
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Kakiko Group Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the Form of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the Form of Acceptance.

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)*

**COMPOSITE DOCUMENT RELATING TO
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)****Financial adviser to Full Fortune International Co., Ltd****Guotai Junan Capital Limited****Independent Financial Adviser to the Independent Board Committee****Astrum Capital Management Limited**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Guotai Junan Capital containing, among other things, details of the terms of the Offer is set out on pages 6 to 14 of this Composite Document. A letter from the Board is set out on pages 15 to 20 of this Composite Document. A letter from the Independent Board Committee containing its advice on the Offer to the Independent Shareholders is set out on pages IBC-1 to IBC-3 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee, is set out on pages IFA-1 to IFA-24 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out on pages I-1 to I-9 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Share Registrar by not later than 4:00 p.m. on 19 July 2019 or such later time and/or the date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code.

Persons (including, without limitation, custodians, nominees and trustees) who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders" of "Letter from Guotai Junan Capital" of this Composite Document, before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities, regulatory and/or legal requirements. Each Overseas Shareholder is advised to seek professional advice on deciding whether or not to accept the Offer.

The Composite Document will remain on the websites of the Stock Exchange at www.hkexnews.hk and the Company at <http://ktgroup.com.sg> as long as the Offer remains open.

28 June 2019

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and further announcement(s) by the Offeror and the Company will be made in the event of any changes when appropriate. Unless otherwise specified, all time and date references contained in this Composite Document refer to Hong Kong time and dates.

Event	Time & Date
Despatch date of the Composite Document and the Form of Acceptance (<i>Note 1</i>)	Friday, 28 June 2019
Offer opens for acceptance (<i>Note 1</i>)	Friday, 28 June 2019
Latest time and date for acceptance of the Offer (<i>Notes 2 and 4</i>)	4:00 p.m. on Friday, 19 July 2019
Closing Date of the Offer (<i>Notes 2 and 4</i>)	Friday, 19 July 2019
Announcement of the results of the Offer as at the Closing Date to be posted on the website of the Stock Exchange (<i>Notes 2 and 4</i>)	No later than 7:00 p.m. on Friday, 19 July 2019
Latest date for posting of remittance for the amounts due under the Offer in respect of valid acceptances received under the Offer (<i>Notes 3 and 4</i>)	Tuesday, 30 July 2019

Note 1: The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.

Acceptances of the Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed “4. Right of Withdrawal” in Appendix I to this Composite Document.

EXPECTED TIMETABLE

Note 2: In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Friday, 19 July 2019. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on Friday, 19 July 2019 stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to revise or extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

Note 3: Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered under the Offer will be despatched to the accepting Shareholder(s) by ordinary post at their own risk as soon as possible but in any event within seven (7) Business Days after the date of receipt by the Share Registrar of all the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance to render the acceptance under the Offer complete and valid, in accordance with the Takeovers Code.

Note 4: If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day;
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected, the Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meanings:

“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 Latest Practicable Date
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Astrum Capital” or “Independent Financial Adviser”	Astrum Capital Management Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Offer
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	19 July 2019, being the closing date of the Offer
“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
“Composite Document”	this composite offer and response document dated 28 June 2019 jointly issued by the Offeror and the Company to the Shareholders other than the Offeror in accordance with the Takeovers Code in respect of the Offer
“Directors”	the directors of the Company

DEFINITIONS

“Executive”	Executive Director of the Corporate Finance Division of the SFC or any of his delegate
“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
“Form of Acceptance”	the form of acceptance and transfer of Share(s) in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries
“Guotai Junan Capital”	Guotai Junan Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror
“Guotai Junan 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, being the offer agent in respect of the Offer and a fellow subsidiary of Guotai Junan Capital
“HKSCC”	Hong Kong Securities Clearing Company Limited
“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

DEFINITIONS

“Joint Announcement”	the joint announcement of the Company and the Offeror dated 31 May 2019 in relation to, among other things, the transfer of the Acquired Shares and the Offer
“Last Trading Day”	24 May 2019, being the last full trading day of the Shares prior to the publication of the Joint Announcement
“Latest Practicable Date”	25 June 2019, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document
“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 and sole director of the Offeror
“Offer”	the unconditional mandatory cash offer to be made by Guotai Junan 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 Period”	has the meaning ascribed thereto in the Takeovers Code, being the period commenced from 31 May 2019 (i.e. the date of the Joint Announcement) and ending on the Closing Date

DEFINITIONS

“Offer Price”	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 already owned or agreed to be acquired by the Offeror and the parties acting in concert with it
“Overseas Shareholder(s)”	Shareholder(s) (if any), whose addresses, as shown on the register of members of the Company, are outside of Hong Kong
“PRC”	The People’s Republic of China, and for the purpose of this Composite Document, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Relevant Period”	the period from 30 November 2018, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary shares of HK\$0.01 each in the capital of the Company
“Share Registrar”	Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar and transfer office of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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

DEFINITIONS

“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
“%”	per cent

Unless stated otherwise, in this Composite Document, 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 RMB at such rate or any other rate or at all. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.

LETTER FROM GUOTAI JUNAN CAPITAL



27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

28 June 2019

To the Independent Shareholders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
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
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement. 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 consideration of HK\$257,100,000 (equivalent to approximately HK\$0.4064822 per Acquired Share). Completion took place immediately after signing of the SP Agreement on 27 May 2019.

Upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned an aggregate 632,500,000 Shares (representing approximately 51.42% of the issued share capital of the Company). 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.

Guotai Junan Securities is making the Offer for and on behalf of the Offeror.

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, the information on the Offeror and its intention in relation to the Company. Further details of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Your attention is also drawn to the information contained in the letter from the Board, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the appendices set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

LETTER FROM GUOTAI JUNAN CAPITAL

THE OFFER

Principal terms of the Offer

The Offer is being made by Guotai Junan Securities for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

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.

As at the Latest Practicable Date, the Company had 1,230,000,000 Shares in issue, and had 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 had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date. 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.

Close of the Offer Period

The Offeror shall not extend the offer period for the Offer beyond 21 days following the despatch of this Composite Document.

Comparison of value

The Offer Price of HK\$0.4065 per Offer Share represents:

- (i) a discount of approximately 76.90% to the last trading price of HK\$1.760000 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) 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);
- (iii) 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;
- (iv) 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;

LETTER FROM GUOTAI JUNAN CAPITAL

- (v) 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
- (vi) 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 Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.07 per Share on 19 December 2018, 7 and 8 January 2019 respectively, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.68 per Share from 20 to 24 May 2019 respectively.

VALUE OF THE OFFER

As at the Latest Practicable Date, 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 had, among others, entered into a deed of share charge where all of the Acquired Shares acquired were, and Offer Shares to be acquired pursuant to the Offer will be, charged in favour of Tonghai Securities and Mason Securities. The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) relating to the Facility will depend to any significant extent on the business of the Company.

Guotai Junan 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.

LETTER FROM GUOTAI JUNAN CAPITAL

EFFECT 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.

ACCEPTANCE AND 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\$).

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

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).

LETTER FROM GUOTAI JUNAN CAPITAL

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.

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, Guotai Junan Capital, Guotai Junan Securities, Tonghai Securities, Mason Securities, Astrum Capital, the Share Registrar or any of 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.

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 Latest Practicable Date, 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 Liberation Army of China* (中國人民解放軍南京炮兵學院) in June 2012.

LETTER FROM GUOTAI JUNAN CAPITAL

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 Composite Document.

INTENTION OF THE OFFEROR

As detailed in the letter from the Board contained in this Composite Document, the Group is 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.

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 on 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.

LETTER FROM GUOTAI JUNAN CAPITAL

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. As at the Latest Practicable Date, the Offeror (i) has not discussed with anyone, (ii) has not contemplated, (iii) has not entered into any negotiation, nor (iv) has any intention to enter into any negotiation, of the disposal of the existing business or assets of the Company; and/or the acquisition of new business or assets by the Company. 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.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued 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 dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The existing Director(s) and the sole director of the Offeror have jointly and severally undertaken, and the new Directors to be appointed to the Board will jointly and severally undertake, to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's Shares.

As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Independent Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right or power which may be available to it to compulsorily acquire of the remaining Shares not acquired under the Offer after the close of the Offer.

LETTER FROM GUOTAI JUNAN CAPITAL

PROPOSED CHANGE OF THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprised 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 may resign with effect from the earliest time permitted under the Takeovers Code. Such resignation will be made in compliance with the Takeovers Code and the Listing Rules.

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 such proposed nomination of new Directors have not yet been finalised as at the date of this Composite Document. Any such appointment will be made in compliance with the Takeovers Code and the Listing Rules and further announcement for details of the change of the Board composition and biographies of Directors will be made by the Company as and when appropriate. Please refer to the paragraph headed “Information on the Offeror” above for the biographical details of Mr. Chen.

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.

GENERAL INFORMATION

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

Attention of the Overseas Shareholders is drawn to the section headed “Important notices” contained in this Composite Document and the paragraph headed “6. Overseas Shareholders” in Appendix I to this Composite Document.

LETTER FROM GUOTAI JUNAN CAPITAL

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Shareholders, to such Shareholder whose name appears first in the register of members of the Company. None of the Offeror and parties acting in concert with it, the Company, Guotai Junan Capital, Guotai Junan Securities, Tonghai Securities, Mason Securities, Astrum Capital, the Share Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.

