

# KOS

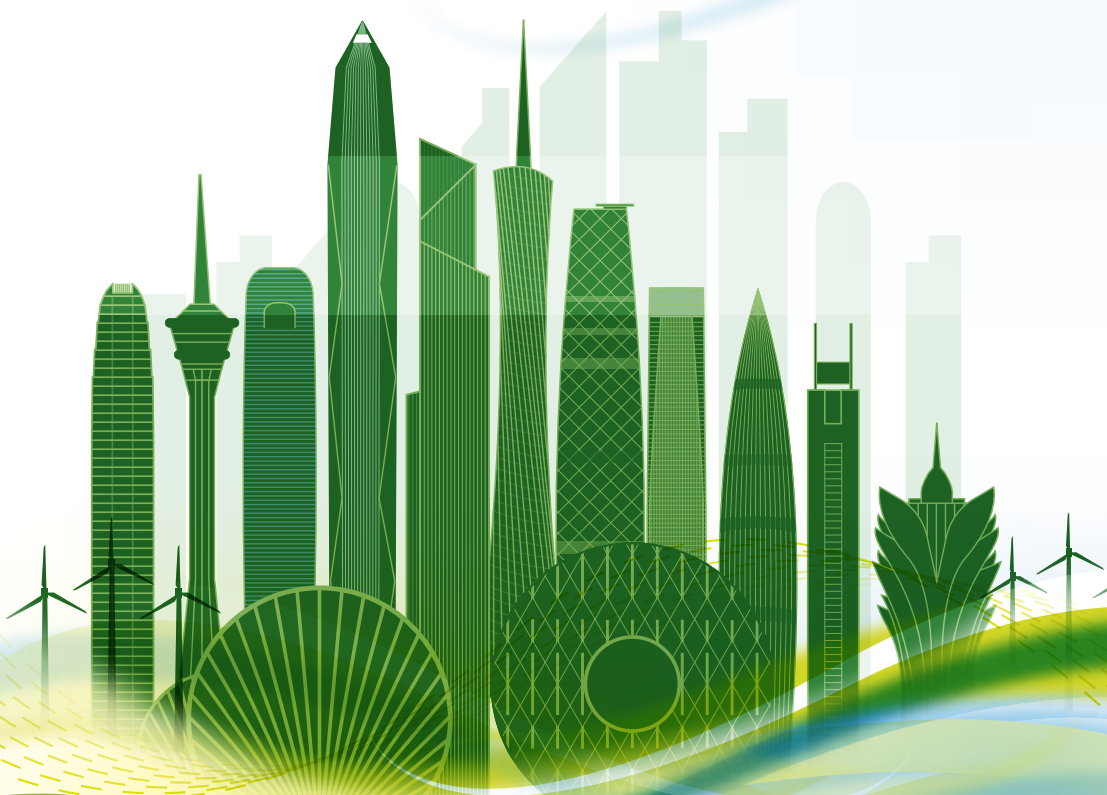
Knowledge \ Opportunity \ Synergy

## 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



# 2023

INTERIM REPORT

## **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 report, 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 report 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 report misleading.*

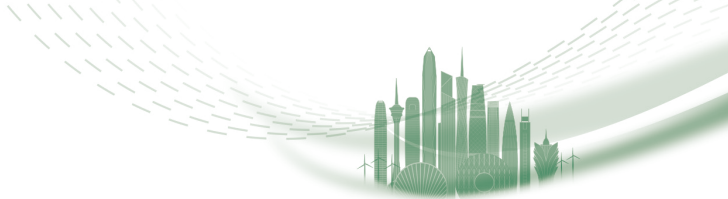
## RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months and six months ended 30 June 2023, together with the unaudited comparative figures for the corresponding periods in 2022 as follows:

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

For the three months and six months ended 30 June 2023

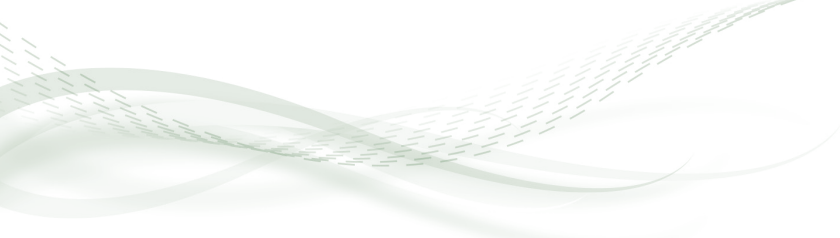
	Notes	Three months ended 30 June		Six months ended 30 June	
		2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	35,383	32,525	66,474	61,775
Other income		74	827	338	855
Staff costs		(26,421)	(19,656)	(50,811)	(37,499)
Other expenses and losses		(6,506)	(4,809)	(13,732)	(10,133)
Other gains and losses		(119)	(198)	(251)	(592)
Impairment losses under expected credit loss (“ <b>ECL</b> ”) model, net of reversal		18	31	(21)	(101)
Finance costs	4	(84)	(112)	(169)	(184)
<b>Profit before taxation</b>		<b>2,345</b>	<b>8,608</b>	<b>1,828</b>	<b>14,121</b>
Income tax expense	5	(503)	(1,172)	(701)	(1,743)
Profit for the period		1,842	7,436	1,127	12,378
Other comprehensive expenses					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(413)	(405)	(315)	(362)
<b>Total comprehensive income for the period</b>		<b>1,429</b>	<b>7,031</b>	<b>812</b>	<b>12,016</b>
<b>Earnings per share</b>					
– basic and diluted					
(Hong Kong cent)	6	0.23	0.93	0.14	1.55



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		Unaudited 30 June 2023	Audited 31 December 2022
	Notes	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	4,766	5,322
Right-of-use assets	8	5,380	7,002
Other intangible asset		980	980
Rental deposits	9	1,276	1,185
Equity instrument at fair value through other comprehensive income ("FVTOCI")		1,556	1,556
		<b>13,958</b>	<b>16,045</b>
<b>Current assets</b>			
Accounts and other receivables	9	26,210	28,300
Tax recoverable		21	44
Financial assets at fair value through profit or loss ("FVTPL")	10	698	949
Pledged bank deposits		3,600	3,600
Bank balances and cash		41,805	42,734
		<b>72,334</b>	<b>75,627</b>
<b>Current liabilities</b>			
Other payables and accruals	11	5,450	10,742
Contract liability	11	725	258
Lease liabilities		4,314	3,819
Taxation payable		1,203	1,035
Bank overdraft	12	5,961	5,996
		<b>17,653</b>	<b>21,850</b>
<b>Net current assets</b>		<b>54,681</b>	<b>53,777</b>



	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2023</b>	2022
<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Non-current liabilities		
Lease liabilities	1,238	3,285
Deferred tax liability	299	299
Provision for reinstatement costs	483	431
	<b>2,020</b>	<b>4,015</b>
Net assets	<b>66,619</b>	<b>65,807</b>
Capital and reserves		
Share capital	8,000	8,000
Reserves	58,619	57,807
Total equity	<b>66,619</b>	<b>65,807</b>



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2022 (audited)	8,000	39,738	49	10	240	4,230	52,267
Profit for the period	-	-	-	-	-	12,378	12,378
Transfer to statutory reserve	-	-	-	131	-	(131)	-
Other comprehensive expenses for the period	-	-	-	-	(362)	-	(362)
Total comprehensive income for the period	-	-	-	131	(362)	12,247	12,016
At 30 June 2022 (unaudited)	8,000	39,738	49	141	(122)	16,477	64,283
At 1 January 2023 (audited)	8,000	39,738	49	14	(267)	18,273	65,807
Profit for the period	-	-	-	-	-	1,127	1,127
Transfer to statutory reserve	-	-	-	14	-	(14)	-
Other comprehensive expenses for the period	-	-	-	-	(315)	-	(315)
Total comprehensive income for the period	-	-	-	14	(315)	1,113	812
At 30 June 2023 (unaudited)	8,000	39,738	49	28	(582)	19,386	66,619

