



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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

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 and nine months ended 30 September 2020, together with the unaudited comparative figures for the corresponding periods in 2019 as follows:

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

For the three months and nine months ended 30 September 2020

		Three months ended 30 September		Nine months ended 30 September	
		2020	2019	2020	2019
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	16,374	21,633	49,065	60,875
Other income		194	37	3,144	204
Staff costs		(13,132)	(15,196)	(40,063)	(44,320)
Other expenses and losses		(4,142)	(3,758)	(11,341)	(10,833)
Impairment losses under expected credit loss (“ECL”) model, net of reversal		(58)	(89)	(64)	(184)
Finance costs	4	(32)	(228)	(117)	(631)
(Loss) profit before tax		(796)	2,399	624	5,111
Income tax credit (expense)	5	71	(639)	(20)	(1,684)
(Loss) profit for the period		(725)	1,760	604	3,427
Other comprehensive income (expense)					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of a foreign operation		65	(118)	47	(80)
Total comprehensive (expense) income for the period		(660)	1,642	651	3,347
(Loss) earnings per share					
– basic (<i>Hong Kong cent</i>)	6	(0.09)	0.21	0.08	0.42

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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	–	(8,696)	39,091
Profit for the period	–	–	–	–	3,427	3,427
Other comprehensive expense for the period	–	–	–	(80)	–	(80)
Total comprehensive (expense) income for the period	–	–	–	(80)	3,427	3,347
At 30 September 2019 (unaudited)	<u>8,000</u>	<u>39,738</u>	<u>49</u>	<u>(80)</u>	<u>(5,269)</u>	<u>42,438</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>
Profit for the period	–	–	–	–	604	604
Other comprehensive income for the period	–	–	–	47	–	47
Total comprehensive income for the period	–	–	–	47	604	651
At 30 September 2020 (unaudited)	<u>8,000</u>	<u>39,738</u>	<u>49</u>	<u>(26)</u>	<u>(6,343)</u>	<u>41,418</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

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 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. 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**").

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 PRINCIPAL 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 as well as the applicable disclosure requirements of Chapter 18 of 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 are relevant to the Group's operations 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 nine months ended 30 September 2020.

3. REVENUE

Disaggregation of revenue

	Unaudited			
	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recruitment services				
– Hong Kong	8,125	11,673	28,005	33,455
– The PRC	2,217	1,709	3,947	2,269
	<u>10,342</u>	<u>13,382</u>	<u>31,952</u>	<u>35,724</u>
Secondment and payroll services				
– Hong Kong	5,336	7,750	15,097	23,341
– Macau	696	501	2,016	1,810
	<u>6,032</u>	<u>8,251</u>	<u>17,113</u>	<u>25,151</u>
Total	<u><u>16,374</u></u>	<u><u>21,633</u></u>	<u><u>49,065</u></u>	<u><u>60,875</u></u>

4. FINANCE COSTS

	Unaudited			
	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank borrowing	–	168	–	430
Interest on lease liability	32	60	117	201
	<u>32</u>	<u>228</u>	<u>117</u>	<u>631</u>

5. INCOME TAX (CREDIT) EXPENSE

	Unaudited			
	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong Profits Tax				
– current tax	(71)	639	20	1,684

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 nine months ended 30 September 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.

6. (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		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
(Loss) profit for the period (HK\$'000)	(725)	1,760	604	3,427
Number of shares:				
Weighted average number of ordinary shares for the purpose of the basic (loss) earnings per share (in '000)	800,000	800,000	800,000	800,000

No diluted earnings per share for the three months and nine months ended 30 September 2020 and 2019 were presented as there were no potential ordinary shares in issue during the three months and nine months ended 30 September 2020 and 2019.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Business review

KOS is a leading HR solutions service provider with continuous investment and business expansion strategies in cities within the Greater Bay Area.

During the nine months ended 30 September 2020, the overall trading condition in Hong Kong remained slow and uncertain, while we experienced a continual improvement in mainland China.