WARNING

Independent Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

ADDITIONAL INFORMATION ABOUT THE OFFER

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the Form of Acceptance, which form part of this Composite Document. You are reminded to read carefully the letter from the Board, the letter from the Independent Board Committee, the letter from Independent Financial Adviser and other information about the Group which are set out in this Composite Document, before reaching a decision as to whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Guotai Junan Capital Limited
Anthony Wong
Deputy General Manager

LETTER FROM THE BOARD

KAKIKO GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2225)

Executive Directors:

Mr. Kuah Ann Thia (*Chairman and
Chief Executive Officer*)

Ms. Dolly Hwa Ai Kim (also known
as Ms. Dolly Ke Aijin)

Non-executive Director:

Mr. Lu Yong

Independent non-executive Directors:

Mr. Ong Shen Chieh (also known
as Mr. Wang Shengjie)

Mr. Lau Kwok Fai Patrick

Mr. Lam Raymond Shiu Cheung

Registered office in the Cayman Islands:

Vistra (Cayman) Limited

P. O. Box 31119

Grand Pavilion, Hibiscus Way

802 West Bay Road, Grand Cayman

KY1-1205 Cayman Islands

*Headquarters and Principal Place of
Business in Singapore:*

750 Chai Chee Road

#03-10/14 Viva Business Park

Singapore 469000

Principal Place of Business in Hong Kong:

Unit B, 17/F, United Centre

95 Queensway

Hong Kong

28 June 2019

To the Independent Shareholders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
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)**

INTRODUCTION

Reference is made to the Joint Announcement.

LETTER FROM THE BOARD

As disclosed in the Joint Announcement, on 27 May 2019 (before trading hours), the Offeror as purchaser entered into the SP Agreement with Mighty One as vendor and Mr. Kuah Ann Thia, pursuant to which the Offeror agreed to acquire 632,500,000 Shares from the Vendor, representing approximately 51.42% of the total issued share capital of the Company as at the Latest Practicable Date, at a total consideration of HK\$257,100,000 (equivalent to approximately HK\$0.4064822 per Acquired Share). As disclosed in the Joint Announcement, the Completion took place on 27 May 2019.

As mentioned in the “Letter from Guotai Junan Capital” contained in this Composite Document, upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned an aggregate 632,500,000 Shares (representing approximately 51.42% of the issued share capital of the Company). 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.

This letter forms part of this Composite Document and set out, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer; and (iii) the letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee in relation to the Offer.

Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all non-executive Directors, namely, Mr. Lu Yong, Mr. Ong Shen Chieh, Mr. Lau Kwok Fai Patrick and Mr. Lam Raymond Shiu Cheung, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. The above-named non-executive Directors have no direct or indirect interest or involvement in the Offer. It is considered appropriate for them to be members of the Independent Board Committee in this regard.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee and the Independent Shareholders are set out in this Composite Document. You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

LETTER FROM THE BOARD

THE OFFER

As set out in the “Letter from Guotai Junan Capital” contained in this Composite Document, the Offer is being made by Guotai Junan Securities for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

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.

As at the Latest Practicable Date, the Company had 1,230,000,000 Shares in issue, and had 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 had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date. 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.

Please also refer to the “Letter from Guotai Junan Capital” contained in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance for further information in relation to, among other things, the Offer and acceptance and settlement procedures of the Offer.

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.

Your attention is drawn to Appendices II and III to this Composite Document which contain further financial and general information of the Group.

LETTER FROM THE BOARD

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Guotai Junan Capital” contained in this Composite Document.

INTENTION OF THE OFFEROR

Please refer to the section headed “Intention of the Offeror” in the “Letter from Guotai Junan Capital” contained in this Composite Document for details regarding Offeror’s intention on the business of the Group. The Board is pleased to learn that the Offeror intends to maintain the principal businesses of the Group and that the Offeror has no intention to terminate the employment of any employees of the Group (except for the proposed change of Board composite set out in the section headed “Proposed Change to the Board Composition of the Company” in the “Letter from Guotai Junan Capital” contained in this Composite Document) or redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued 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 dealings in the Shares.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

As stated in the “Letter from Guotai Junan Capital” contained in this Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange. The existing Director(s) and the sole director of the Offeror have jointly and severally undertaken and the new Directors to be appointed to the Board will jointly and severally undertake, to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company’s Shares. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages IBC-1 to IBC-3 of this Composite Document, which contains its recommendation to the Independent Shareholders in respect of the Offer, and (ii) the “Letter from the Independent Financial Adviser” as set out on pages IFA-1 to IFA-24 of this Composite Document, which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Offer and the principal factors considered by it before arriving at its recommendation.

ADDITIONAL INFORMATION

Your attention is also drawn to the “Letter from Guotai Junan Capital” and the additional information contained in the appendices to this Composite Document.

LETTER FROM THE BOARD

Yours faithfully,

By order of the Board

Kakiko Group Limited

Kuah Ann Thia

Chairman, Executive Director and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee to the Independent Shareholders in respect of the Offer for inclusion in this Composite Document.

KAKIKO GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2225)

28 June 2019

To the Independent Shareholders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
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)**

INTRODUCTION

We refer to the Composite Document issued jointly by the Offeror and the Company dated 28 June 2019 of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether or not the terms of the Offer is fair and reasonable and to make a recommendation as to the acceptance of the Offer.

Astrum Capital has been appointed as the Independent Financial Adviser to advise us in respect of the above. Detail of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages IFA-1 to IFA-24 of the Composite Document.

We also wish to draw your attention to the “Letter from Guotai Junan Capital” and the “Letter from the Board” as set out in the Composite Document as well as the additional information set out in the appendices to the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We, being the members of the Independent Board Committee, have declared that, we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and to make recommendations to the Independent Shareholders.

RECOMMENDATIONS

Having considered the terms of the Offer and the advice from the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in its letter in the Composite Document, we consider that the terms of the Offer are not fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we do not recommend the Independent Shareholders to accept the Offer. The Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” as set out in the Composite Document.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the period of the Offer. Should the market price of the Shares exceed the Offer Price during the period of the Offer, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, the Independent Shareholders may wish to consider selling their Shares in the market instead of accepting the Offer.

Notwithstanding our recommendations, the Independent Shareholders are strongly advised that their decision to realise or to hold their investment in the Shares depends on their own individual circumstances and investment objectives. If in any doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Yours faithfully,

For and on behalf of the

Independent Board Committee

Mr. Lu Yong

Mr. Ong Shen Chieh

Mr. Lau Kwok Fai

Mr. Lam Raymond

Patrick

Shiu Cheung

Non-executive Director

Independent

Independent

Independent

non-executive Director non-executive Director non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

28 June 2019

*To the Independent Board Committee of
Kakiko Group Limited*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
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 PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendations to the independent board committee (the “**Independent Board Committee**”) of Kakiko Group Limited (the “**Company**”) in relation to the unconditional mandatory cash offer (the “**Offer**”) for all the issued shares of the Company (other than those already owned or agreed to be acquired by Full Fortune International Co., Ltd (the “**Offeror**”) and parties acting in concert with it) being made by Guotai Junan Securities (Hong Kong) Limited (“**Guotai Junan Securities**”) for and on behalf of the Offeror. Details of the Offer are disclosed in the composite offer and response document in respect of the Offer jointly issued by the Offeror and the Company dated 28 June 2019 (the “**Composite Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

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 consideration of HK\$257,100,000 (equivalent to approximately HK\$0.4064822 per Acquired Share). Completion took place immediately after signing of the SP Agreement on 27 May 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned an aggregate 632,500,000 Shares (representing approximately 51.42% of the issued share capital of the Company). Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is 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.

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee comprising all the non-executive Directors, namely Mr. Lu Yong, Mr. Ong Shen Chieh (also known as Mr. Wang Shengjie), Mr. Lau Kwok Fai Patrick and Mr. Lam Raymond Shiu Cheung, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. We, Astrum Capital Management Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee in this regard. Our appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We are not connected with the Company, the Vendor, Mr. Kuah Ann Thia, the Offeror or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them and accordingly, are considered suitable to give independent advice to the Independent Board Committee in respect of the Offer. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Vendor, Mr. Kuah Ann Thia, the Offeror or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, amongst others, the Joint Announcement, the annual reports of the Company for the years ended 31 December 2017 and 31 December 2018 (the “**2017 Annual Report**” and “**2018 Annual Report**”, respectively), the prospectus of the Company and the information contained in the Composite Document. We have also discussed with and reviewed the information provided by the management of the Group (the “**Management**”) regarding the business and outlook of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have relied on the information and facts provided, and the opinions expressed, by the Directors and the Management, which we have assumed to be true, accurate, complete and not misleading in all material aspects as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have sought and received confirmation from the Directors and the Management that no material facts have been omitted from the information provided and opinions expressed by them to us. We consider that the information which we have received is sufficient for us to reach our opinion and recommendations as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth, accuracy or completeness of the information provided to us or to believe that any material information has been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information provided.

We have not considered the tax and regulatory implications on the Independent Shareholders of their acceptances or non-acceptances of the Offer since these are particular to their own individual circumstances. In particular, the Independent Shareholders who are residents outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offer and, if in any doubt, should consult their own professional advisers.

For illustration purposes, conversion of S\$ into HK\$ as stated in this letter was based on the exchange rate of S\$0.1758 to HK\$1.0000.

PRINCIPAL TERMS OF THE OFFER

Guotai Junan Securities, for and on behalf of the Offeror, makes the Offer to acquire all the Offer Shares on terms set out in 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Company had 1,230,000,000 Shares in issue, and had 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 had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date. 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 are subject to the Offer.

For further details of the Offer (including the terms and procedures for acceptance of the Offer), please refer to the “Letter from Guotai Junan Capital” as set out on pages 6 to 14 of the Composite Document, Appendix I to the Composite Document and the accompanying Form of Acceptance.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the Offer, we have considered the following principal factors and reasons:

1. Business, financial performance and prospects of the Group

A. Business of the Group

The Group is 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.

