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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 IN THE PRC

THE TENANCY AGREEMENT

The Board is pleased to announce that, on 17 December 2021 (after trading hours), KOS Shenzhen (an indirect wholly-owned subsidiary of the Company) as Tenant entered into the Tenancy Agreement with the Landlord (an Independent Third Party) for the tenancy of the Premises for a term of three years, commencing from 1 March 2022 to 28 February 2025 (both days inclusive). The Group will use the Premises as its office premises for its operation in the PRC.

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 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.

INTRODUCTION

The Board is pleased to announce that, on 17 December 2021 (after trading hours), KOS Shenzhen (an indirect wholly-owned subsidiary of the Company) as Tenant entered into the Tenancy Agreement with the Landlord (an Independent Third Party) for the tenancy of the Premises for a term of three years, commencing from 1 March 2022 to 28 February 2025 (both days inclusive). The Group will use the Premises as its office premises for its operation in the PRC.

KEY TERMS OF THE TENANCY AGREEMENT

Date:	17 December 2021
Parties:	(1) KOS Shenzhen (an indirect wholly-owned subsidiary of the Company) as the Tenant; and (2) Vision Shenzhen as the Landlord
	To the best knowledge of the Directors, after making all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties
Term:	Three years commencing from 1 March 2022 to 28 February 2025 (both days inclusive)
Premises:	Unit 1502, 15/F, Tower A, Gemdale Viseen Tower, 10 South High-tech Zone, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, the PRC (深圳市南山區粵海街道高新南十道金地威新中心A座15樓1502單元)
Area:	461.37 sq.m.
Rent:	RMB83,507.97 per month, including value-added tax
Management fee:	RMB16,147.95 per month, including value-added tax (subject to review from time to time)
Deposit payable:	RMB315,116 (including rental deposits, deposits for management fees and utilities fees)

The Group shall pay the lease payment by its internal resources.

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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 RMB2,705,152, 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.

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 is currently leasing its office premises for its operation in the PRC since May 2021 and such lease will expire on 30 April 2022 and the Group does not intend to renew the current lease. In evaluating the leasing of the Premises as a new office, the Directors had considered that the Premises is located in a well-developed central business district in Shenzhen, the PRC. Furthermore, the continuous growth of the Group’s recruitment services revenue generated from the PRC and its plan to further expand its operation and explore business opportunities in the PRC and increase in headcount justify the need to lease the Premises.

In addition, the terms (including the rent, management fee and utilities fees) 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. 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.

INFORMATION OF KOS SHENZHEN

KOS Shenzhen is an indirect wholly-owned subsidiary of the Company and is a limited liability company established in the PRC, which is primarily engaged in the provision of recruitment services in the PRC.

INFORMATION OF VISION SHENZHEN

Vision Shenzhen is a limited liability company established in the PRC, which is primarily engaged in the development of business park and investment in the PRC. Shenzhen Weixin is an indirectly wholly-owned subsidiary of Gemdale Properties and Investment Corporation Limited, the shares of which are listed on the Stock Exchange (stock code: 535).

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, 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”	GEM operated by the Stock Exchange
“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
“KOS Shenzhen”	KOS Business Consulting (Shenzhen) Limited (高奧士人力資源服務(深圳)有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Landlord”	Shenzhen Weixin
“PRC”	People’s Republic of China

“Premises”	Unit 1502, 15/F, Tower A, Gemdale Viseen Tower, 10 South High-tech Zone, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, the PRC (深圳市南山區粵海街道高新南十道金地威新中心A座15樓1502單元)
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement entered into between the Tenant and the Landlord on 17 December 2021 in respect of the Premises
“Tenant”	KOS Shenzhen
“Vision Shenzhen”	Vision (Shenzhen) Software Technology Co., Ltd (深圳威新軟件科技有限公司), a limited liability company established in the PRC

In this announcement, the English names of certain PRC entities are translation of their Chinese names and included for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

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

Hong Kong, 17 December 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. Poon Kai Kin, Dr. Lau Kin Shing Charles and Mr. Cheung Wang Kei Wayne.

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.