



KOS International Holdings Limited

高奧士國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8042)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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*This announcement, for which the directors (the “**Directors**”) of KOS International Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 March 2020, together with the unaudited comparative figures for the corresponding period in 2019 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2020

		Three months ended	
		31 March	
		2020	2019
	Notes	HK\$'000	HK\$'000
Revenue	3	16,356	18,554
Other income		42	65
Staff costs		(14,054)	(14,391)
Other expenses and losses		(3,783)	(3,479)
Impairment losses under expected credit loss (“ECL”) model, net of reversal		(57)	(35)
Finance costs		(46)	(137)
(Loss) profit before taxation		(1,542)	577
Income tax expense	4	(107)	(351)
(Loss) profit for the period		<u>(1,649)</u>	<u>226</u>
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of a foreign operation		(16)	–
Total comprehensive (expense) income for the period		<u>(1,665)</u>	<u>226</u>
(Loss) earnings per share			
– basic (<i>Hong Kong cent</i>)	5	<u>(0.21)</u>	<u>0.03</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2020

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2019 (Audited)	8,000	39,738	49	-	(8,388)	39,399
Total comprehensive income for the period	-	-	-	-	226	226
At 31 March 2019 (Unaudited)	<u>8,000</u>	<u>39,738</u>	<u>49</u>	<u>-</u>	<u>(8,162)</u>	<u>39,625</u>
At 1 January 2020 (Audited)	<u>8,000</u>	<u>39,738</u>	<u>49</u>	<u>(73)</u>	<u>(6,947)</u>	<u>40,767</u>
Loss for the period	-	-	-	-	(1,649)	(1,649)
Other comprehensive expense for the period	-	-	-	(16)	-	(16)
Total comprehensive expense for the period	-	-	-	(16)	(1,649)	(1,665)
At 31 March 2020 (Unaudited)	<u>8,000</u>	<u>39,738</u>	<u>49</u>	<u>(89)</u>	<u>(8,596)</u>	<u>39,102</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited on 12 October 2018. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is Suite 610, 6th Floor, Ocean Centre, No. 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company's immediate and ultimate holding company is KJE Limited, a company incorporated in the British Virgin Islands. The ultimate controlling parties of the Company are Mr. Chan Ka Kin Kevin, Mr. Chan Ka On Eddie, Mr. Chan Ka Shing Jackson and Mr. Chow Ka Wai Raymond.

The Company is an investment holding company and its subsidiaries are principally engaged in providing recruitment services and secondment and payroll services in Hong Kong, Macau and the People's Republic of China (the "PRC").

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

The condensed consolidated financial statements have not been audited by the Company's auditor, but have been reviewed by the audit committee of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosures required by the GEM Listing Rules.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019 as set out in the latest annual report.

The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2019, except for the adoption of new and amended standards as set out below.

The Group has applied the following new and amendments to HKFRSs that have been issued and effective for the annual periods beginning on 1 January 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition to the above new and amendments to HKFRSs, a revised *Conceptual Framework for Financial Reporting* was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in HKFRS Standards*, have been effective for annual periods beginning on 1 January 2020.

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2020.

3. REVENUE

Disaggregation of revenue

	Unaudited Three months ended 31 March	
	2020 HK\$'000	2019 HK\$'000
Recruitment services		
– Hong Kong	9,321	10,338
– The PRC	1,249	–
	<u>10,570</u>	<u>10,338</u>
Secondment and payroll services		
– Hong Kong	5,194	7,440
– Macau	592	776
	<u>5,786</u>	<u>8,216</u>
Total	<u><u>16,356</u></u>	<u><u>18,554</u></u>

4. INCOME TAX EXPENSE

	Unaudited Three months ended 31 March	
	2020 HK\$'000	2019 HK\$'000
Hong Kong Profits Tax		
– current tax	107	351

Hong Kong Profits Tax has been provided for at the two-tiered rate of 8.25% on the first HK\$2 million of the estimated assessable profits for the qualifying group entity and 16.5% on the remaining estimated assessable profits for the period.

Macau Complementary Tax is calculated at 12% of the estimated assessable profits exceeding Macao Pataca (“MOP”) 600,000 for each of the three months ended 31 March 2020 and 2019. No provision of Macau Complementary Tax was made as the subsidiary in Macau has no assessable profit exceeding MOP600,000 in both periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision of EIT was made as the subsidiary in the PRC has no assessable profit during the periods.

5. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

	Unaudited	
	Three months ended	
	31 March	
	2020	2019
(Loss) profit for the period (<i>HK\$'000</i>)	<u><u>(1,649)</u></u>	<u><u>226</u></u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic (loss) earnings per share (<i>in '000</i>)	<u><u>800,000</u></u>	<u><u>800,000</u></u>

No diluted (loss) earnings per share for the three months ended 31 March 2020 and 2019 were presented as there were no potential ordinary shares in issue during the three months ended 31 March 2020 and 2019.