According to the annual reports of the Company, provision of manpower outsourcing and ancillary services is regarded as the core business of the Group, contributing over 80% of the Group’s total revenue for each of the three years ended 31 December 2018. As advised by the Management, the Group provides manpower outsourcing and ancillary services by (i) recruiting, employing, training and remunerating foreign workers from Bangladesh and India as the Group’s employees in Singapore, and (ii) deploying them to perform various construction works of different construction trades at the work sites designated by the Group’s customers in Singapore.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

B. Financial information of the Group

Set forth below are the audited consolidated financial information of the Group for the three years ended 31 December 2016, 31 December 2017 and 31 December 2018 (“FY2016”, “FY2017” and “FY2018”, respectively) as extracted from the 2017 Annual Report and the 2018 Annual Report, respectively:

Table 1: Financial information of the Group

	FY2016	FY2017	FY2018
	S\$	S\$	S\$
	(audited)	(audited)	(audited)
Revenue	45,050,836	44,441,142	47,457,263
Manpower outsourcing and ancillary services	37,977,761	36,394,609	41,249,556
Dormitory services	5,464,291	5,260,452	5,228,727
Construction ancillary services	716,364	2,046,241	451,760
IT services	892,420	739,840	527,220
Gross profit	15,512,476	11,721,271	8,889,834
Profit/(Loss) before taxation	7,581,541	3,146,884	(3,856,113)
Profit/(Loss) attributable to owners of the Company for the year	6,619,789	2,277,773	(3,538,952)
	As at	As at	As at
	31 December	31 December	31 December
	2016	2017	2018
	S\$	S\$	S\$
	(audited)	(audited)	(audited)
Non-current assets	3,435,026	5,232,856	5,178,933
Current assets	23,112,473	32,886,571	28,626,685
Current (liabilities)	(16,555,174)	(8,571,470)	(8,499,639)
Net current assets	6,557,299	24,315,101	20,127,046
Non-current (liabilities)	(19,813)	(196,872)	(417,819)
Equity attributable to owners of the Company	9,972,512	29,351,085	24,888,160

Source: the 2017 Annual Report and the 2018 Annual Report

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) *For the year ended 31 December 2017 (i.e. FY2017)*

In FY2017, the Group recorded total revenue of approximately S\$44.4 million, representing a slight decrease of approximately 1.4% as compared to approximately S\$45.1 million in FY2016. Such decrease was mainly attributable to the decline in revenue from manpower outsourcing and ancillary services of approximately S\$1.6 million due to (i) the adoption of a more aggressive pricing strategy by the Group in order to secure new contracts due to the intensifying competition; and (ii) the rescheduling of several major infrastructure contracts in Singapore in FY2017. The effect of the decrease in revenue from manpower outsourcing and ancillary services was partially offset by the increase in revenue from construction ancillary services of approximately S\$1.3 million due to the increase in number of projects awarded to the Group in relation to cleaning services, building maintenance and renovation works in FY2017. The Group's gross profit also decreased by approximately 24.4% from approximately S\$15.5 million in FY2016 to approximately S\$11.7 million in FY2017, and the gross profit margin decreased by approximately 8.1 percentage points from approximately 34.4% in FY2016 to approximately 26.4% in FY2017. As advised by the Management, the decrease in gross profit margin was mainly due to (i) the adoption of a more aggressive pricing strategy as mentioned above; and (ii) the increase in wages and levies of the foreign workers as a result of (a) the increase in number of workers retained and recruited in preparation for the upcoming large-scale public sector projects; and (b) the increase in levy charges imposed by the Singapore Government during FY2017.

In FY2017, the Group recorded profit attributable to owners of the Company of approximately S\$2.3 million, representing a significant decrease of approximately 65.6% as compared to approximately S\$6.6 million in FY2016. Such decrease was primarily attributable to (i) the decrease in gross profit of approximately S\$3.8 million; and (ii) the non-recurring listing expenses of approximately S\$2.3 million incurred by the Group during FY2017 (FY2016: approximately S\$0.6 million) in relation to the listing of the issued Shares on the Stock Exchange in October 2017 (the "**Listing**"), which was partially offset by (a) the increase in other income of approximately S\$0.9 million; and (b) the decrease in administrative expenses of approximately S\$0.8 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The total assets of the Group increased by approximately S\$11.6 million from approximately S\$26.5 million as at 31 December 2016 to approximately S\$38.1 million as at 31 December 2017. The total assets of the Group as at 31 December 2017 mainly comprised (i) bank balances and cash of approximately S\$21.7 million (31 December 2016: approximately S\$15.7 million); (ii) trade receivables of approximately S\$8.0 million (31 December 2016: approximately S\$5.0 million); (iii) property, plant and equipment of approximately S\$3.7 million (31 December 2016: approximately S\$3.4 million); (iv) other receivables, deposits and prepayments of approximately S\$3.1 million (31 December 2016: approximately S\$2.0 million); and (v) other financial assets at fair value through profit or loss of approximately S\$1.3 million (31 December 2016: nil).

The total liabilities of the Group decreased by approximately S\$7.8 million from approximately S\$16.6 million as at 31 December 2016 to approximately S\$8.8 million as at 31 December 2017. The total liabilities of the Group as at 31 December 2017 mainly comprised (i) trade and other payables of approximately S\$7.4 million (31 December 2016: approximately S\$6.8 million); and (ii) income tax payable of approximately S\$1.2 million (31 December 2016: approximately S\$2.0 million).

The equity attributable to owners of the Company increased drastically by approximately 194.3% from approximately S\$10.0 million as at 31 December 2016 to approximately S\$29.4 million as at 31 December 2017 as a result of (i) the increase in share capital of approximately S\$2.1 million and the increase in share premium of approximately S\$15.0 million as a result of the Listing; and (ii) the profits of approximately S\$2.3 million recorded in FY2017.

(ii) For the year ended 31 December 2018 (i.e. FY2018)

In FY2018, the Group recorded total revenue of approximately S\$47.5 million, representing an increase of approximately 6.8% as compared to approximately S\$44.4 million in FY2017. Such increase was mainly attributable to the increase in revenue from manpower outsourcing and ancillary services of approximately S\$4.9 million due to the rescheduling of several major infrastructure contracts in Singapore from FY2017 to FY2018 which resulted in an increase in the demand for manpower sourcing services in FY2018. The effect of the improvement in revenue from manpower outsourcing and ancillary services was partially offset by the decrease in revenue from construction ancillary services of approximately S\$1.6 million due to the decrease in the number of projects awarded to the Group in relation to cleaning services, building maintenance and renovation works in FY2018. Despite the increase in revenue, the Group's gross profit decreased by approximately 24.2% from

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately S\$11.7 million in FY2017 to approximately S\$8.9 million in FY2018, and the gross profit margin decreased by approximately 7.6 percentage points from approximately 26.4% in FY2017 to approximately 18.7% in FY2018. The decrease in gross profit margin was mainly due to (i) the increase in wages and levies of the foreign workers as a result of the increase in the number of retained workers in FY2018 as compared to that in FY2017 for the large-scale public sector projects; and (ii) the increase in foreign worker levy charges imposed by the Singapore Government since July 2017.

In FY2018, the Group recorded loss attributable to owners of the Company of approximately S\$3.5 million as compared to profit attributable to owners of the Company of approximately S\$2.3 million in FY2017. Such change was mainly attributable to (i) the increase in administrative expenses of approximately S\$5.7 million (which was, in turn, primarily attributable to (a) the increase in directors' remuneration by approximately S\$1.4 million; (b) the increase in staff salaries, bonuses, allowances, welfare and employee benefits by approximately S\$2.0 million in FY2018; (c) the increase in travelling and entertainment expenses by approximately S\$0.6 million; and (d) the one-off referral fee for leasing of a dormitory of approximately S\$0.50 million); and (ii) the decrease in gross profit of approximately S\$2.8 million, which was partially offset by the absence of one-off listing expense in FY2018 (FY2017: approximately S\$2.3 million).

The total assets of the Group decreased by approximately S\$4.3 million from approximately S\$38.1 million as at 31 December 2017 to approximately S\$33.8 million as at 31 December 2018. The total assets of the Group as at 31 December 2018 mainly comprised (i) bank balances and cash of approximately S\$16.0 million (31 December 2017: approximately S\$21.7 million); (ii) trade receivables of approximately S\$7.5 million (31 December 2017: approximately S\$8.0 million); (iii) property, plant and equipment of approximately S\$3.2 million (31 December 2017: approximately S\$3.7 million); (iv) financial assets at fair value through profit or loss of approximately S\$3.0 million (31 December 2017: approximately S\$1.4 million); and (v) other receivables, deposits and prepayments of approximately S\$2.1 million (31 December 2017: approximately S\$3.0 million).

The total liabilities of the Group increased slightly by approximately S\$0.1 million from approximately S\$8.8 million as at 31 December 2017 to approximately S\$8.9 million as at 31 December 2018. The total liabilities of the Group as at 31 December 2018 mainly comprised (i) trade and other payables of approximately S\$7.5 million (31 December 2017: approximately S\$7.4 million); and (ii) contract liabilities of approximately S\$0.6 million (31 December 2017: nil).

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The equity attributable to owners of the Company decreased from approximately S\$29.4 million as at 31 December 2017 to approximately S\$24.9 million as at 31 December 2018. Such decrease was mainly attributable to the loss of approximately S\$3.5 million recorded in FY2018.

(iii) Analysis

Having considered (i) the decreasing trend of the Group's gross profit for the last three financial years; and (ii) the change from net profit position in FY2017 to net loss position in FY2018, it is uncertain as to whether the Group can improve its financial performance in the near future. Those Independent Shareholders who wish to retain some or all of the Shares should consider the past financial performance of the Group and the business prospects of the Group as detailed in the paragraph headed "C. Business prospects of the Group" below, or otherwise are reminded to closely monitor the development of the Group and the publications of the Company (including the Composite Document) in this regard.

C. *Business prospects of the Group*

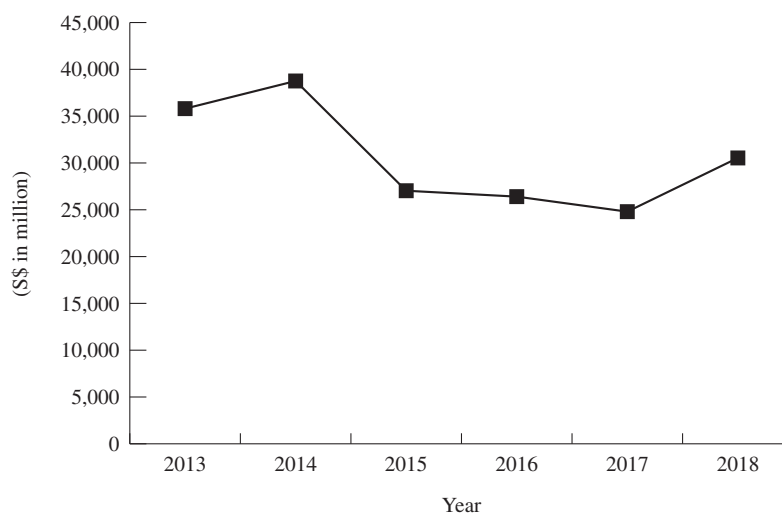
The Group is principally engaged in the provision of manpower outsourcing and ancillary services, provision of dormitory services, and provision of IT services and construction ancillary services for the building and construction industry in Singapore.

