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hosa

HOSA INTERNATIONAL LIMITED

浩沙國際有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02200)

**PROGRESS OF FULFILMENT OF RESUMPTION CONDITIONS
AND
RESIGNATION OF AUDITOR
AND
DELAY IN PUBLICATION OF FINAL RESULTS FOR
THE YEAR ENDING 31 DECEMBER 2018
AND
DELAY IN DESPATCH OF 2018 ANNUAL REPORT**

This announcement is made by Hosa International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.24A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to (i) the announcement of the Company dated 13 August 2018 in relation to the appointment of independent investigator, (ii) the announcement dated 3 September 2018 regarding the delay in publication of interim result of the Company for the six months ended 30 June 2018 and (iii) the announcement dated 26 November 2018 in relation to the conditions for the resumption of trading in the shares of the Company (the “**Resumption Conditions**”).

UPDATE ON PROGRESS OF INDEPENDENT INVESTIGATION AND THE CLARIFICATION ANNOUNCEMENT

As previously announced, an independent investigation will be conducted in order to address the Allegation contained in the Report, the Board is in the course of seeking and considering an appropriate independent investigator and finalising the scope of investigation, the independent investigation will be carried out as soon as practicable. The investigation is expected to be completed on or before 30 June 2019. The Company will keep shareholders and public informed of the latest development by making further announcement(s) as and when appropriate.

In views of the Allegation made in the Report, the Company has established a special committee comprising all independent non-executive directors of the Company and has conducted an internal review. Also, as requested by the Stock Exchange, a clarification announcement will be published as soon as practicable in order to meet the Resumption Conditions.

UPDATE ON PROGRESS OF THE OUTSTANDING FINANCIAL RESULTS OF THE COMPANY

The Company is in the course of preparing the 2018 Interim Results and the 2018 Interim Report which will be made as soon as practicable.

The reason of the delay is due to the resignation of the chief financial officer of the Company and the independent non-executive directors who has financial qualification. Their resignations have affected the release of the interim result of the Company.

The Company is endeavoring to identify a suitable candidate, who has professional financial qualification, to act as the new independent non-executive director of the Company to fill the vacancy on or before 30 June 2019. The publication of the 2018 Interim Results and 2018 Interim Report will be published as soon as practicable upon (i) the completion of the independent investigation and (ii) the appointment of the new independent non-executive director.

The Company will publish further announcement in due course to inform the Shareholder in relation to the release and despatch of the 2018 Interim Results and 2018 Interim Report.

RESIGNATION OF AUDITOR

The Company announces that on 17 December 2018, the Board and its audit committee received a letter from KPMG tendering its resignation as the auditor of the Company with immediate effect (the “**Resignation of the Auditor**”).

As stated in its resignation letter, due to (i) limited progress (a) in the independent investigation relating to the allegations in the report issued by the Bonitas Research on 11 July 2018 (“**the Report**”) and (b) the provision of the Group’s consolidated financial statements for the six months ended 30 June 2018; (ii) the vacancies arising from the resignation of the chief financial officer and independent non-executive director of the Company have not been filled as at the date of this announcement and (iii) in the absence of an independent investigation that sufficiently and appropriately addresses each of the matters identified in the Report, an effective internal control over financial reporting with replacement of senior and experienced personnel, and a clear timeline to resolve these outstanding matters, KPMG decided to cease to act as the Company’s auditor as they are unable to proceed with the interim review for the period ended 30 June 2018 and the audit for the year ending 31 December 2018.

KPMG has confirmed that, apart from the reasons as mentioned above, there are no circumstances that it considered should be brought to the attention of the shareholders of the Company.

The Board also confirmed that save as the reasons disclosed above, it is not aware of any other matters in respect of or arising from the Resignation of the Auditor that need to be brought to the attention of the shareholders and creditors of the Company.

The Board would like to take this opportunity to express its sincere gratitude to KPMG for its professional services rendered to the Group during the past period.

The Company is seeking a new audit firm to act as its auditor and will keep the shareholders and creditors of the Company informed once an appointment is made.

DELAY IN PUBLICATION OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018 AND DELAY IN DESPATCH OF 2018 ANNUAL REPORT

Pursuant to Rule 13.49(1) of the Listing Rules, the Company is required to publish an announcement in relation to the final results of the Group for the year ending 31 December 2018 (the “**2018 Annual Results**”) not later than three months after the end of the financial year of the Company (i.e on or before 31 March 2019).

As disclosed in above, (i) KPMG has ceased to act as the auditor of the Company and extra time will be required for the Company to engage a new auditor to fill the vacancy arising from the resignation of KPMG and (ii) pending the completion of the independent investigation, the Board wishes to inform that the publication of the 2018 Annual Results will be published upon the completion of the investigation and is expected to be published on or before 30 June 2019.

Pursuant to Rule 13.46(2) of the Listing Rules, the Company is required to despatch its annual report for the year ended 31 December 2018 (the “**2018 Annual Report**”) to the shareholders not more than four months after the end of the financial year (i.e on or before 30 April 2019). Due to the delay in the publication of the 2018 Annual Results, it is expected that there may be a possible delay in the despatch of the 2018 Annual Report.

The Board acknowledges that the delay in the publication of the 2018 Annual Results and the possible delay in the despatch of the 2018 Annual Report, if materialised, constitute non-compliance with Rules 13.49(1) and 13.46(2)(a) of the Listing Rules, respectively. The Company will publish further announcement(s) to inform the Shareholders of the date of despatch of the 2018 Annual Report as and when appropriate.

BUSINESS UPDATE

The Group designs and produces a wide range of sportswear products, including swimwear, fitness wear, sports underwear and accessories, which focuses its business in the market of China. The Group operates a wide range of sales coverage to China’s second- and third-tier cities.

As at the date of this announcement, the day-to-day operations of the Group have not been affected by the Allegation or the suspension of trading. The Group continues its business operations in ordinary forms and manners.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the shares of the Company has been suspended since 3 September 2018 and will continue to be suspended pending fulfilment of the Resumption Conditions. The Company is also taking appropriate actions to fulfil all other Resumption Conditions and towards the resumption of trading in the shares as soon as possible.

The Board will keep shareholders and the public updated of the results of the independent investigation and the fulfilment progress on other Resumption Conditions as and when appropriate and at least on a quarterly basis.

By order of the Board
Hosa International Limited
Shi Hongliu
Chairman

Hong Kong, 18 December 2018

As at the date of this announcement, the executive directors are Mr. Shi Hongliu, Mr. Shi Hongyan and Mr. Shi Zhixiong, and the independent non-executive directors are Mr. Yao Ge and Mr. He Wenyi.