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Net cash generated from operating activities	1,940	5,424
Investing activities		
Purchase of property, plant and equipment	(775)	(1,666)
Payment for rental deposit	(118)	(504)
Interest received	220	21
Net cash used in investing activities	(673)	(2,149)
Financing activities		
Interest paid on bank borrowing	(31)	(18)
Repayment of lease liabilities	(1,887)	(1,336)
Interest paid on lease liabilities	(128)	(161)
Interest paid	(10)	(5)
Net cash used in financing activities	(2,056)	(1,520)
Net (decrease) increase in cash and cash equivalents	(789)	1,755
Cash and cash equivalents at beginning of the period	36,738	36,802
Effect of foreign exchange rate changes	(105)	10
Cash and cash equivalents at end of the period	35,844	38,567
Analysis of balances of cash and cash equivalents		
Bank balances and cash	41,805	44,551
Bank overdraft	(5,961)	(5,984)
	35,844	38,567



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2023*

### 1. GENERAL

The Company was incorporated in the Cayman Islands with limited liability under the Companies Act, (2021 Revision) of Cayman Islands. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited 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, the Mainland of People's Republic of China (the "**PRC**") and Singapore.

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.



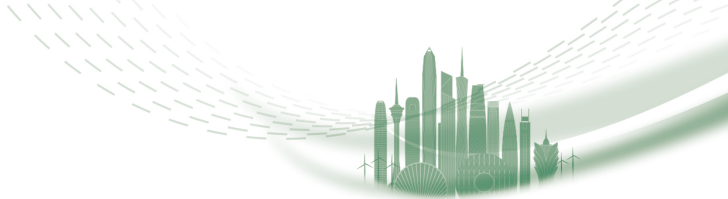


## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, and in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as with 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 2022 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 2022, the application of the new and amendments to Hong Kong Financial Reporting Standards in the current period has had no material impact on the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2023 and/or on the disclosures set out in these condensed consolidated financial statements.



### 3. REVENUE AND SEGMENT INFORMATION

#### Disaggregation of revenue

	Unaudited			
	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Recruitment services				
– Hong Kong	17,861	19,155	34,750	35,624
– The PRC	4,895	7,175	8,425	14,641
– Singapore	127	–	127	–
	22,883	26,330	43,302	50,265
Secondment and payroll services				
– Hong Kong	11,733	5,547	21,725	10,309
– Macau	767	648	1,447	1,201
	12,500	6,195	23,172	11,510
Total	35,383	32,525	66,474	61,775

#### Segment information

The Group's operating segment is determined based on information reported to the chief operating decision maker of the Group (the executive directors of the Company) for the purpose of resource allocation and performance assessment. For management purpose, the Group operates in one business unit based on their services, and only has one operating segment, human resource services operation. The chief operating decision maker reviews the revenue and results of the Group as a whole without further discrete financial information.

Accordingly, no analysis of this single operating and reportable segment is presented.

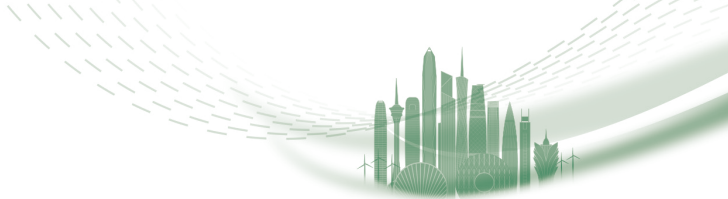
The majority of the Group's revenue is generated from Hong Kong, and majority of non-current assets are located in Hong Kong.

#### Information about major customers

None of the corresponding revenue from customers contributed over 10% of the total revenue of the Group for the six months ended 30 June 2023 and 30 June 2022.

#### 4. FINANCE COSTS

	Unaudited			
	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Interest on lease liabilities	62	106	128	161
Interest on bank overdraft	19	3	31	18
Interest on provision for reinstatement costs	3	3	10	5
	84	112	169	184



## 5. INCOME TAX EXPENSE

	Unaudited			
	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
– Hong Kong Profits Tax	503	1,280	701	1,823
– The PRC Enterprise Income Tax (the “EIT”)	–	(12)	–	16
Overprovision – EIT in prior year	–	(96)	–	(96)
<b>Total</b>	<b>503</b>	<b>1,172</b>	<b>701</b>	<b>1,743</b>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2023 and 2022.