During the same period, the Group reported a profit of approximately HK\$604,000, compared to a profit of approximately HK\$3,427,000 for the nine months ended 30 September 2019. The revenue generated from recruitment services recorded a decline of approximately HK\$3,772,000 or 10.6% from approximately HK\$35,724,000 for the nine months ended 30 September 2019 to approximately HK\$31,952,000 for the nine months ended 30 September 2020. The decline was mainly due to a drop in the business and commercial activities of clients in Hong Kong caused by the global spread of COVID-19 and the resulting counter measures. The recruitment service income generated from commercial clients in Hong Kong dropped by approximately HK\$7,030,000 or 27.9% from approximately HK\$25,213,000 for the nine months ended 30 September 2019 to approximately HK\$18,183,000 for the nine months ended 30 September 2020.

The hiring needs of Hong Kong are mainly replacement and/or business re-engineering focused, with recruitment processes lasting for 6–12 months on average. We foresee this pattern continuing for at least two more quarters. Undoubtedly, this will further impact the Group's top line position.

The recruitment teams in Hong Kong will remain agile, focused on service quality, and will adopt effective candidate/client engagement practices to improve activities. The Group will focus on protecting its team of loyal, motivated, and experienced recruitment talent, and firmly believes that we will get through the crisis together with our clients and candidates in Hong Kong.

On a slightly more positive note, we have experienced a steady and constant demand for talent in the financial services (“FS”) and insurance sectors in Hong Kong. The Group has reported an improvement of approximately HK\$1,580,000 or 19.2% for recruitment services income gained from both the FS and insurance sectors from approximately HK\$8,241,000 for the nine months ended 30 September 2019 to approximately HK\$9,821,000 for the nine months ended 30 September 2020. The FS team has continued to focus on front, mid, and back-office roles in the financial services sector; targeting local, Asian-based FS clients and the insurance industry. We will drive productivity in this sector, as well as hire and invest in talent selectively.

The market landscape is completely different across the border. We have seen continual improvement in trading conditions in mainland China, driven by both Hong Kong and PRC-based domestic clients.

For the nine months ended 30 September 2020, the mainland China team generated a revenue growth of approximately HK\$1,678,000 or 74.0% from approximately HK\$2,269,000 for the nine months ended 30 September 2019 to approximately HK\$3,947,000 for the nine months ended 30 September 2020. Headcount also increased from 9 to 14 compared to the corresponding period in 2019.

The Group will continue with our investment in mainland China and focus on:

- hiring, training, and retaining strong and experienced recruitment talent.
- expanding our presence and increasing headcounts in both the Guangzhou and Shenzhen offices.
- diversifying our service offerings and recruitment expertise.
- expanding our clientele to cover both international and local organisations.
- raising brand awareness at the local level.
- fostering relationships with PRC-based business partners.

The mainland China team is well positioned to create medium to long-term revenue growth for the Group.

Based on our earlier decision to re-focus on high-margin recruitment service business, our secondment and payroll team has continued to serve our existing clients and be reactive to new clients' requests through the KOS Staffing and KOS Solutions brands.

From 1 July 2020 to 30 September 2020, they have successfully won several secondment projects and headcount has increased from 110 as at 30 June 2020 to 207 as at 30 September 2020. We will review the trading condition on a quarter-by-quarter basis and decide when to put resources and investment back into this line of services.

The Group has implemented several efficient and timely debt collection practices, which are vital during a downturn. As a result, days sales outstanding has improved significantly from 69 days as at 30 September 2019 to 45 days as at 30 September 2020. Maintaining strong liquidity and operating cashflow positions will be the Group's ongoing business strategy.

Future outlook and strategies

For the remainder of 2020, the Group will continue to:

- closely monitor the business performance and operations of the teams in Hong Kong, as well as ensure that we will be able to react more quickly to changing market conditions and capitalise on market share opportunities.
- expand in the mainland China market by raising brand awareness, aggressively growing headcount, and diversifying our services offerings.
- maintain sound liquidity and cashflow management practices.

Our management team has solid experience of economic cycles, thereby allowing our people to combat the current challenges with better agility.

There is no doubt that 2020 has been a huge challenge and the management team has had to make a lot of decisive decisions in order to react to the changing market conditions. However, we have stayed focused on the long-term vision of the Group and will continue to drive towards our strategic goals.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$11,810,000 or 19.4% from approximately HK\$60,875,000 for the nine months ended 30 September 2019 to approximately HK\$49,065,000 for the nine months ended 30 September 2020. Such decrease was primarily due to the decrease in revenue derived from both the recruitment services and secondment and payrolls services.