As advised by the Management, the labour demand for the building and construction industry is highly dependent on the progress of the ongoing projects and may vary from time to time. Therefore, the prospect of the Group is predominately affected by the development of the construction industry in Singapore. As disclosed in the 2018 Annual Report, after Singapore government had imposed cooling measures (including the increase in additional buyer's stamp duty and tightening loan-to-value), the recovery of the building and construction scene in the private sector have been dampened, and the current cycle of en-bloc fever was effectively ended. In January 2019, 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. The construction of public infrastructure projects in Singapore helps to mitigate the slow recovery of the private sector and opens up new doors for the industry.

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We have conducted research on the construction industry in Singapore through public domains. Set out below is the diagram showing the total value of contracts awarded in the public and private sector in Singapore from 2013 to 2018:

Chart 1: Total value of contracts awarded in the public and private sector in Singapore



Source: Department of Statistics Singapore

As shown in Chart 1 above, the total value of contracts awarded in the public and private sector in Singapore exhibited a generally downward trend from approximately S\$35,803.6 million in 2013 to approximately S\$24,798.5 million in 2017 but rebounded to approximately S\$30,535.2 million in 2018. It is expected that the construction demand over the medium term will continue to be supported by the large-scale public infrastructure projects (such as the Cross Island Line, developments at Jurong Lake District and Changi Airport Terminal 5). According to the forecast on construction demand published by the Building and Construction Authority of Singapore, the value of contracts awarded in the public and private sector is projected to be in the upper limit of S\$32.0 billion in 2019 as compared to that of S\$30.5 billion in 2018. Such positive projection is primarily based on the rise in public construction demand boosted by major infrastructure projects and a pipeline of major industrial building projects in Singapore while the demand arising from private sectors is expected to remain relatively stable. The total forecasted demand is expected to further increase to a range between S\$27.0 billion and S\$34.0 billion per year for 2020 and 2021 and between S\$28.0 billion and S\$35.0 billion per year for 2022 and 2023. The sustained growth in construction industry is expected to provide a positive impact on the prospect of the Group.

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Despite the optimistic outlook of the construction industry in Singapore, the increasing foreign worker levy may be a non-negligible factor which might hinder the development and prospect of the Group. In the past few years, the Ministry of Manpower of Singapore (“MOM”) has introduced various measures to reduce the country’s dependency on foreign construction workers. In particular, the monthly rate of foreign worker levy for basic skilled workers under the construction sector has increased from S\$550 to S\$650 effective from 1 July 2016 and further increased to S\$700 effective from 1 July 2017. As advised by the Management, the increase in foreign worker levy (which is fully absorbed by the Group during its operation) was one of the major factors that led to the increase in the operation costs of the Group. The increase in foreign worker levy, together with the increase in foreign workers’ wages and workers’ related costs (which are fully absorbed by the Group during its operation) and the increase in depreciation of property, plant and equipment, led to the decrease in gross profit margin from approximately 34.4% in FY2016 to approximately 18.7% in FY2018. Should the MOM continues to introduce more measures with an aim to reducing the dependency on foreign construction workers in future, the prospect of the Group would be inevitably affected.

In view of the above, we are of the opinion that there remains uncertain in the future performance of the Group.

2. Principal terms of the Offer

Guotai Junan Securities, for and on behalf of the Offeror, makes the Offer to acquire all the Offer Shares on terms set out in 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.

As at the Latest Practicable Date, the Company had 1,230,000,000 Shares in issue, and had 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 had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date. 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.

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The Offer Price of HK\$0.4065 per Offer Share represents:

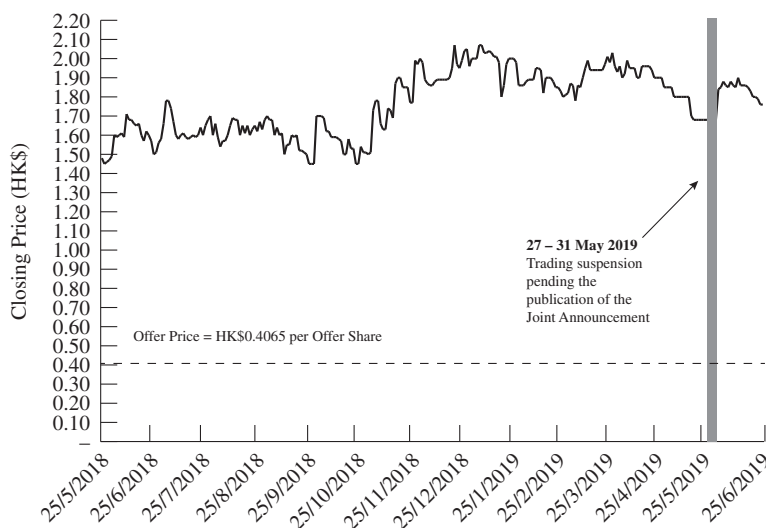
- (i) a discount of approximately 75.80% to the closing price of HK\$1.680000 per Share as quoted on the Stock Exchange immediately before trading in the Shares were halted on 27 May 2019 and being the Last Trading Day;
- (ii) a discount of approximately 75.80% to the average closing price of HK\$1.680000 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day (the “**5-day Average Price**”);
- (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 (the “**10-day Average Price**”);
- (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 (the “**30-day Average Price**”);
- (v) a premium of approximately 253.2% over the audited consolidated net asset value attributable to owners of the Company 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; and
- (vi) a discount of approximately 76.9% to the closing price of HK\$1.760000 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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A. *Historical price performance of the Shares*

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 25 May 2018, being the twelve-month period prior to the Last Trading Day, up to and including the Latest Practicable Date (the “**Review Period**”):

Chart 2: Share price performance during the Review Period



Source: the website of the Stock Exchange (www.hkex.com.hk)

Note: Trading in the Shares was suspended from 27 May 2019 to 31 May 2019 pending the publication of the Joint Announcement.

As illustrated in Chart 2 above, during the Review Period, the closing price of the Shares ranged from the lowest closing price of HK\$1.450 per Share as recorded on 28 May 2018, 24 September 2018, 26 September 2018, 27 September 2018, 24 October 2018 and 25 October 2018 to the highest closing price of HK\$2.070 per Share as recorded on 19 December 2018, 7 January 2019 and 8 January 2019, with an average price of approximately HK\$1.762 per Share. The Offer Price falls below the closing price of the Shares throughout the Review Period and represents (i) a discount of approximately 72.0% to the lowest closing price of the Shares; (ii) a discount of approximately 80.4% to the highest closing price of the Shares; and (iii) a discount of approximately 76.9% to the average closing price of the Shares during the Review Period, respectively.

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During the period from 25 May 2018 to 31 October 2018, the closing price of the Shares remained relatively stable and traded within the range from HK\$1.450 per Share to HK\$1.780 per Share. The closing price of the Shares then exhibited an increasing trend and recorded the highest point of HK\$2.070 per Share on 19 December 2018. We have enquired the Management regarding the increasing trend of the Share price and were advised that they are not aware of any particular reason that led to the increasing trend of the price of the Shares.

Thereafter, the closing price of the Shares exhibited a decreasing trend and closed at HK\$1.680 per Share on the Last Trading Day (i.e. 24 May 2019). We have enquired the Management regarding the downward trend of the share price and were advised that save for (i) the profit warning announcement of the Company published on 16 January 2019; and (ii) the annual results announcement of the Company for FY2018 published on 28 March 2019, they are not aware of other particular reason that led to the decreasing trend of the price of the Shares.

At the request of the Company, trading in the Shares was suspended from 27 May 2019 to 31 May 2019 pending the publication of the Joint Announcement. Following the resumption of trading, the closing price of the Shares increased by approximately 9.5% to HK\$1.840 per Share on 3 June 2019 (being the first trading day after the publication of the Joint Announcement) as compared to that of HK\$1.680 per Share on the Last Trading Day. The closing price of the Shares, in general, fluctuated within a narrow range between HK\$1.760 per Share and HK\$1.900 per Share during the period commencing from 3 June 2019 to the Latest Practicable Date (the “**Post-announcement Period**”). As at the Latest Practicable Date, the closing price of the Shares was HK\$1.760 per Share.

Independent Shareholders should note that the information set out above is not an indicator of the future performance of the Shares and that the price of the Shares may increase or decrease from its closing price after the Latest Practicable Date.

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B. Historical trading volume of the Shares

The following table sets out the trading volume of the Shares during the Review Period:

Table 2: Trading volume of the Shares during the Review Period

Month/period	Total trading volume	No. of trading days	Average daily trading volume	Percentage of the average daily trading volume to the total number of issued Shares (Note 2)	Percentage of the average daily trading volume to the number of issued Shares held by public Shareholders (Note 3)	Percentage of the Average Market Volume (Note 4)
	<i>(No. of Shares)</i>		<i>(No. of Shares)</i>			
May 2018 (from 25 May 2018)	2,845,000	5	569,000	0.046%	0.095%	0.299% (Note 5)
June 2018	10,905,000	20	545,250	0.044%	0.091%	0.326%
July 2018	7,240,000	21	344,762	0.028%	0.058%	0.272%
August 2018	2,765,000	23	120,217	0.010%	0.020%	0.293%
September 2018	4,601,000	19	242,158	0.020%	0.041%	0.285%
October 2018	1,680,000	21	80,000	0.007%	0.013%	0.329%
November 2018	5,520,000	22	250,909	0.020%	0.042%	0.289%
December 2018	6,395,000	19	336,579	0.027%	0.056%	0.240%
January 2019	3,575,000	22	162,500	0.013%	0.027%	0.276%
February 2019	1,890,000	17	111,176	0.009%	0.019%	0.320%
March 2019	3,100,000	21	147,619	0.012%	0.025%	0.327%
April 2019	3,000,000	19	157,895	0.013%	0.026%	0.303%
May 2019 (Note 1)	450,000	16	28,125	0.002%	0.005%	0.314%
June 2019 (up to the Latest Practicable Date)	2,875,000	16	179,688	0.015%	0.030%	N/A

Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

- Trading in the Shares was suspended from 27 May 2019 to 31 May 2019 pending the publication of the Joint Announcement.
- The calculation is based on the average daily trading volume of the Shares divided by the total issued share capital of the Company as at the Latest Practicable Date (i.e. 1,230,000,000 Shares).