6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Business review

We are a reputable Hong Kong-based human resources solutions provider, principally engaged in high quality recruitment services, and secondment and payroll services since 2009.

Under our recruitment services, we identify, screen, assess, and procure qualified candidates for our clients for positions at all levels, including administrative, executive, managerial, and professional. For our secondment and payroll services, we take on board candidates that are either sourced by our Group or our clients themselves and second them to our clients. We also assist in providing other administration services at clients' requests.

The Group's revenue decreased by approximately HK\$2,198,000 or 11.8%, from approximately HK\$18,554,000 for the three months ended 31 March 2019 to approximately HK\$16,356,000 for the three months ended 31 March 2020. This decrease was mainly attributable to the decrease in revenue from secondment and payroll services.

Although a slower than expected revenue growth is hampered by the outbreak of the novel coronavirus ("COVID-19") epidemic, our recruitment services segment delivered a slight increase of approximately HK\$232,000 or 2.2% from approximately HK\$10,338,000 for the three months ended 31 March 2019 to approximately HK\$10,570,000 for the three months ended 31 March 2020.

Such increase was mainly due to the Group's client portfolio has been diversified successfully, which now includes commercial organisations, as well as local and Asian-based financial services clients. A new team has been formed to focus on the recruitment services of front, mid, and back-office roles for the financial services sector, targeting local and Asian-based clients. We have also successfully expanded our business into the PRC, opening our first office in Shenzhen at the beginning of 2019. The performance of our PRC operation is progressing well, and further expansion in the PRC will take place in 2020.

The Group's revenue from the secondment and payroll service decreased by approximately HK\$2,430,000 or 29.6% from approximately HK\$8,216,000 for the three months ended 31 March 2019 to approximately HK\$5,786,000 for the three months ended 31 March 2020. Despite the poor business condition and overall unpropitious recruitment environment, the Group remains cautiously optimistic in secondment and payroll service segment.

With a high calibre professional with over 20 years' HR solutions experience – gained from an international listed services provider – joining us and together with the strengthening and broadening of the team, these had led to the growth in our secondment and payroll services. Together with the newly established KOS solutions brand, we are well-positioned to support businesses that require large scale manpower flexibility and tailor-made HR outsourcing solutions. Our services cover sizeable recruitment projects, payroll and HR outsourcing,

as well as outplacement and career transformation. By offering a comprehensive range of workforce solutions and services, KOS Staffing and KOS solutions assist our clients at various stages in their evolution, resulting in cost reductions across their workforce and improved productivity, quality, and efficiency.

The Group has been investing heavily in building up its talent pool and employer branding throughout 2019. Significant staff costs and other expenses were incurred in launching new brands and businesses, re-branding and strengthening existing services offerings, recruiting seasoned operators and experienced recruiters to work in both Hong Kong and the PRC, and expanding our business presence outside Hong Kong. These cost increments have had a direct impact on the profit and loss account.

By diversifying our services offerings and expanding business beyond Hong Kong, the Group is well positioned to becoming a total HR solutions provider. We are confident that, with the costs incurred in 2019, the Group is poised to generate higher and better returns in future years, and that we will be more resilient to market volatility.

Prospects

Looking forward, based on the unpredictable global market climate, social unrest in Hong Kong, and the COVID-19 outbreak, we expect 2020 will yet continue to be a challenging year.

To continue the Group's revenue growth in 2020 continues to be a top priority. We will also leverage our strong client base and brand awareness in Hong Kong to expand our services throughout the region.

Key development areas include:

- a. for recruitment services, the Group will further expand into the PRC in 2020;
- b. for secondment, payroll, and outplacement services, the Group – under the leadership of the industry expert – will tap into a new client base. This will require a one-stop-shop human resources solution during this challenging and uncertain business landscape.

In order to mitigate potential business risks, the management team will remain agile and:

- (i) continue to diversify the Group's lines of services and expand our client base to broaden revenue streams;
- (ii) closely monitor the performance of new services streams;
- (iii) put more focus on expansion in the Greater Bay Area;
- (iv) create a strong corporate brand in both Hong Kong and the PRC markets by raising overall brand awareness; and

- (v) upgrade our software, computers, and network systems to ensure top quality performance.

