock Exchange, the companies comprising the Group underwent a group reorganisation (the "**Reorganisation**") as set out in the section headed "A. Further information about our Company – 4. Corporate Reorganisation" in Appendix IV to the prospectus of the Company dated 4 October 2017.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the unaudited consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group.

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 January 2019, the Group adopted all the new and revised International Financial Reporting Standards (the "**IFRSs**") and Interpretations of IFRS ("**INT IFRS**") that are effective and relevant to its operations. The adoption of these new/revised IFRSs and INT IFRSs does not result in significant changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods except as disclosed below.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 supersedes IAS 17 *Leases* and the related interpretations.

The Group has applied IFRS 16 using the modified retrospective method with the cumulative effect of initially applying this standard recognised at the date of initial application (1 January 2019) as an adjustment to the opening balances, as permitted under the specific transitional provisions in the standard. Therefore, the comparative information was not restated and continues to be reported under IAS 17 and the related interpretations. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("**short-term leases**"), and lease contracts for which the underlying asset is of low value.

On adoption of IFRS 16, the Group recognised right-of-use assets and corresponding lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. For leases previously classified as finance leases, the Group recognised a right-of-use asset measured initially at the previous carrying amount of the finance lease asset under IAS 17 and lease liability measured at the previous carrying amount of the lease liability under IAS 17.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	S$
Operating lease commitments as at 31 December 2018 (audited)	15,302,116
Discounted at incremental borrowing rate at the date of initial application	14,442,024
Add: Finance lease liabilities recognised as at 31 December 2018	341,479
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(313,414)
Lease liability recognised as at 1 January 2019 (unaudited)	14,470,089
Of which are:	
Current lease liabilities	4,658,433
Non-current lease liabilities	9,811,656
	14,470,089

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019	1 January 2019
	S$	*S$*
	(Unaudited)	(Unaudited)
Properties	**11,679,032**	14,128,610
Equipment	**13,872**	1,576
Motor vehicles	**503,549**	356,602
Total right-of-use assets	**12,196,453**	14,486,788

The following adjustments were made to the amounts recognised in the unaudited consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Previously reported as at 31 December 2018	**Adoption of IFRS 16**	**Adjusted as at 1 January 2019**
	(Audited)	(Unaudited)	(Unaudited)
	S$	*S$*	*S$*
Non-current assets			
Property, plant and equipment	3,235,443	(358,178)	2,877,265
Right-of-use assets	–	14,486,788	14,486,788
Current liabilities			
Lease liabilities	62,063	4,596,370	4,658,433
Non-current liabilities			
Lease liabilities	279,416	9,532,240	9,811,656

At the date of authorisation of these unaudited consolidated financial statements, the Group has not applied any new IFRSs that have been issued but are not yet effective.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the consideration specified in contracts with customers for the provision of manpower outsourcing and ancillary services, dormitory services, IT services and construction ancillary services, solely derived in Singapore.

Information is reported to Mr. Kuah Ann Thia, the chief operating decision maker of the Group ("**CODM**") for the Period, for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of services, i.e. provision of manpower outsourcing and ancillary services to contractors of construction projects, provision of dormitory services, provision of IT services and provision of construction ancillary services and profit for the Period as a whole. No further detailed analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group's revenue for the respective periods is as follows:

	Six months ended 30 June	
	2019	2018
	S$	*S$*
	(Unaudited)	(Unaudited)
Revenue recognised over time:		
Provision of manpower outsourcing and ancillary services	**21,804,489**	18,823,092
Provision of dormitory services	**2,768,876**	2,588,198
Provision of IT services	**415,500**	304,220
Provision of construction ancillary services	**373,084**	218,559
	25,361,949	21,934,069

As permitted under IFRS 15, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period has not been disclosed as those performance obligations are part of customer contracts that have original expected duration of one year or less.

Major customers

There was no individual customer that contributed over 10% of total revenue of the Group during the respective periods.

Geographical information

The Group principally operates in Singapore, which is also its place of domicile. All revenues are derived from Singapore based on the location of services delivered and the Group's property, plant and equipment are all located in Singapore.

5. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	S$	*S$*
	(Unaudited)	(Unaudited)
Government grants *(Note a)*	**277,584**	324,175
Dividend income from equity investments	**1,400**	1,400
Interest income *(Note b)*	**635,268**	8,287
Forfeiture of customer deposits	**7,400**	18,422
Work injury/workmen compensation claims	**94,943**	55,126
Sub-leasing income	**100,479**	99,958
Others	**14,481**	16,557
	1,131,555	523,925

Notes:

a. Government grants mainly include the Wages Credit Scheme (the "**WCS**"), the Workforce Training and Upgrading Scheme ("**WTU**"), and the retrofitting grants.

