



## **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 2019**

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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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 2019, together with the unaudited comparative figures for the corresponding period in 2018 as follows:

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

*For the three months ended 31 March 2019*

		Three months ended	
		31 March	
		2019	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	18,554	16,872
Other income		65	3
Staff costs		(14,391)	(11,492)
Other expenses and losses		(3,514)	(1,462)
Finance costs		(137)	(161)
Listing expenses		—	(2,988)
Profit before taxation		577	772
Income tax expense	5	(351)	(644)
Profit and total comprehensive income for the period		<u>226</u>	<u>128</u>
Earnings per share – basic (Hong Kong cents)	7	<u>0.03</u>	<u>0.02</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the three months ended 31 March 2019*

	Share capital <i>HK\$ '000</i>	Share premium <i>HK\$ '000</i>	Special reserve <i>HK\$ '000</i>	Retained profits (accumulated losses) <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
At 1 January 2018 (Audited)	49	—	—	23,597	23,646
Profit and total comprehensive income for the period	—	—	—	128	128
At 31 March 2018 (Unaudited)	49	—	—	23,725	23,774
At 1 January 2019 (Audited)	8,000	39,738	49	(8,388)	39,399
Profit and total comprehensive income for the period	—	—	—	226	226
At 31 March 2019 (Unaudited)	8,000	39,738	49	(8,162)	39,625

# 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 the Cayman Islands. Its shares are listed on GEM of the Stock Exchange since 12 October 2018 (the “**Listing**”). 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 companies are KJE Limited and Caiden Holdings Limited, companies incorporated in the British Virgin Islands which Mr. Chan Ka Kin Kevin (“**Mr. Kevin Chan**”), Mr. Chan Ka On Eddie (“**Mr. Eddie Chan**”), Mr. Chan Ka Shing Jackson (“**Mr. Jackson Chan**”) and Mr. Chow Ka Wai Raymond (“**Mr. Raymond Chow**”) are the ultimate controlling parties.

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 and Macau.

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. REORGANISATION AND BASIS OF PRESENTATION

Pursuant to the reorganisation in connection with the Listing (the “**Reorganisation**”), the Company became the holding company of the companies now comprising the Group on 15 June 2018. The companies now comprising the Group were under the common control of Mr. Kevin Chan, Mr. Eddie Chan, Mr. Jackson Chan and Mr. Raymond Chow before and after the Reorganisation. As a result, the Group resulting from the Reorganisation is regarded as a continuing entity. Therefore, the Reorganisation is considered as a business combination under common control and accounted for under merger accounting as mentioned below.

The unaudited condensed consolidated statement of profit or loss and other comprehensive income and the unaudited condensed consolidated statement of changes in equity of the Group for the three months ended 31 March 2018 include the results and changes in equity of the companies now comprising the Group as if the current group structure had been in existence throughout the three months ended 31 March 2018, or since their dates of incorporation, where there is a shorter period.

### 3. 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 2018 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 2018, except for the adoption of new and amended standards as set out below.

The Group has adopted and applied the following new and amendments to HKFRSs and interpretations that have been issued and effective for the accounting periods beginning on 1 January 2019.

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

The adoption of the new and amendments to HKFRSs and interpretations has no material impact on the Group’s unaudited condensed consolidated financial statements for the three months ended 31 March 2019.

### 4. REVENUE

#### Disaggregation of revenue

	Unaudited Three months ended 31 March	
	2019	2018
	HK\$’000	HK\$’000
Recruitment services		
— Hong Kong	<u>10,338</u>	<u>8,522</u>
Secondment and payroll services		
— Hong Kong	<u>7,440</u>	<u>7,519</u>
— Macau	<u>776</u>	<u>831</u>
	<u>8,216</u>	<u>8,350</u>
Total	<u><u>18,554</u></u>	<u><u>16,872</u></u>

## 5. INCOME TAX EXPENSE

	Unaudited	
	Three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
— current tax	<u>351</u>	<u>644</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the period.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. Accordingly, for the three months ended 31 March 2019, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits for the qualifying group entity and at 16.5% on the estimated assessable profits above HK\$2 million.

For the three months ended 31 March 2018, Hong Kong Profits Tax was calculated at a single flat rate of 16.5% of the estimated assessable profits.