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3. The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by public Shareholders as at the Latest Practicable Date (i.e. 597,500,000 Shares).
4. Percentage of the Average Market Volume (as defined below) is provided for reference only and the figures are calculated by dividing the total market capitalization based on the HKEx Monthly Market Highlights published in the website of the Stock Exchange.
5. The percentage of the Average Market Volume (as defined below) in May 2018 represents the Average Market Volume (as defined below) for the whole month of May 2018.

As illustrated in Table 2 above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 28,125 Shares to approximately 569,000 Shares, representing approximately 0.002% to approximately 0.046% of the total number of issued Shares as at the Latest Practicable Date, or approximately 0.005% to approximately 0.095% of the total number of issued Shares held by public Shareholders as at the Latest Practicable Date.

During the period from 25 May 2018 to the Last Trading Day prior to the publication of the Joint Announcement (the “**Pre-announcement Period**”), we noted that the average daily trading volume of the Shares in May 2018 and June 2018 were comparatively high. We have enquired the Management regarding the relatively high trading volume of the Shares and were advised that save for the announcement of the Company dated 11 May 2018 in respect of the disposal of 290,000,000 Shares by the Vendor (the then Controlling Shareholder), they are not aware of other particular reason that led to the comparatively high trading volume of the Shares.

Save for the comparatively high daily trading volume of the Shares in May 2018 and June 2018 as discussed above, the average daily trading volume of the Shares was relatively thin during the Pre-announcement Period. On 3 June 2019 (being the first trading day after the publication of the Joint Announcement), the trading volume of the Shares increased to approximately 475,000 Shares, which was higher than the average daily trading volumes of approximately 220,269 Shares during the Pre-announcement Period. We believe that such increase in trading volume of the Shares was likely to be due to the market reaction to the announcement of the Offer. However, the overall liquidity of the Shares during the Post-announcement Period still remained low, with an average daily trading volume of approximately 179,688 Shares.

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In addition, we also make reference to the trading liquidity of the securities market in Hong Kong. The above table also shows the percentage of the average daily turnover to the total market capitalisation of the listed securities in the Stock Exchange (the “**Average Market Volume**”) for the period from May 2018 to May 2019, according to the HKEx Monthly Market Highlights published in the website of the Stock Exchange. It is also noted that the percentage of the Average Market Volume was higher than the percentage of the average daily trading volume to total number of Shares in issue in each month during the Review Period, we therefore consider that the trading volume of the Shares is relatively thin during the Review Period.

Accordingly, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price. Therefore, we are of the view that the Offer represents an opportunity for the Independent Shareholders, particularly for those who hold a large volume of the Shares, to dispose of part or all of their Shares at the Offer Price if they are unable to sell the Shares in the open market at a price higher than the Offer Price.

C. Comparison with other comparable companies

In assessing the fairness and reasonableness of the Offer Price, we attempted to compare the Offer Price against the market valuation of other comparable companies using the price-to-earnings ratio (“**PE ratio**”) and the price-to-book ratio (“**PB ratio**”), which are commonly used valuation multiples. However, since the Company recorded a loss attributable to owners of the Company in FY2018, the assessment of the fairness and reasonableness of the Offer Price by using the implied PE ratio is not applicable.

The Group is 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. As disclosed in the 2018 Annual Report, approximately 86.9% of the total revenue of the Group in FY2018 was generated from the manpower outsourcing and ancillary services in Singapore (the “**Relevant Business**”). Therefore, we attempted to identify companies listed on the Stock Exchange based on the criteria that over 80% of the revenue for the latest full financial year was generated from the Relevant Business. Based on the information available from the website of the Stock Exchange, we have identified an exhaustive list of 2 companies (the “**Comparable Companies**”) which met the above-mentioned selection criteria. The relevant details of the Comparable Companies are set forth in Table 3 below:

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Table 3: Details of the Comparable Companies

Company name (Stock code)	Principal activities	Market capitalization as at the Latest Practicable Date (HK\$'000)	(Loss) attributable to equity holders in the latest full financial year prior to the Latest Practicable Date (Note 1) (HK\$'000)	Net assets attributable to equity holders based on the latest published financial statements prior to the Latest Practicable Date (Note 2) (HK\$'000)	PB ratio (times)
SingAsia Holdings Limited (8293)	Engaged in the provision of manpower outsourcing, recruitment, training and cleaning services	215,000	(17,543)	28,574	7.52
Omnibridge Holdings Limited (8462)	Engaged in the provision of human resources outsourcing services and human resources recruitment services	153,000	(14,243)	97,730	1.57
				Maximum:	7.52
				Minimum:	1.57
				Average:	4.54
				Median:	4.54
The Company		499,995 (Note 3)		141,609	3.53

Sources: the website of the Stock Exchange (www.hkex.com.hk) and the financial reports of the respective Comparable Companies

Notes:

1. Based on the figures of the respective Comparable Companies as published in the latest published annual reports.
2. Based on the figures of the respective Comparable Companies as published in the latest published annual reports or interim reports.
3. The market capitalization of the Company is calculated based on the Offer Price and the number of issued Shares as at the Latest Practicable Date (i.e. 1,230,000,000 Shares).

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However, we noted that the closing price of shares of SingAsia Holdings Limited (stock code: 8293) (“**SingAsia Holdings**”) experienced a significant drop from HK\$4.890 per share on 24 June 2019 to HK\$0.172 per share on 25 June 2019 (i.e. the Latest Practicable Date), representing a decrease of approximately 96.5%. The market capitalization of SingAsia Holdings dropped from approximately HK\$6,112.5 million as at 24 June 2019 to approximately HK\$215.0 million as at 25 June 2019, and the PB ratio of SingAsia Holdings decreased tremendously from approximately 213.92 times as at 24 June 2019 to approximately 7.52 times as at 25 June 2019. In order to avoid the distortion of the result of our analysis, we consider it suitable and reasonable to exclude SingAsia Holdings from our analysis.

After the exclusion of SingAsia Holdings, there would only be one Comparable Company (namely Omnibridge Holdings Limited (stock code: 8462)) available for our analysis. In view of the insufficiency of sample size, we consider that the assessment of the fairness and reasonableness of the Offer Price by comparing the implied PB ratios of the Company and that of the Comparable Companies is not meaningful and representative.

In this regard, we relaxed the selection criteria to companies listed on the recognized stock exchanges of the Asia-Pacific region and with over 80% of the revenue for the latest full financial year generated from the Relevant Business (the “**Relaxed Selection Criteria**”). We conducted a research on comparable companies through Bloomberg based on the Relaxed Selection Criteria and however, save for the two aforementioned Comparable Companies, we were unable to identify other companies which satisfy the Relaxed Selection Criteria.

In view of the above, we consider that there is no indicative and representative comparable analysis available for assessing the fairness and reasonableness of the Offer Price.

D. Conclusion

Notwithstanding that the Offer Price represents a premium of approximately 253.2% over the consolidated net asset value attributable to owners of the Company as at 31 December 2018, having considered the fact that:

- (i) the Offer Price is lower than the closing price of the Shares throughout the Review Period;
- (ii) the Offer Price represents a deep discount (i.e. over 75%) to the Share closing price on the Last Trading Day, the 5-day Average Price, the 10-day Average Price and the 30-day Average Price;

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- (iii) the Offer Price represents (a) a deep discount of approximately 72.0% to the lowest closing price of HK\$1.450 per Share as quoted on the Stock Exchange during the Review Period; and (b) a deep discount of approximately 80.4% to the highest closing price of HK\$2.070 per Share as quoted on the Stock Exchange during the Review Period; and
- (iv) a discount of approximately 76.9% to the closing price of HK\$1.76 per Share as quoted on the Stock Exchange on the Latest Practicable Date,

we are of the view that the Offer Price is not fair and reasonable so far as the Independent Shareholders are concerned.

3. Information on the Offeror and the intention of the Offeror in relation to the Group

A. Information on the Offeror

As stated in the “Letter from Guotai Junan Capital”, 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 Latest Practicable Date, the Offeror was the beneficial owner of 632,500,000 Shares and was 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.

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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 Composite Document.

B. Intention of the Offeror

As stated in the “Letter from Guotai Junan Capital”, 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 on 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. As at the Latest Practicable Date, the Offeror (i) had not discussed with anyone; (ii) had not contemplated; (iii) had not entered into any negotiation; nor (iv) had any intention to enter into any negotiation, of the disposal of the existing business or assets of the Company; and/or the acquisition of new business or assets by the Company. 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.

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C. Proposed Change to the Board Composition of the Company

As stated in the “Letter from Guotai Junan Capital”, as at the Latest Practicable Date, the Board comprised 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 may resign with effect from the earliest time permitted under the Takeovers Code. Such resignation will be made in compliance with the Takeovers Code and the Listing Rules.

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 such proposed nomination of new Directors have not yet been finalised as at the date of this Composite Document. Any such appointment will be made in compliance with the Takeovers Code and the Listing Rules and further announcement for details of the change of the Board composition and biographies of Directors will be made by the Company as and when appropriate. Please refer to the paragraph headed “Information on the Offeror” above for the biographical details of Mr. Chen.