During the periods ended 30 June 2019 and 2018, respective grants of S$129,811 and S$116,220 under WCS were received. Under this credit scheme, the Singapore Government provides assistance to Singapore-registered businesses by way of co-funding 20% of wage increases given to Singapore citizen employees earning a gross monthly wage of S$4,000 or below.

During the periods ended 30 June 2019 and 2018, the Group received respective grants of S$68,991 and S$18,881 under the WTU which co-funds up to 90% of the costs of selected skills assessment and training courses to upgrade the skills of workforce in the built environment.

In 2018, the Group received retrofitting grants of S$215,678 from the MOM of the Singapore Government to subsidise the costs incurred for retrofitting the Group's investment property. Of the total grant received, S$124,959 has been recognised in profit or loss, of which S$42,355 was recognised in 1H2019. The remaining S$90,719 is recognised as deferred income as at 30 June 2019 (Note 12).

The remaining balances of grants are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial support with no future related costs nor related to any assets.

b. Included in the interest income is interest of S$550,978 (1H2018: Nil) deemed to have been received by the Group from receivables arising from the one-off profit sharing arrangement with Mines & Mineral Resources Co. Ltd. ("**Mines & Mineral**"), a third party counterparty in Myanmar, and the termination of convertible bonds issued by Mines & Mineral which was converted to a receivable in 2018.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2019	2018
	S$	*S$*
	(Unaudited)	(Unaudited)
Gain on disposal of equity investments	**3,206**	–
Changes in fair value of financial assets at fair value through profit or loss	**181,568**	(8,800)
Foreign exchange gain/(loss), net	**(143,985)**	230,282
Reversal of/(Impairment loss) recognised on trade and other receivables	**309,774**	(35,114)
	350,563	186,368

7. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before tax for the period has been arrived at after charging:

	Six months ended 30 June	
	2019	2018
	S$	*S$*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**485,896**	482,815
Depreciation of right-of-use assets	**2,499,855**	–
Depreciation of investment property	**46,939**	46,589
Workers and staff costs		
– Salaries, wages and other benefits	**11,474,855**	11,042,445
– Contribution to retirement benefit plans	**550,914**	576,807
– Foreign worker levy	**6,801,621**	6,380,999
Total workers and staff costs	**18,827,390**	18,000,252
Gross rental income from investment property	**2,768,876**	2,588,198
Less: direct operating expenses incurred for investment property that generated rental income during the period	**(2,006,149)**	(1,866,810)
	762,727	721,388

8. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (30 June 2018: 17%) on the estimated assessable profits arising from Singapore.

	Six months ended 30 June	
	2019	2018
	S$	*S$*
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Current tax – Singapore corporate income tax ("**CIT**")	**142,042**	–

9. DIVIDEND

No dividend was paid or declared by the Company for the six months ended 30 June 2019 and 2018.

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to the owners of the Company for the purpose of basic earnings/(loss) per share *(S$)*	**693,501**	(1,308,375)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,230,000,000**	1,230,000,000
Basic and diluted earnings/(loss) per share *(S$ cents)*	**0.06**	(0.11)

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the period attributable to owners of the Company and the weighted average number of Shares in issue.

Diluted earnings/(loss) per share is the same as the basic earnings per share because the Group had no dilutive securities that are convertible into shares during the periods ended 30 June 2019 and 2018.

11. TRADE RECEIVABLES

	30 June	31 December
	2019	2018
	S$	*S$*
	(Unaudited)	(Audited)
Trade receivables	**9,430,535**	9,702,663
Less: loss allowance	**(1,846,845)**	(2,156,619)
	7,583,690	7,546,044

The credit terms to customers are ranging from 3 to 30 days from the invoice date for trade receivables. Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed once a year.

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Ageing analysis of the Group's trade receivables that are not impaired is as follows:

	30 June 2019	31 December 2018
	S$	*S$*
	(Unaudited)	(Audited)
Not past due	**2,871,014**	2,849,290
1 to 30 days	**3,571,106**	3,709,169
31 to 60 days	**425,756**	663,111
61 to 90 days	**190,538**	113,377
91 to 180 days	**301,853**	66,248
181 to 365 days	**160,333**	96,745
>365 days	**63,090**	48,104
	7,583,690	7,546,044

