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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 IN RELATION TO THE TENANCY AGREEMENT FOR LEASING OF OFFICE PREMISES

THE TENANCY AGREEMENT

The Board is pleased to announce that, on 5 May 2021 (after trading hours), KOS International Limited (an indirect wholly-owned subsidiary of the Company) as Tenant entered into the Tenancy Agreement with the Landlord (an Independent Third Party) for renewing the tenancy of the Premises for a term of three years, commencing from 1 September 2021 to 31 August 2024 (both days inclusive), where the Group's headquarters is located.

GEM LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 "Leases", the Company will recognise a right-of-use asset on its consolidated statement of financial position in connection with the renewal of the tenancy of the Premises under the Tenancy Agreement. Accordingly, the transaction contemplated under the Tenancy Agreement will be regarded as an acquisition of asset by the Group in accordance with Rule 19.04(1)(a) of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the value of the right-of-use of the Premises under the Tenancy Agreement exceeds 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements but is exempted from the shareholders' approval requirement.

A. INTRODUCTION

The Board is pleased to announce that, on 5 May 2021 (after trading hours), KOS International Limited (an indirect wholly-owned subsidiary of the Company) as Tenant entered into the Tenancy agreement with the Landlord (an Independent Third Party) for renewing the tenancy of the Premises for a term of three years, commencing from 1 September 2021 to 31 August 2024 (both days inclusive), where the Group's headquarters is located.

B. KEY TERMS OF THE TENANCY AGREEMENT

Date: 5 May 2021

Parties: (1) KOS International Limited (an indirect wholly-owned subsidiary of the Company) as the Tenant; and

(2) Harbour City Estates Limited as the Landlord

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Landlord and its ultimate beneficial owner(s) are Independent Third Parties.

Term: 3 years commencing from 1 September 2021 to 31 August 2024 (both days inclusive)

Premises: Suites 610–11, 6/F., Ocean Centre, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong

Rent: Monthly rental of HK\$180,219 for the first two rental years; and monthly rental of HK\$203,324 for the third rental year

Rates: Subject to government assessment from time to time

Management fee: Monthly fee of HK\$18,252.95 (subject to review from time to time)

Air-conditioning charge: Monthly fee of HK\$18,484.00 (subject to review from time to time)

Deposit payable: HK\$749,882.85

Pursuant to the terms of the Tenancy Agreement, the Company shall pay the lease payment on monthly basis by internal resources.

C. GEM LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 “Leases”, the Company will recognise a right-of-use asset on its consolidated statement of financial position in connection with the renewal of the tenancy of the Premises under the Tenancy Agreement. Accordingly, the transaction contemplated under the Tenancy Agreement will be regarded as an acquisition of asset by the Group in accordance with Rule 19.04(1)(a) of the GEM Listing Rules.

Based on preliminary estimation of the Company, the value of the right-of-use asset to be recognised by the Company under the Tenancy Agreement shall amount to approximately HK\$6,443,000, which is the present value of aggregate lease payments in accordance with HKFRS 16.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the value of the right-of-use of the Premises under the Tenancy Agreement exceeds 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements but is exempted from the shareholders’ approval requirement.

D. REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENT

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 PRC. The Group has been leasing the Premises as the headquarters and principal place of business since September 2018 and intends to continue the lease after expiry of the Previous Tenancy Agreement. The Directors are of the view that renewal of the tenancy of the Premises under the Tenancy Agreement will enable the Group to continue its operation of business and save time and expenses for relocation of office.

In addition, the terms (including the rent, management fee and air-conditioning charge) of the Tenancy Agreement were determined after arm’s length negotiations between the parties and with reference to the prevailing market rent of comparable office properties in the vicinity of the Premises and the rental payment made by the Group under the Previous Tenancy Agreement. The Directors consider that the terms of the Tenancy Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

E. INFORMATION OF THE PARTIES

KOS International Limited is an indirect wholly-owned subsidiary of the Company and is a limited liability company incorporated in Hong Kong, which is primarily engaged in providing recruitment services and secondment and payroll services in Hong Kong.

Harbour City Estates Limited is a limited liability company incorporated in Hong Kong, which is primarily engaged in property investment. It is an indirectly wholly-owned subsidiary of Wharf Real Estate Investment Company Limited, a company listed on the Stock Exchange (stock code: 1997).

F. DEFINITIONS

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

“Board”	the board of Directors
“Company”	KOS International Holdings Limited, a company incorporated with limited liability in the Cayman Islands and, the shares of which are listed on GEM of the Stock Exchange (Stock code: 8042)
“Directors”	the directors of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party independent of and not connected with the Company and its connected persons
“Landlord”	Harbour City Estates Limited, a company incorporated in Hong Kong with limited liability
“PRC”	the People’s Republic of China
“Premises”	Suites 610–11, 6/F., Ocean Centre, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong

“Previous Tenancy Agreement”	the tenancy agreement dated 3 October 2018 entered into between the Tenant and the Landlord in relation to the Premises which will expire on 31 August 2021
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement entered into between the Tenant and the Landlord on 5 May 2021 in respect of the Premises
“Tenant”	KOS International Limited, an indirect wholly-owned subsidiary of the Company

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

Hong Kong, 12 May 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 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.