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.

D. Public Float and Maintaining the Listing Status of the Company

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued 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 dealings in the Shares.

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As stated in the “Letter from Guotai Junan Capital”, the Offeror intends the Company to remain listed on the Stock Exchange. The existing Director(s) and the sole director of the Offeror have jointly and severally undertaken and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company’s Shares.

As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Independent Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

OPINION AND RECOMMENDATION

Notwithstanding that (i) the financial performance of the Group is not positive (please refer to the paragraph headed “B. Financial information on the Group” under the section headed “1. Business, financial performance and prospects of the Group” above); (ii) it is uncertain as to whether the Group can improve its financial performance in near future (please refer to our analysis as set out in the paragraph headed “B. Financial information on the Group” under the section headed “1. Business, financial performance and prospects of the Group” above); and (iii) the Offer Price represents a premium of approximately 253.2% over the consolidated net asset value attributable to owners of the Company as at 31 December 2018, taking into consideration the above-mentioned principal factors and reasons, in particular the following:

- (i) the Offer Price is lower than the closing price of the Shares throughout the Review Period;
- (ii) the Offer Price represents a deep discount (i.e. over 75%) to the Share closing price on the Last Trading Day, the 5-day Average Price, the 10-day Average Price and the 30-day Average Price;
- (iii) the Offer Price represents (a) a deep discount of approximately 72.0% to the lowest closing price of HK\$1.450 per Share as quoted on the Stock Exchange during the Review Period; and (b) a deep discount of approximately 80.4% to the highest closing price of HK\$2.070 per Share as quoted on the Stock Exchange during the Review Period; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) a discount of approximately 76.9% to the closing price of HK\$1.760 per Share as quoted on the Stock Exchange on the Latest Practicable Date,

we consider that the terms of the Offer is not fair and reasonable so far as the Independent Shareholders are concerned. On such basis, we do not recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

Nevertheless, we would also like to remind the Independent Shareholders to closely monitor the market price and liquidity of the Shares during the Offer Period and consider accepting the Offer, instead of selling their Shares in the open market, where possible, if the net amount receivable under the Offer exceed the net proceeds from such sales.

In addition, given that the trading volume of the Shares were thin during the Review Period, disposal of large block of Shares in the open market may trigger a significant downside pressure on the trading price of the Shares. We therefore anticipate that the Independent Shareholders (especially those with sizeable shareholdings) may encounter difficulties in selling a significant number of Shares in the open market without disturbing the market price within a short period of time. Notwithstanding the unfairness and unreasonableness of the Offer (in particular, the Offer Price), the Independent Shareholders who believe that they will be unable to sell the Shares in the open market at a price higher than the Offer Price because of their sizable shareholdings and the liquidity of the Shares may consider accepting the Offer as an exit alternative for their investments in the Shares.

The Independent Shareholders are also reminded to read carefully the procedures for accepting the Offer, details of which are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance, if they wish to accept the Offer.

Yours faithfully,

For and on behalf of

Astrum Capital Management Limited

Hidulf Kwan

Rebecca Mak

Managing Director

Director

Note: Mr. Hidulf Kwan has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2006 and has participated in and completed various independent financial advisory transactions.

Ms. Rebecca Mak has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2011 and has participated in and completed various independent financial advisory transactions.

* *for identification purpose only*

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer. The instructions set out in this Composite Document should be read together with the instructions printed on the Form of Acceptance which form part of the terms of the Offer.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong marked “Kakiko Group Limited – Offer” on the envelope as soon as possible but in any event the aforementioned documents shall reach the Share Registrar by not later than 4: 00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in compliance with the Takeovers Code.

- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Share Registrar; or

 - (ii) arrange for the Shares to be registered in your name by the Company through the Share Registrar, and deliver the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Share Registrar; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them.
- (c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Share Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Guotai Junan Securities or their respective agent(s) to collect from the Company or the Share Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Share Registrar on your behalf and to authorise and instruct the Share Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Share Registrar with the Form of Acceptance.

- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Share Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Share Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Share Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Share Registrar.
- (e) Acceptance of the Offer will be treated as effective and valid only if the completed Form of Acceptance is received by the Share Registrar on or before the latest time for acceptance of the Offer and the Share Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (e)); or

(iii) certified by the Share Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Independent Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Share Registrar must be produced.

- (f) Seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Offer and calculated at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) 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 the relevant Independent Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of the accepting Independent Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by the Share Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.
- (b) If the Offer is extended, the Offeror will issue an announcement in relation to any extension of the Offer, which announcement will state either the next Closing Date or, a statement that the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the Offer is closed to those Shareholders who have not accepted the relevant Offer before the Offer is closed. If, in the course of the Offer, the Offeror revise the terms of the Offer, all Shareholders, whether or not they have already accepted the Offer, will benefit under the revised terms. A revised offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.
- (c) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

3. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised, extended or expired. The announcement will state the following:
- (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
 - (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and
 - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with it.

The announcement will include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Offeror and any parties acting in concert with it have borrowed or lent, save for any borrowed securities which have been either on-lent or sold, and specify the percentages of the relevant classes of issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and which have been received by the Share Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules respectively.

4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “3. Announcements” above, the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, if the Independent Shareholder(s) withdraw(s) the acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the Independent Shareholder(s).

5. SETTLEMENT UNDER THE OFFER

Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are duly completed and have been received by the Share Registrar on or before 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the Shareholders who accept the Offer less seller’s ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Offer will be despatched to such Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Share Registrar to render each such acceptance complete and valid.

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

Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty of the Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

6. OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due by the accepting Shareholders).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a warranty by such person that such person is permitted under applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.

7. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror, parties acting in concert with it, the Company, Guotai Junan Securities, Guotai Junan Capital, the Independent Financial Adviser, the Share Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

8. GENERAL

- (a) All communications, notices, Form of Acceptance, certificate(s), share certificate(s), transfer receipt(s), other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offer will be delivered by or sent to or from the Independent Shareholders or their designated agents, by ordinary post at their own risk, and none of the Offeror, parties acting in concert with it, the Company, Guotai Junan Securities, Guotai Junan Capital, Tonghai Securities, Mason Securities, the Independent Financial Adviser, the Share Registrar, other parties involved in the Offer and (as the case may be) their respective ultimate beneficial owners, directors, officers, advisers, associates, agents accepts any liability for any loss or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance forms part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of the Form of Acceptance by or on behalf of a Shareholder will constitute such Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.
- (e) Due execution of the Form of Acceptance in accordance with Note 1 to Rule 30.2 of the Takeovers Code will constitute an authority to the Offeror, Guotai Junan Securities or such person or persons as the Offeror or Guotai Junan Securities may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares respect of which such person or persons has/have accepted the Offer.

- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and Guotai Junan Securities that the Shares tendered under the Offer are sold by such person or persons free from all Encumbrances and together with all rights accruing or attaching to them as at the date of this Composite Document or subsequently being attached to them, including, without limitation, the rights to receive all future dividends and other distributions, declared, made or paid, if any, by the Company on or after the date of this Composite Document.
- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.
- (h) If no number is inserted or a number inserted is greater than your registered holding of Share(s) or those physical Share(s) tendered for acceptance of the Offer and you have signed this form, this form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the Share Registrar on or before 4:00 p.m. on the Closing Date.
- (i) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension or revision thereof.
- (j) In making their decisions, Shareholders must rely on his/her/its/their own examination of the Offeror and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendations contained therein, and the Form of Acceptance are not to be construed as legal or business advice. Shareholders could consult with his/her/its/their own professional advisers for professional advice.
- (k) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2016, 2017 AND 2018

The following is a summary of the financial results of the Group for each of the three years ended 31 December 2018 as extracted from the annual reports of the Company.

	For the year ended 31 December		
	2018	2017	2016
	S\$	S\$	S\$
	(audited)	(audited)	(audited)
Revenue	47,457,263	44,441,142	45,050,836
Profit/(Loss) before taxation	(3,856,113)	3,146,884	7,581,541
Income tax (expense)/credit	317,161	(869,111)	(961,752)
Profit/(Loss) attributable to			
– Owners of the Company	(3,538,952)	2,277,773	6,619,789
– Non-controlling interests	Nil	Nil	Nil
Total comprehensive income for the period attributable to			
– Owners of the Company	(3,538,952)	2,277,773	6,619,789
– Non-controlling interests	Nil	Nil	Nil
Earnings/(Loss) per share			
Basic and diluted	(0.29) cents	0.21 cents	0.64 cents
Dividends	Nil	Nil	10,440,000
Dividends per share	Nil	Nil	0.01

The auditors of the Company for the three years ended 31 December 2018 were Deloitte & Touche LLP. Their opinions on the consolidated financial statements of the Group for each of the three years ended 31 December 2018 were unqualified.

Material income/expenses which are exceptional

Listing expenses of S\$0.65 million and S\$2.32 million were incurred in the year ended 31 December 2016 and 2017 respectively. In the year ended 2017, a one-off profit sharing arrangement of S\$1.12 million with Mines and Mineral Resources Co., Ltd., a Myanmar company, for deployment of manpower in Myanmar.

In the year ended 31 December 2018, there is a loss on fair value movement of equity instruments designated at fair value through profit or loss of approximately S\$0.15 million coupled with a loss of approximately S\$0.55 million on financial assets measured at amortised cost (these are receivables arising from the one-off profit sharing arrangement with Mines and Mineral, of S\$582,338 and the termination of convertible bonds issued by Mines and Mineral of S\$1,300,000, which was converted to a receivable as disclosed in Notes 7 and 18 of 2018 Annual Report.

Save as disclosed above, there were no items of any income or expense which were material in respect of the consolidated financial results of the Group for each of the three years ended 31 December 2016, 2017 and 2018.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2018

The audited consolidated financial statements of the Group for the year ended 31 December 2018 are contained in the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”) which was published on the websites of the Company (<http://kttgroup.com.sg>) and the Stock Exchange (<http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0429/LTN201904292199.pdf>).

