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## **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)**

### **DISCLOSEABLE TRANSACTION – INVESTMENT MANAGEMENT AGREEMENT**

#### **INVESTMENT MANAGEMENT AGREEMENT**

The Board announces that on 23 June 2021 (after trading hours), KOS International, an indirect wholly-owned subsidiary of the Company, as client, entered into the Investment Management Agreement with the Manager, as manager, pursuant to which KOS International has agreed to appoint the Manager to provide discretionary investment management services to KOS International. The Investment Amount is up to HK\$8.0 million in total.

#### **GEM LISTING RULES IMPLICATIONS**

Pursuant to the GEM Listing Rules, as one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in relation to the Investment Amount exceeds 5% but is less than 25%, the entry into the Investment Management Agreement constitutes a disclosable transaction which is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

#### **INVESTMENT MANAGEMENT AGREEMENT**

The principal terms of the Investment Management Agreement are as follows:

Date: 23 June 2021

Parties: 1) KOS International, an indirect wholly-owned subsidiary of the Company, as client; and  
2) the Manager, as manager

## **Subject Matter**

Pursuant to the Investment Management Agreement, KOS International has agreed to appoint the Manager to provide discretionary investment management services to KOS International.

## **Scope of Services and Management of the Investments**

The Manager agrees to provide the discretionary investment management services according to the Investment Guidelines and restrictions as set out in the Investment Management Agreement. Subject to the terms and the conditions of the Investment Management Agreement, the Manager shall have full and absolute discretionary power to manage the Portfolio at KOS International's own risk.

The Custodian will prepare monthly statements for KOS International indicating the transactions occurring in the Discretionary Account during the period covered by the statement, and a summary of the positions of the Discretionary Account and the valuation of the Portfolio at the end of the relevant period.

## **Investment Amount**

The Investment Amount is up to HK\$8.0 million in total.

The Investment Amount will be managed by the Manager with full discretionary power in accordance with the terms of the Investment Management Agreement. If there is an increase in the Investment Amount, the Company will make appropriate disclosure in accordance with the applicable rules under the GEM Listing Rules.

## **The Investment Guidelines**

The Manager shall provide discretionary investment management services to KOS International, which include but not limited to the following:

- (a) identify and analyse investment opportunities and perform relevant investment due diligence;
- (b) advise on acquisitions or realisations of investments, submit relevant proposals to the Board for approval and arrange implementation of relevant investment decisions according to the instructions of the Board;
- (c) monitor the performance of the Investments and keep the Board fully informed from time to time; and
- (d) ensure that trading and investment Portfolio are managed in accordance with its investment objectives and policies, investment restrictions, the articles of association of KOS International and the applicable laws and regulations and the GEM Listing Rules.

The Manager will invest in the following securities or products, including but not limited to:

- (a) Bonds;
- (b) Listed and unlisted equities;
- (c) Preferred stocks;
- (d) Convertible securities; and
- (e) Equity related instruments and derivatives.

No borrowing is allowed in respect of any assets in the Portfolio unless agreed by the designated board member pursuant to the Investment Management Agreement.

### **Withdrawal**

KOS International may from time to time withdraw all or part of the balance standing to the credit of the Discretionary Account, after settling all the indebtedness of KOS International owing to the Manager provided that the Manager receives one month's prior written notice and readily available assets comprising the Discretionary Account are credited to the Discretionary Account to cover all liabilities whatsoever incurred by KOS International hereunder and committed to transactions already initiated by the Manager.

### **Term and Termination of the Investment Management Agreement**

The Investment Management Agreement shall continue in effect until terminated by either party by giving not less than three months' prior written notice to the other or immediately, if the Manager ceases to be licensed or authorised under the SFO to properly provide discretion investment management services.

### **Management Fee**

In consideration of the services provided by the Manager under the Investment Management Agreement, KOS International agrees to pay the Manager an investment management fee ("**Fees**") in the following manner:

1. 1.0% per annum of the actual contribution amount to be paid monthly; and
2. 10% carried interest of the actual capital contribution amount which is equivalent to the 10% of any capital gain from the investments made by the Investment Manager with the actual capital contribution amount, to be paid to the Investment Manager upon the disposal of such investments.

The Fees shall be deducted from the Discretionary Account on or before the seventh business day of the immediately following month, or on the date of termination of the Investment Management Agreement on a pro-rata basis.

No separate fee will be levied by the Manager for safekeeping of assets or by any nominee appointed by the Manager, but fees, charges and expenses in connection with the custody of the Investments or other dealings of the Portfolio shall be borne by KOS International or paid out of the Portfolio.

The Fees were determined upon arms-length basis negotiation between KOS International and the Manager after taking into account the benefit of the entry into the Investment Management Agreement as set out in the section below.

## **REASONS AND BENEFITS FOR THE ENTRY INTO THE INVESTMENT MANAGEMENT AGREEMENT**

Considering that it would not be in the interests of the Group to be sitting on idle cash surplus, it will be necessary for the Group to handle or manage such excess cash surplus in such a way to preserve capital and generate an acceptable yield in accordance with the Group's treasury policy. By entering into the Investment Management Agreement and entrusting funds in accordance therewith, it will enable the Group to manage its excess cash surplus and the Group hopes to increase a reasonable rate of return of its cash and cash equivalents which can improve both the investment income and the profits of the Group.

The Directors believe that the strength and capabilities of the Manager will enable it to provide quality investment management service and bring favorable returns to the Group.

The Directors consider that the Investment Management Agreement was entered into on normal commercial terms, and the terms of the Investment Management Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Directors confirm that should the Investment Management Agreement constitute any other transaction that might be a notifiable transaction, the Group will consult its adviser on a timely manner to ensure compliance with the relevant requirements under the GEM Listing Rules.

## **INFORMATION ABOUT THE PARTIES**

### **The Group**

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 Manager**

The Manager is a licensed corporation under the SFO to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong. The Manager is engaged in the business of providing, amongst other things, asset management and investment management services to clients.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Manager and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

## **GEM LISTING RULES IMPLICATIONS**

Pursuant to the GEM Listing Rules, as one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in relation to the Investment Amount exceeds 5% but is less than 25%, the entry into the Investment Management Agreement constitutes a discloseable transaction which is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Company”	KOS International Holdings Limited (stock code: 8042), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“Custodian”	means any person(s) as the Manager may on behalf of KOS International appoint from time to time, as custodian of the Portfolio, on the discretion of KOS International's needs
“Director(s)”	the director(s) of the Company
“Discretionary Account”	means the securities account and cash account relating to the Portfolio
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM (as amended from time to time)
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment Amount”	up to HK\$8.0 million in total
“Investment Management Agreement”	the discretionary investment management agreement dated 23 June 2021 and entered into between the Manager and KOS International in relation to the provision of the discretionary investment service by the Manager to KOS International
“Investments”	means the investments as described under the Investment Guidelines
“KOS International”	KOS International Limited, a company incorporated in Hong Kong, which is an indirect wholly-owned subsidiary of the Company
“Manager”	VBG Asset Management Limited (建泉資產管理有限公司) (CE No. BPD344), a company incorporated under the laws of Hong Kong with limited liability and is a licensed corporation under the SFO to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong
“Portfolio”	means all the Investments at any time under the management of the Manager
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 23 June 2021

*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 Dr. Lau Kin Shing Charles.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://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](http://www.kos-intl.com).*