Macau Complementary Tax is calculated at 12% on the estimated assessable profits exceeding Macao Pataca (“**MOP**”) 600,000 for each of the three months ended 31 March 2019 and 2018.

## 6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2019 (2018: Nil).

## 7. EARNINGS PER SHARE

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

	Unaudited	
	Three months ended 31 March	
	2019	2018
Profit for the period (HK\$'000)	<u>226</u>	<u>128</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share (in '000)	<u>800,000</u>	<u>600,000</u>

The weight average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the capitalisation issue in respect of the Listing had been effective on 1 January 2018.

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares during the three months ended 31 March 2019 and 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

#### Business review

We are a reputable Hong Kong-based human resources services 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 to be employed by our clients generally for positions at all levels, including administrative, executive, managerial and professional. For our secondment and payroll services, we employ suitable candidates that are either sourced by our Group or our clients themselves and second them to our clients. We also assist in providing payroll and other administration services at our clients' requests.

The Group's competitive strengths include (i) we are a reputable human resources services provider in Hong Kong delivering high quality services; (ii) we have well-established business relationships with our clients from diversified industries; (iii) possession of a sizeable pool of candidates registered within our candidate database; and (iv) stable and experienced management team.

The Group's revenue increased by approximately HK\$1,682,000 from approximately HK\$16,872,000 for the three months ended 31 March 2018 to approximately HK\$18,554,000 for the three months ended 31 March 2019. The increase was mainly attributable to the increase in revenue from recruitment services.

During the three months ended 31 March 2019, the Group incurred higher staff costs and other expenses and losses for building our Group's reputation and expanding our office to recruit more recruiters for our recruitment services. As a result, the Group recorded a profit and total comprehensive income of approximately HK\$226,000 for the three months ended 31 March 2019 as compared to a profit and total comprehensive income of approximately HK\$128,000 for the three months ended 31 March 2018.

Though we expect that the coming year should continue to be challenging because of the Sino-US trade war, the Group remains distinctive and alert about the changes of the human resources services industry in Hong Kong, and with the Group's experienced management team and reputation in the market, the Group will continue to sustain our market position and strengthen our competitive edges.

In order to mitigate the potential business risks, the management team will mainly focus on (i) diversifying our lines of services; (ii) expanding our clients base to widen our revenue stream; and (iii) upgrading our software, computer and network systems to ensure top quality performance.

The Group expects to retain a substantial amount of market share and continues to capture market opportunities so as to achieve sustainable business growth.

## **Prospects**

Looking forward, we will ride on the strong clients base and brand awareness in Hong Kong and expand our services to the region.

The Group believes our following distinctive competitive strengths will facilitate the expansion of its market share in the region:

- (i) solid track record of providing recruitment and staffing services to clients in Hong Kong;
- (ii) vast pool of candidates registered within our database which has been built up since 2009;
- (iii) long-term and stable relationship with our major clients, key account approach and strong emphasis on repeat businesses;
- (iv) strong focus on investment and maintenance of the IT system in supporting business operation; and
- (v) stable and experienced management team.

Moving ahead, the Group will adhere to our competitive strengths to further grow our business. We shall also strive to keep up the delivery of our quality services with a commitment to enhance our business performance and to bring better return to our shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by approximately HK\$1,682,000 or 9.97% from approximately HK\$16,872,000 for the three months ended 31 March 2018 to approximately HK\$18,554,000 for the three months ended 31 March 2019, which was principally attributable to the revenue derived from the recruitment services. The Group recorded an increase in revenue under the recruitment services of approximately HK\$1,816,000 or 21.3% from approximately HK\$8,522,000 for the three months ended 31 March 2018 to approximately HK\$10,338,000 for the three months ended 31 March 2019, primarily as a result of increased number of successful placements achieved by the Group and such successful placements were among the placements for the higher candidates' annual remuneration level. However, there was a slight decrease in secondment and payroll services, which had been decreased by HK\$134,000 or 1.6% from approximately HK\$8,350,000 for the three months ended 31 March 2018 to approximately HK\$8,216,000 for the three months ended 31 March 2019. The decrease was mainly attributable to the loss of a client since the second half of 2018. For the three months ended 31 March 2019, the revenue derived from Hong Kong accounted for approximately 95.8% (2018: approximately 95.1%).