(i) Consolidated Statement of Financial Position as at 31 December 2018

Please refer to pages 64 to 65 of the 2018 Annual Report.

(ii) Consolidated Statement of Cash Flows for the year ended 31 December 2018

Please refer to page 67 to 68 of the 2018 Annual Report.

(iii) Other Consolidated Financial Statements for the year ended 31 December 2018

- (a) Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018

Please refer to page 63 of the 2018 Annual Report.

- (b) Consolidated Statement of Changes in Equity for the year ended 31 December 2018

Please refer to page 66 of the 2018 Annual Report.

(iv) Summary of Significant Accounting Policies and Notes to the Consolidated Financial Statements for the year ended 31 December 2018

Please refer to pages 74 to 98 of the 2018 Annual Report.

3. INDEBTEDNESS

As at 30 April 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group was in net cash position with unutilised banking facilities (hire purchase credit line) of S\$609,816. The following table sets forth the indebtedness position of the Group as at 30 April 2019:

	S\$
Current liabilities	
Hire purchase	65,413
Non-current liabilities	
Hire purchase	<u>271,013</u>
Total	<u><u>336,426</u></u>

Hire purchases were secured by office equipment and motor vehicles.

4. MATERIAL CHANGE

The Directors confirm that, save and except for the following, there was no material change in the financial or trading position or outlook of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

Based on the unaudited consolidated management accounts of the Group for the four months ended 30 April 2019 (“**4M2019**”), the Group recorded an unaudited profit for 4M2019 as compared to an unaudited loss for the four months ended 30 April 2018 (“**4M2018**”). The turnaround from net loss position for 4M2018 to net profit position for 4M2019 was principally triggered by (i) the increase in revenue derived from the manpower outsourcing and ancillary services; and (ii) the recognition of foreign exchange gain in 4M2019 as compared to foreign exchange loss in 4M2018.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and the parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director of the Offeror and the 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 Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

As at the Latest Practicable Date	HK\$
Authorised:	
2,000,000,000 Shares of HK\$0.01 each	20,000,000.00
Issued:	
1,230,000,000 Shares of HK\$0.01 each	12,300,000.00

All the existing Shares in issue are fully paid and rank *pari passu* with each other in all respects, including all rights in respect of capital, dividends and voting.

Since 31 December 2018 (being the date to which the Company's latest published audited accounts were prepared) and up to the Latest Practicable Date, no Shares had been issued by the Company.

As at the Latest Practicable Date, save as disclosed above, 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 has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

3. DISCLOSURE OF INTERESTS

(i) Interests and short positions in the securities of the Company and its associated corporations of the Directors and chief executive

As at the Latest Practicable Date, none of the Directors and their respective associates nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code.

(ii) Interests and short positions of substantial Shareholders

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Name of Shareholders	Capacity/Nature of interest	No. of Shares held/ interested in	Approximate percentage of the total issued share capital of the Company
The Offeror	Beneficial owner (<i>Note 1</i>)	632,500,000	51.42%
Mr. Chen	Interest in controlled corporation (<i>Note 1</i>)	632,500,000	51.42%
Ms. Jiang Xiahong	Interest of spouse (<i>Note 2</i>)	632,500,000	51.42%

Note:

1. Mr. Chen beneficially owns the entire issued share capital of the Offeror. Therefore, Mr. Chen is deemed, or taken to be, interested in 632,500,000 Shares held by the Offeror for the purpose of the SFO.
2. Ms. Jiang Xiahong is the spouse of Mr. Chen. Accordingly Ms. Jiang is deemed, or taken to be, interested in all Shares in which Mr. Chen is interested for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or which would be required to be disclosed pursuant to the requirements of the Takeovers Code.

4. SHAREHOLDINGS AND DEALINGS IN SECURITIES

During the Relevant Period and up to the Latest Practicable Date,

- (a) save for the sale of the Acquired Shares under the SP Agreement, none of the Company or the Directors had dealt for value in any Shares, warrants, share options, derivatives and securities carrying conversion or subscription rights into Shares;
- (b) save that Mr. Kuah Ann Thia (the chairman of the Board, an executive Director and the chief executive officer of the Company) was interested in the Acquired Shares held by the Vendor immediately before the Completion, no other Director had owned or controlled any Shares, warrants, share options, derivatives and securities carrying conversion or subscription rights into Shares; and
- (c) none of the Company or the Directors had owned or controlled, or had dealt for value in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

During the Offer Period and up to the Latest Practicable Date:

- (a) none of the subsidiaries of the Company or the pension funds of the Company or any member of the Group or any persons who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders and exempt fund managers) had owned or controlled, or had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (b) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (c) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;

As at the Latest Practicable Date:

- (a) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;
- (b) none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offers; and
- (c) there is no understanding, arrangement or agreement or special deal between any Shareholders on the one hand, and the Offeror and any parties acting in concert with it, or the Company, its subsidiaries or associated companies on the other hand.

5. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) save for the SP Agreement, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) save for the SP Agreement, no material contracts had been entered into by the Offeror in which any Director had a material personal interest.

6. DIRECTORS' SERVICE CONTRACTS

Each of the following Directors has entered into a service agreement with the Company within six months before the commencement of the offer period and for a fixed term with more than 12 months to run irrespective of the notice period as at the Latest Practicable Date, subject to the termination provision therein and the rotation and reelection at annual general meetings of the Company in accordance with the articles of association of the Company.

Mr. Kuah Ann Thia, an executive Director, entered into a director's service contract with the Company for a term of three years from 17 October 2018 to 16 October 2021, which may be terminated in accordance with the provisions of the service contract or by each party thereto giving to the other party not less than one month's prior notice in writing. The basic salary of Mr. Kuah Ann Thia is (i) fixed director's fee of HK\$398,000 per month (or a pro rata amount for an incomplete month); and (ii) a fixed salary in respect of his services for the Group in his capacity as chief executive officer of the Company, and directors and other positions of various subsidiaries of the Company on an aggregate basis at the annual rate of S\$444,000 (or a pro rata amount for an incomplete year). Bonus is determined on a discretionary basis by the Board. This director's service contract replaced an earlier contract that with a term of one year from 17 October 2017 to 16 October 2018, which may be terminated in accordance with the provisions of the service contract or by each party thereto giving to the other party not less than one month's prior notice in writing. The basic salary of Mr. Kuah Ann Thia is a fixed director's fee of HK\$398,000 per month (or a pro rata amount for an incomplete month). Bonus is determined on a discretionary basis by the Board.

Ms. Dolly Hwa Ai Kim (also known as Dolly Ke Aijin), an executive Director, entered into a director's service contract with the Company for a term of three years from 17 October 2018 to 16 October 2021, which may be terminated in accordance with the provisions of the service contract or by each party thereto giving to the other party not less than one month's prior notice in writing. The basic salary of Ms. Dolly Hwa Ai Kim (also known as Dolly Ke Aijin) is (i) fixed director's fee of HK\$120,000 per year (or a pro rata amount for an incomplete month); and (ii) a fixed salary, sales management incentive, and transport allowance in respect of her services for the Group in her capacity as general manager of the Company, and directors and other positions of various subsidiaries of the Company on an aggregate basis at the monthly rate of S\$8,600, S\$5,000 and S\$550, respectively (or a pro rata amount for an incomplete month). Bonus is determined on a discretionary basis by the Board. This director's service contract replaced an earlier contract that with a term of one year from 17 October 2017 to 16 October 2018, which may be terminated in accordance with the provisions of the service contract or by each party thereto giving to the other party not less than one month's prior notice in writing. The basic salary of Ms. Dolly Hwa Ai Kim is a fixed director's fee of HK\$48,083 per month (or a pro rata amount for an incomplete month). Bonus is determined on a discretionary basis by the Board.

Mr. Lu Yong, the non-executive Director, entered into a director's service contract with the Company for a term of two years from 2 July 2018 to 1 July 2020, which may be terminated in accordance with the provisions of the service contract or by each party thereto giving to the other party not less than one month's prior notice in writing. The basic salary of Mr. Lu Yong is HK\$120,000 per annum payable by 12 monthly instalments (or a pro rata amount for an incomplete month).

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any existing service contracts with any member of the Group or any associated company of the Group:

- (a) which (including both continuous and fixed contracts) have been entered into or amended within the Relevant Period;
- (b) which are continuous contracts with a notice period of 12 months or more;
- (c) which are fixed term contracts with more than 12 months to run irrespective of the notice period; or
- (d) was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

7. MATERIAL CONTRACTS

The Group did not enter into any contract which are or may be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries within two years immediately preceding the commencement of the Offer Period and up to and including the Latest Practicable Date.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance were known to the Directors to be pending or threatened against any member of the Group.

9. EXPERTS' QUALIFICATIONS AND CONSENTS

The followings are the qualifications of the experts who have given opinions or advice contained in this Composite Document:

Name	Qualification
Astrum Capital Management Limited	a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the Independent Financial Adviser to the Independent Board Committee in respect of the Offer
Foo Kon Tan LLP	Public Accountants and Chartered Accountants

Each of Astrum Capital Management Limited (“**Astrum Capital**”) and Foo Kon Tan LLP has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its advice or report, as the case may be, and reference to its name in the form and context in which they are respectively included.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Company (<http://kttgroup.com.sg>); (ii) on the website of the SFC (www.sfc.hk); and (iii) during normal business hours from 9 a.m. to 5 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business in Hong Kong of the Company at Unit B, 17/F, United Centre, 95 Queensway, Hong Kong from the date of this Composite Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual report of the Company for the year ended 31 December 2018;
- (iii) the annual report of the Company for the year ended 31 December 2017;
- (iv) the letter from the Board, the text of which is set out on pages 15 to 20 of this Composite Document;
- (v) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages IBC-1 to IBC-3 of this Composite Document;
- (vi) the letter of advice from Astrum Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages VI-1 to VI-2 of this Composite Document;
- (vii) the report from Foo Kon Tan LLP on the profit estimate, the text of which is set out on page V-1 to V-4 of this Composite Document;
- (viii) the report from Astrum Capital on the profit estimate, the text of which is set out on page VI-1 to VI-2 of this Composite Document;
- (ix) the written consents referred to under the paragraph headed “Expert’s Qualification and Consent” of this Appendix III; and
- (x) the service contracts referred to in under the paragraph headed “Directors’ Service Contracts” in this Appendix III.