12. TRADE AND OTHER PAYABLES

Current

	30 June 2019	31 December 2018
	S$	*S$*
	(Unaudited)	(Audited)
Trade payables	**947,183**	800,695
Accrued operating expenses	**3,067,888**	3,747,356
Other payables		
Goods and services tax payables	**1,489,023**	1,463,528
Customer deposits received	**1,137,046**	1,104,066
Deferred income	**83,013**	85,071
Deferred rent	**–**	16,267
Others	**271,007**	331,007
	6,995,160	7,547,990

Non-current

	30 June 2019	31 December 2018
	S$	*S$*
	(Unaudited)	(Audited)
Other payables		
Deferred income	**7,706**	48,003

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	30 June 2019	31 December 2018
	S$	*S$*
	(Unaudited)	(Audited)
Within 30 days	**647,008**	324,526
31 days to 90 days	**146,178**	191,089
Over 90 days	**153,997**	285,080
	947,183	800,695

The credit period on purchases from suppliers ranges from 7 to 60 days or payable upon delivery.

13. CONTRACT LIABILITIES

	30 June 2019	31 December 2018
	S$	*S$*
	(Unaudited)	(Audited)
Amounts received in advance of provision of dormitory and IT services	**590,446**	556,214

For customer contracts for provision of dormitory and IT services, revenue is recognised over time although billings for the services are made and payment due prior to provision of the services. A contract liability is recognised for revenue relating to the dormitory and IT services when the payment becomes due and is released over the related service period.

14. SHARE CAPITAL

	Number of shares	**Per value**	**Share capital**
		HK$	***HK$***
Authorised:			
At 1 January 2018 (audited), 31 December 2018 (audited) and 30 June 2019 (unaudited)	2,000,000,000	0.01	20,000,000

	Number of shares	**Share capital**
		S$
Issued and fully paid ordinary shares:		
At 1 January 2018 (audited), 31 December 2018 (audited) and 30 June 2019 (unaudited)	1,230,000,000	2,142,414

15. SHARE PREMIUM

Share premium represents the excess of the consideration for the shares issued over the aggregate par value.

SIGNIFICANT EVENTS AFTER THE PERIOD

Save as disclosed in this announcement, the Directors confirm that no significant event that affected the Group has occurred after 30 June 2019 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling shareholders (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")) of the Company or their respective close associates (as defined under the Listing Rules) had interests in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person had or might have with the Group during the Period.

CHANGE OF AUTHORISED REPRESENTATIVE

Mr. Kuah Ann Thia resigned as the authorised representative of the Company under the Listing Rules and Mr. Wang Zhenfei, the executive Director, was appointed as the authorised representative of the Company under the Listing Rules with effect from 19 July 2019.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Period, the Company has applied the principles and adopted all code provisions, where applicable, of the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the "**CG Code**") as its own code of corporate governance.

The Company has complied with all applicable code provisions as set out in the CG Code during the Period save as disclosed below:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Period, Mr. Kuah Ann Thia ("**Mr. Kuah**") held both positions. Mr. Kuah has been managing the Group's business and overall financial and strategic planning since May 2006. This arrangement also helps the Company to execute business strategies more efficiently in the ordinary business activities. All the other Directors (including the non-executive Director (the "**NED**") and independent non-executive Directors (the "**INEDs**")) consider that the vesting of the roles of the chairman and the chief executive officer in Mr. Kuah is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. In addition, due to the fact that our NED and INEDs represent over half of the Board members, all the Directors (including the NED and INEDs) consider that there is a balance of power and authority such that no one individual has unfettered power of decision.

Subsequent to the close of the Offer to comply with Code Provision A.2.1, on 19 July 2019, Mr. Chen Guobao was appointed as an executive Director and the chairman of the Board, and Mr. Wang Zhenfei was appointed as an executive Director and chief executive officer of the Company.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited interim results for the Period including the interim report and discussed with the management of the Company and is of the view that such financial information and report have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made with no disagreement by the audit committee of the Company.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.kttgroup.com.sg. The interim report of the Company for the Period containing all information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

APPRECIATION

The Board would like to express its gratitude to all the Group's customers, management and staff and business partners as well as the Shareholders for their continuous support.

By order of the Board
Kakiko Group Limited
Chen Guobao
Chairman of the Board and Executive Director

Hong Kong, 27 August 2019

As at the date of this announcement, the executive Directors are Mr. Chen Guobao and Mr. Wang Zhenfei; the non-executive Directors are Mr. Yang Fu Kang, Mr. Li Yunping, Mr. Wang Huasheng and Mr. Jiang Jiangyu; and the independent non-executive Directors are Mr. Yan Jianjun, Mr. Fan Yimin and Mr. Lau Kwok Fai Patrick.