## **Staff costs**

Staff costs comprise (i) labour cost associated with deployment of seconded staff for the secondment and payroll services and (ii) salaries and other staff benefits the Group paid to its internal staff for carrying on and in support of its business operation. Seconded staff costs represent the major component of the staff costs. The majority of the internal staff costs are salaries and other staff benefits relating to the consultants for carrying on the recruitment services. For the three months ended 31 March 2019, the staff costs were approximately HK\$14,391,000 (2018: approximately HK\$11,492,000), which accounted for approximately 77.6% (2018: approximately 68.1%) of the revenue. Seconded staff costs for the three months ended 31 March 2019 was approximately HK\$7,368,000 (2018: approximately HK\$7,673,000), representing approximately 51.2% of the total staff costs (2018: approximately 66.8%). Internal staff costs amounted to approximately HK\$7,023,000 for the three months ended 31 March 2019 (2018: approximately HK\$3,819,000), representing approximately 48.8% of the total staff costs (2018: approximately 33.2%).

Staff costs increased by approximately HK\$2,899,000 or 25.2%, from approximately HK\$11,492,000 for the three months ended 31 March 2018 to approximately HK\$14,391,000 for the three months ended 31 March 2019. Such increase was mainly due to the net effect of an increase in internal staff costs by approximately HK\$3,204,000 as a result of the increased number of internal staff for business expansion and a decrease in seconded staff costs of HK\$305,000 due to the loss of a client as aforesaid.

## **Other expenses and losses**

Other expenses and losses increased by approximately HK\$2,052,000 from approximately HK\$1,462,000 for the three months ended 31 March 2018 to approximately HK\$3,514,000 for the three months ended 31 March 2019, which was primarily due to the increase in depreciation, rent and rate arising from the lease of a new office since the fourth quarter 2018; legal and professional fees and listing related expense upon the Listing since October 2018; entertainment, marketing and advertising expenses and software maintenance expenses attributed by the business expansion.

## **Listing expenses**

During the three months ended 31 March 2019, no non-recurring listing expenses was recognised in profit or loss in connection with the Listing.

## **Income tax expense**

Income tax expense decreased by approximately HK\$293,000 or 45.5%, from approximately HK\$644,000 for the three months ended 31 March 2018 to approximately HK\$351,000 for the three months ended 31 March 2019. The decrease was primarily attributable to the decrease in estimated assessable profits from operating subsidiaries (excluding the effect of non-deductible expense item such as listing expenses) and the adoption of the Two-tiered Profits Tax Rates Regime during the three months ended 31 March 2019.

## Profit and total comprehensive income for the period

As a result of the foregoing, profit and total comprehensive income for the period increased by approximately HK\$98,000 or 76.6%, from approximately HK\$128,000 for the three months ended 31 March 2018 to approximately HK\$226,000 for the three months ended 31 March 2019. If the non-recurring listing expenses incurred during the three months ended 31 March 2018 are excluded, the profit and total comprehensive income for the period for the three months ended 31 March 2018 would be approximately HK\$3,116,000, representing a decrease of approximately HK\$2,890,000 or 92.7% as comparing to the result of three months ended 31 March 2019.

## Dividend

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2019.

## 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 2019, 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 Director	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 ( <i>Note 1</i> )	600,000,000	75%
Mr. Chan Ka On Eddie (“Mr. Eddie Chan”)	Interest in a controlled corporation and interest held jointly with another person ( <i>Note 1</i> )	600,000,000	75%
Mr. Chan Ka Shing Jackson (“Mr. Jackson Chan”)	Interest in a controlled corporation and interest held jointly with another person ( <i>Note 1</i> )	600,000,000	75%

*Notes:*

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. 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 2019, the Company had a total of 800,000,000 shares in issue.

Save as disclosed above, as at 31 March 2019, 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 2019, 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 shareholder	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 ( <i>Note 1</i> )	600,000,000	75%
Caiden Holdings Limited	Beneficial owner and interest held jointly with another person ( <i>Note 1</i> )	600,000,000	75%
Mr. Raymond Chow	Interest in a controlled corporation and interest held jointly with another person ( <i>Note 1</i> )	600,000,000	75%

### Notes:

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 2019.

## 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 2019 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 2019.

## **COMPETING INTERESTS**

During the three months ended 31 March 2019, 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 2019.

## **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 2019.

## 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 2019 and has provided advice and comments thereon.

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

Hong Kong, 10 May 2019

*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](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).*