11. MISCELLANEOUS

- (i) The principal share registrar and transfer office of the Company in the Cayman Islands is Estera Trust (Cayman) Ltd., which is situated at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and its principal place of business in Hong Kong is situated at Unit B, 17/F, United Centre, 95 Queensway, Hong Kong.
- (ii) The branch share registrar and transfer office of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (iii) The registered office of Astrum Capital is situated at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.

The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this Composite Document (other than those 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 Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

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 Relevant Period.

As at the Latest Practicable Date, the Offeror is interested in 632,500,000 Shares, representing approximately 51.42% of the total issued share capital of the Company.

Save as disclosed above, the Offeror confirms that, as at the Latest Practicable Date:

- (a) the Offeror and/or parties acting in concert with it have not received any irrevocable commitment to accept or reject the Offer;
- (b) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, Mr. Chen and/or parties acting in concert with any of them;
- (c) there are no conditions to which the Offer are subject;
- (d) save for the Facility (as amended or supplemented), 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);
- (e) 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;
- (f) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (g) 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;

- (h) save for the Facility (as amended or supplemented) and the related deed of share charge, there was no agreement, arrangement or understanding that any securities of the Company acquired in pursuant of the Offer would be transferred, charged or pledged to any other persons;
- (i) no benefit (other than statutory compensation required under the applicable laws) had been or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;
- (j) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror and/or parties acting in concert with it on the one hand and any of the Directors, recent Directors, and Shareholders or recent Shareholders on the other hand which had any connection with or dependence upon the Offer;
- (k) no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror and/or parties acting in concert with it and any other person;
- (l) save for the Acquired Shares held by the Offeror, there is no shareholding in the Company in which sole director of the Offeror is interested;
- (m) 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;
- (n) 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
- (o) 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.

3. MARKET PRICES

Market Prices of the Shares

The table below shows the closing prices per Share on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price <i>HK\$</i>
30 November 2018	1.98
31 December 2018	1.96
31 January 2019	1.86
28 February 2019	1.81
29 March 2019	1.93
30 April 2019	1.85
24 May 2019 (being the last trading day of May 2019 and the Last Trading Day)	1.68
25 June 2019 (being the Latest Practicable Date)	1.76

Highest and Lowest Share Prices

During the Relevant Period, 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.

4. EXPERTS AND CONSENTS

In addition to those listed in paragraph headed “9. Expert’s Qualification and Consent” of Appendix III, the following are the qualifications of the professional adviser whose letter, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
Guotai Junan Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity (as defined under the SFO) under the SFO

Guotai Junan Capital has given and has not withdrawn its written consent to the issue of this Composite Document with inclusion of the text of its letter and the references to its name included herein in the form and context in which it appears.

5. MISCELLANEOUS

- (a) The Offeror is an international business company incorporated in the Republic of Seychelles and principally engages in investment holding. The Offeror is beneficially and wholly owned by Mr. Chen who is also the sole director of the Offeror as at the Latest Practicable Date. The registered office of the Offeror is situated at Vistra Corporate Services Centre, Suite 23, 1st Floor, Eden Plaza, Eden Island, Mahé, Republic of Seychelles.
- (b) The registered office of Guotai Junan Securities and Guotai Junan Capital is situated at 27/F, Low Block Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.
- (c) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

6. DOCUMENTS AVAILABLE FOR INSPECTION

In addition to the document set forth in paragraph headed "10. Documents Available for Inspection" of Appendix III to this Composite Document, copies of the following documents are available for inspection on the website of the Securities and Futures Commission at www.sfc.hk, and the Company's website at <http://kttgroup.com.sg> during the period from the date of the Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Guotai Junan Capital, the text of which is set out on pages 6 to 14 of this Composite Document;
- (c) the written consent(s) from each of the parties referred to in the section headed "Experts and Consents" in this appendix; and
- (d) the SP Agreement.

The following is the text of a letter from Foo Kon Tan LLP, Public Accountants and Chartered Accountants, Singapore, for the purpose of incorporation in this Composite Document.

FOO KON TAN LLP

The Board of Directors
Kakiko Group Limited
Unit B, 17/F
United Centre
95 Queensway
Hong Kong

28 June 2019

Dear Sirs,

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE ACCOUNTING POLICIES AND CALCULATIONS OF THE UNAUDITED CONSOLIDATED MANAGEMENT ACCOUNTS**TO THE BOARD OF DIRECTORS OF KAKIKO GROUP LIMITED**

We have completed our assurance engagement to report on the principal accounting policies adopted and the calculations used in the preparation of the unaudited consolidated management accounts of Kakiko Group Limited (the "Company") and its subsidiaries (together the "Group") for the four months ended 30 April 2019 (the "Unaudited Consolidated Management Accounts"). The Unaudited Consolidated Management Accounts have been prepared during the Offer Period commencing from 31 May 2019 in connection with the unconditional mandatory cash general offer by Guotai Junan Securities (Hong Kong) Limited for and on behalf of Full Fortune International Co., Ltd to acquire all the issued share capital of the Company (other than those already owned or agreed to be acquired by Full Fortune International Co., Ltd and the parties acting in concert with it). We understand it is required to be reported on under Rule 10 of the Code on Takeovers and Mergers.

DIRECTORS' RESPONSIBILITIES

The directors of the Company are solely responsible for preparing the Unaudited Consolidated Management Accounts on a basis consistent with the accounting policies adopted by the Group, as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2018. This responsibility includes designing, implementing and maintaining internal controls relevant to the selection and application of appropriate accounting policies and the accurate calculations in the preparation of the Unaudited Consolidated Management Accounts that are free from material misstatement.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board ("IAASB") and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

AUDITOR'S RESPONSIBILITIES

It is our responsibility to report, as required by Rule 10 of the Code on Takeovers and Mergers, on whether, so far as the accounting policies and calculations are concerned, the Unaudited Consolidated Management Accounts have been properly compiled on a basis consistent, in all material respects, with the accounting policies adopted by the Group, as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2018 which were audited by another firm of auditors whose report dated 28 March 2019 expressed an unmodified opinion on those financial statements, and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000 (Revised)") issued by the IAASB.

Our work consisted primarily of procedures such as (a) obtaining an understanding of the principal accounting policies adopted in the preparation of the Unaudited Consolidated Management Accounts through inquires primarily of persons responsible for financial and accounting matters, (b) obtaining an understanding of the internal controls relevant to the selection and application of appropriate accounting policies and the accurate calculations in the preparation of the Unaudited Consolidated Management Accounts, (c) comparing the principal accounting policies as set out in the Unaudited Consolidated Management Accounts with those set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2018, (d) checking solely the arithmetical calculations relating to the financial numbers presented in the Unaudited Consolidated Management Accounts, and such other procedures that we considered necessary in the circumstances in accordance with ISAE 3000 (Revised). Our work would not enable us to, and we do not, provide any assurance on the design or operational effectiveness of internal control relating to preparation of the Unaudited Consolidated Management Accounts.

Our reasonable assurance engagement does not constitute an audit or review conducted in accordance with International Standards on Auditing or International Standards on Review Engagements issued by the IAASB. Accordingly, we do not express an audit or review opinion on the Unaudited Consolidated Management Accounts.

OPINION

In our opinion, based on the foregoing, so far as the accounting policies and calculations are concerned, the Unaudited Consolidated Management Accounts are presented on a basis consistent, in all material respects, with the accounting policies adopted by the Group, as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2018.

Yours faithfully,

Foo Kon Tan LLP

Public Accountants and Chartered Accountants

Singapore



Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

28 June 2019

Kakiko Group Limited

Unit B, 17/F
United Centre
95 Queensway
Hong Kong

Attention: the Board of Directors

Dear Sirs,

We refer to the section headed “4. MATERIAL CHANGE” in Appendix II to the composite offer and response document jointly issued by Full Fortune International Co., Ltd and the Company dated 28 June 2019 (the “**Composite Document**”). Capitalised terms used herein have the same meanings as defined in the Composite Document unless the context requires otherwise.

With reference to the section headed “4. MATERIAL CHANGE” in Appendix II to the Composite Document, it states that:

*“Based on the unaudited consolidated management accounts of the Group for the four months ended 30 April 2019 (“**4M2019**”), the Group recorded an unaudited profit for 4M2019 as compared to an unaudited loss for the four months ended 30 April 2018 (“**4M2018**”). The turnaround from net loss position for 4M2018 to net profit position for 4M2019 was principally triggered by (i) the increase in revenue derived from the manpower outsourcing and ancillary services; and (ii) the recognition of foreign exchange gain in 4M2019 as compared to foreign exchange loss in 4M2018.”*

The above statement (the “**Profit Estimate**”) constituted a profit forecast under Rule 10 of the Takeovers Code and must be reported on by the financial adviser or independent financial adviser, and the auditors or consultant accountants. This report is issued in compliance with the requirement under Rule 10.4 and Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code.

We have reviewed the Profit Estimate and other relevant information and documents (in particular, the unaudited consolidated management accounts of the Company for 4M2019 and 4M2018 (the “**Unaudited Management Accounts**”)) which you as the Directors are solely responsible for and discussed with the Company the information and documents (in particular, the Unaudited Management Accounts) provided by the Company which formed the key bases upon which the Profit Estimate has been made. In respect of the accounting policies and calculations concerned, upon which the Profit Estimate has been made, we have relied upon the report as contained in Appendix V to the Composite Document addressed to the Board from Foo Kon Tan LLP, being the auditors of the Company. Foo Kon Tan LLP is of the opinion that so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled on a basis consistent, in all material respects, with the accounting policies adopted by the Group, as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2018.

Based on the above, we are of the opinion that the Profit Estimate, for which the Directors are solely responsible, has been made with due care and consideration.

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited
Hidulf Kwan
Managing Director