The revenue derived from recruitment services decreased by approximately HK\$3,772,000 or 10.6% from approximately HK\$35,724,000 for the nine months ended 30 September 2019 to approximately HK\$31,952,000 for the nine months ended 30 September 2020, primarily as a result of decreased number of successful placements under the overall unpropitious recruitment environment.

There was a significant decrease in secondment and payroll services, which had been decreased by approximately HK\$8,038,000 or 32.0% from approximately HK\$25,151,000 for the nine months ended 30 September 2019 to approximately HK\$17,113,000 for the nine months ended 30 September 2020. The decrease was mainly attributable to the on-going of the novel coronavirus 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 nine months ended 30 September 2020, the revenue derived from Hong Kong accounted for approximately 87.9% (2019: approximately 93.3%).

Other income

Other income increased by approximately HK\$2,940,000 from approximately HK\$204,000 for the nine months ended 30 September 2019 to approximately HK\$3,144,000 for the nine months ended 30 September 2020, which was primarily due to the government subsidies of approximately HK\$3,079,000 recognised in the nine months ended 30 September 2020 under the Employment Support Scheme and other subsidies under the Government's Anti-epidemic Fund in Hong Kong and Macau.

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. 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 nine months ended 30 September 2020, the staff costs were approximately HK\$40,063,000 (2019: approximately HK\$44,320,000), which accounted for approximately 81.7% (2019: approximately 72.8%) of the revenue. Seconded staff costs for the nine months ended 30 September 2020 was approximately HK\$15,462,000 (2019: approximately HK\$22,743,000), representing approximately 38.6% (2019: approximately 51.3%) of the total staff costs. Internal staff costs amounted to approximately HK\$24,601,000 for the nine months ended 30 September 2020 (2019: approximately HK\$21,577,000), representing approximately 61.4% (2019: approximately 48.7%) of the total staff costs.

Staff costs decreased by approximately HK\$4,257,000 or 9.6% from approximately HK\$44,320,000 for the nine months ended 30 September 2019 to approximately HK\$40,063,000 for the nine months ended 30 September 2020. Such decrease was mainly due to the decrease in secondment staff costs by approximately HK\$7,281,000 as a result of the decreased number of secondment project under the overall unpropitious recruitment environment in the on-going of the novel coronavirus epidemic.

Other expenses and losses

Other expenses and losses increased by approximately HK\$508,000 from approximately HK\$10,833,000 for the nine months ended 30 September 2019 to approximately HK\$11,341,000 for the nine months ended 30 September 2020, which was primarily due to the increase in office supply expenses arising from the outbreak of the COVID-19 epidemic; marketing and membership fee, entertainment and rent and rate expenses attributed by the business expansion.

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.

Income tax expense

Income tax expense decreased by approximately HK\$1,664,000 or 98.8%, from approximately HK\$1,684,000 for the nine months ended 30 September 2019 to approximately HK\$20,000 for the nine months ended 30 September 2020. The decrease was primarily attributable to the decrease in estimated assessable profits from operating subsidiaries.

Profit and total comprehensive income for the period

As a result of the foregoing, profit and total comprehensive income for the period decreased by approximately HK\$2,696,000 or 80.5%, from approximately HK\$3,347,000 for the nine months ended 30 September 2019 to approximately HK\$651,000 for the nine months ended 30 September 2020. If the government subsidies under the Government's Anti-epidemic Fund in Hong Kong and Macau are excluded, the Group would have recorded a net loss for the nine months ended 30 September 2020 of approximately HK\$2,428,000 as compared to a net profit of approximately HK\$3,347,000 for the nine months ended 30 September 2019, representing a decrease of approximately HK\$5,775,000.

Dividend

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 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 30 September 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 Director	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Mr. Kevin Chan	Interest in a controlled corporation and interest held jointly with another person (Note 1)	600,000,000	75%
Mr. Eddie Chan	Interest in a controlled corporation and interest held jointly with another person (Note 1)	600,000,000	75%
Mr. Jackson Chan	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, 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.

Save as disclosed above, as at 30 September 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 30 September 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 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%

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 30 September 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, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme and there was no share option outstanding as at 30 September 2020.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the nine months ended 30 September 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 nine months ended 30 September 2020.

COMPETING INTERESTS

During the nine months ended 30 September 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 Rule 6A.32 of the GEM Listing Rules.

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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 November 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.