
LETTER FROM THE BOARD

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

Reference is made to the Joint Announcement.

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.

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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.

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.

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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.

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.

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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.

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.

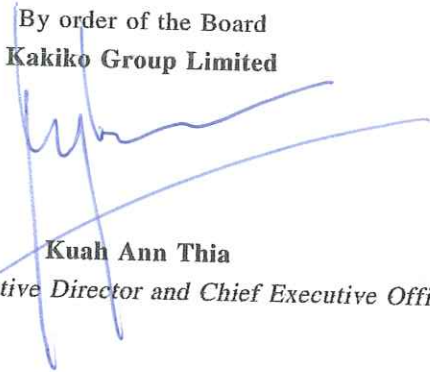
ADDITIONAL INFORMATION

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

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Yours faithfully,

By order of the Board
Kakiko Group Limited



Kuah Ann Thia

Chairman, Executive Director and Chief Executive Officer