Moving ahead, the Group will remain distinctive and alert about the changes of the human resources services landscape. With the Group's reputation and experience, we will continue to look for opportunities to expand our business operations, sustain our market position, and strengthen our competitive edge to enhance our business performance and provide better returns to our shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$2,198,000 or 11.8% from approximately HK\$18,554,000 for the three months ended 31 March 2019 to approximately HK\$16,356,000 for the three months ended 31 March 2020, which was principally attributable to the decrease in revenue derived from the secondment and payroll services.

The Group recorded a slight increase in revenue under the recruitment services of approximately HK\$232,000 or 2.2% from approximately HK\$10,338,000 for the three months ended 31 March 2019 to approximately HK\$10,570,000 for the three months ended 31 March 2020. A slower than expected revenue growth is hampered by the outbreak of the COVID-19 epidemic.

However, there was a significant decrease in secondment and payroll services, which had been decreased by approximately HK\$2,430,000 or 29.6% from approximately HK\$8,216,000 for the three months ended 31 March 2019 to approximately HK\$5,786,000 for the three months ended 31 March 2020. The decrease was mainly attributable to the outbreak of the COVID-19 epidemic, resulting in the delay and/or cancellation of the client's recruitment schedule and hiring plan under the poor business condition and overall unpropitious recruitment environment.

For the three months ended 31 March 2020, the revenue derived from Hong Kong accounted for approximately 88.7% (2019: approximately 95.8%).

Staff costs

Staff costs comprise (i) the labour cost associated with deployment of seconded staff for the secondment and payroll services and (ii) the salaries and other staff benefits the Group paid to its internal staff for carrying on and in support of its business operation. The majority of the internal staff costs are the salaries and other staff benefits relating to the consultants for carrying on the recruitment services.

For the three months ended 31 March 2020, the staff costs were approximately HK\$14,054,000 (2019: approximately HK\$14,391,000), which accounted for approximately 85.9% (2019: approximately 77.6%) of the revenue. Seconded staff costs for the three months ended

31 March 2020 was approximately HK\$5,194,000 (2019: approximately HK\$7,368,000), representing approximately 37.0% of the total staff costs (2019: approximately 51.2%). The internal staff costs amounted to approximately HK\$8,860,000 for the three months ended 31 March 2020 (2019: approximately HK\$7,023,000), representing approximately 63.0% of the total staff costs (2019: approximately 48.8%).

The seconded staff costs decreased by approximately HK\$2,174,000 or 29.5% which were in line with the decrease in revenue derived from the secondment and payroll services. The internal staff costs increased by approximately HK\$1,837,000 or 26.2%. Such increase was mainly due to the increased number of the internal staff in Hong Kong and the PRC.

Other expenses and losses

Other expenses and losses increased by approximately HK\$304,000 from approximately HK\$3,479,000 for the three months ended 31 March 2019 to approximately HK\$3,783,000 for the three months ended 31 March 2020, which was primarily due to the increase in office supply expenses arising from the outbreak of the COVID-19 epidemic; software maintenance and marketing expenses attributed by the business expansion.

Income tax expense

Income tax expense decreased by approximately HK\$244,000 or 69.5%, from approximately HK\$351,000 for the three months ended 31 March 2019 to approximately HK\$107,000 for the three months ended 31 March 2020. The decrease was primarily attributable to the decrease in estimated assessable profits from operating subsidiaries.

Finance costs

Finance costs represented the interest on lease liability (2019: lease liability and a bank loan). The decrease in finance costs was mainly due to the fully repayment of the bank loan in August 2019.

(Loss) profit and total comprehensive (expense) income for the period

Loss for the three months ended 31 March 2020 and profit for the three months ended 31 March 2019 amounted to approximately HK\$1,665,000 and HK\$226,000 respectively. It was mainly attributable to a decrease in revenue under secondment and payroll services and a slower than expected turnover growth of revenue under recruitment services which were both hampered by the COVID-19 epidemic.

Dividend

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2020.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2020, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares of the Company

Name of Directors	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Mr. Chan Ka Kin Kevin (“Mr. Kevin Chan”)	Interest in a controlled corporation and interest held jointly with another person (Note 1)	600,000,000	75%
Mr. Chan Ka On Eddie (“Mr. Eddie Chan”)	Interest in a controlled corporation and interest held jointly with another person (Note 1)	600,000,000	75%
Mr. Chan Ka Shing Jackson (“Mr. Jackson Chan”)	Interest in a controlled corporation and interest held jointly with another person (Note 1)	600,000,000	75%

Notes:

- Among such 600,000,000 shares, 450,000,000 shares are registered in the name of KJE Limited and 150,000,000 shares are registered in the name of Caiden Holdings Limited. KJE Limited was owned as to approximately 33.33% by Mr. Kevin Chan, 33.33% by Mr. Eddie Chan and 33.33% by Mr. Jackson Chan and accordingly each of them is deemed to be interested in all the shares held by KJE Limited under the SFO. Caiden Holdings Limited is wholly owned by Mr. Chow Ka Wai Raymond (“Mr. Raymond Chow”) and Mr. Raymond Chow is therefore deemed to be interested in all the shares held by Caiden Holdings Limited under the SFO. On 18 January 2018, Mr. Kevin Chan, Mr. Eddie Chan, Mr. Jackson Chan and Mr. Raymond Chow executed a deed of concert parties arrangement and they have been and will be acting in concert pursuant to the deed. Therefore, each of Mr. Kevin Chan, Mr. Eddie Chan and Mr. Jackson Chan is deemed to be interested in all the shares held by KJE Limited and Caiden Holdings Limited under the SFO.

2. As at 31 March 2020, the Company had a total of 800,000,000 shares in issue.

Save as disclosed above, as at 31 March 2020, none of the Directors and chief executive of the Company has or was deemed to have any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required 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 taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, DEBENTURES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 31 March 2020, the following person (other than the Directors or chief executive of the Company the interests of which were disclosed above) or corporation had interest or short position in the shares of the Company which were required to be entered in the register of the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company

Name of substantial shareholders	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the issued share capital
KJE Limited	Beneficial owner and interest held jointly with another person (Note 1)	600,000,000	75%
Caiden Holdings Limited	Beneficial owner and interest held jointly with another person (Note 1)	600,000,000	75%
Mr. Raymond Chow	Interest in a controlled corporation and interest held jointly with another person (Note 1)	600,000,000	75%

Note:

1. Among such 600,000,000 shares, 450,000,000 shares are registered in the name of KJE Limited and 150,000,000 shares are registered in the name of Caiden Holdings Limited. KJE Limited was owned as to approximately 33.33% by Mr. Kevin Chan, 33.33% by Mr. Eddie Chan and 33.33% by Mr. Jackson Chan and accordingly each of them is deemed to be interested in all the shares held by KJE Limited under

the SFO. Caiden Holdings Limited is wholly owned by Mr. Raymond Chow and Mr. Raymond Chow is therefore deemed to be interested in all the shares held by Caiden Holdings Limited under the SFO. On 18 January 2018, Mr. Kevin Chan, Mr. Eddie Chan, Mr. Jackson Chan and Mr. Raymond Chow executed a deed of concert parties arrangement and they have been and will be acting in concert pursuant to the deed. Therefore, Mr. Raymond Chow is deemed to be interested in all the shares held by KJE Limited and Caiden Holdings Limited under the SFO.

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who has an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 31 March 2020.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 13 September 2018 (the “**Share Option Scheme**”). No share option has been granted under the Share Option Scheme since its adoption.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the three months ended 31 March 2020 was the Company, its subsidiaries or its other associated corporations a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of the shares or underlying shares in or debentures of, the Company or any of its associated corporations. As at the date of this announcement, the Company has not granted any share options to the Directors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the three months ended 31 March 2020.

COMPETING INTERESTS

During the three months ended 31 March 2020, none of the Directors or the controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete, either directly or indirectly with the business of the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, HeungKong Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or close associated had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rules 6A.32 of the GEM Listing Rules as at the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules throughout the three months ended 31 March 2020.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct regarding Directors' transactions in securities of the Company. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standards of dealings and its code of conduct regarding securities transactions by the Directors throughout the three months ended 31 March 2020.

AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") was established on 13 September 2018 in compliance with Rule 5.28 of the GEM Listing Rules and with written terms of reference in compliance with the Corporate Governance Code and the Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. It currently comprises three independent non-executive Directors, namely Mr. Tong Kam Piu, Mr. Poon Kai Kin and Mr. Wang Ho Pang. Mr. Poon Kai Kin is the chairman of the Audit Committee.

The primary duties of the Audit Committee include making recommendations to the Board on the appointment and approval of external auditors, reviewing and supervising the financial statements and material advice in respect of financial reporting, overseeing internal control procedures and corporate governance of the Company, supervising internal control and risk management systems of the Company and monitoring continuing connected transactions (if any).

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the three months ended 31 March 2020 and has provided advice and comments thereon.

By Order of the Board
KOS International Holdings Limited
Chan Ka Kin Kevin
Chairman

Hong Kong, 12 May 2020

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Chan Ka Kin Kevin (Chairman), Mr. Chan Ka On Eddie and Mr. Chan Ka Shing Jackson; and three independent non-executive Directors, namely, Mr. Tong Kam Piu, Mr. Poon Kai Kin and Mr. Wang Ho Pang.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Listed Company Information” page for at least 7 days from the date of its publication and on the Company’s website at www.kos-intl.com.