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, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Macao Complementary Tax is calculated at 12% of the estimated assessable profits exceeding Macao Pataca (“MOP”) 600,000 for each of the six months ended 30 June 2023 and 2022. No provision of Macao 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 Mainland China subsidiary is 25% for the six months ended 30 June 2022. No provision for EIT is made for the six months ended 30 June 2023 as the Group has no assessable profit arising in the Mainland China or the assessable profits are wholly absorbed by tax losses brought forward from prior years.

## 6. 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 30 June		Six months ended 30 June	
	2023	2022	2023	2022
Profit for the period (HK\$'000)	1,842	7,436	1,127	12,378
Number of shares:				
Weighted average number of ordinary shares for the purpose of the basic earnings per share (in '000)	800,000	800,000	800,000	800,000

No diluted earnings per share for the three months and six months ended 30 June 2023 and 2022 were presented as there were no potential ordinary shares in issue during the three months and six months ended 30 June 2023 and 2022.

## 7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

## 8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

### Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK\$775,000 (six months ended 30 June 2022: approximately HK\$1,666,000).

The Group had no significant commitments for the purchase of property, plant and equipment as at 30 June 2023 and 31 December 2022.



### Right-of-use assets

On 29 April 2022, the Group entered into a new lease agreement for the use of office premises located in Hong Kong for a term commencing from 14 April 2022 to 31 August 2024 (both days inclusive). The Group is required to make fixed monthly payments. On lease commencement, the Group recognised approximately HK\$1,751,000 of right-of-use asset and approximately HK\$1,638,000 lease liability.

On 17 May 2023, the Group entered into a new lease agreement for the use of office premises located in Hong Kong for a term commencing from 2 May 2023 to 31 August 2024 (both days inclusive). The Group is required to make fixed monthly payments. On lease commencement, the Group recognised approximately HK\$462,000 of right-of-use asset and approximately HK\$409,000 lease liability.

## 9. ACCOUNTS AND OTHER RECEIVABLES AND RENTAL DEPOSITS

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Accounts receivables	23,520	25,294
Less: Allowance for ECL	(960)	(939)
	22,560	24,355
Other receivables		
– Prepayments	1,354	1,807
– Rental and utility deposits	1,966	1,425
– Others	1,606	1,898
Total accounts and other receivables	27,486	29,485
Less: Receivables within twelve months shown under current assets	(26,210)	(28,300)
Rental deposits shown under non-current assets	1,276	1,185

Generally, the Group allows a credit period of not more than 60 days to its customers.

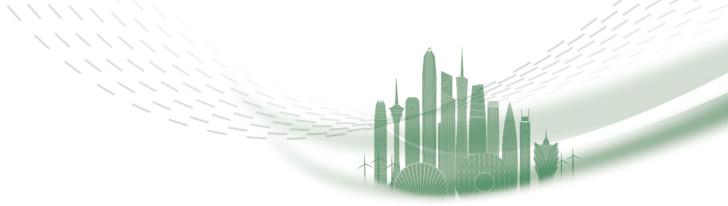
The following is an ageing analysis of accounts receivables presented based on the revenue recognition date at the end of the reporting period.

	<b>Unaudited 30 June 2023</b>	Audited 31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	14,740	9,500
31 to 60 days	3,612	3,506
61 to 90 days	1,298	1,940
91 to 180 days	892	5,546
Over 180 days	2,018	3,863
	<b>22,560</b>	<b>24,355</b>

#### 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>Unaudited 30 June 2023</b>	Audited 31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong listed equity securities held for trading	698	949

The fair values of listed securities are based on the bid prices quoted in active markets in Hong Kong.



**11. OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITY**

	<b>Unaudited 30 June 2023</b>	Audited 31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other payables	1,774	943
Accrued expenses	1,144	1,414
Accrued payroll expenses	2,532	8,385
	<b>5,450</b>	<b>10,742</b>

	<b>Unaudited 30 June 2023</b>	Audited 31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Contract liability</b>		
Secondment and payroll services	725	258

**12. BANK OVERDRAFT**

	<b>Unaudited 30 June 2023</b>	Audited 31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank overdraft, secured	5,961	5,996

The secured bank overdraft is interest-bearing at Hong Kong Dollar Prime Rate minus 0.5% per annum.

**13. CONTINGENT LIABILITIES**

As at 30 June 2023, the Group did not have any significant contingent liabilities (31 December 2022: Nil).



#### 14. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

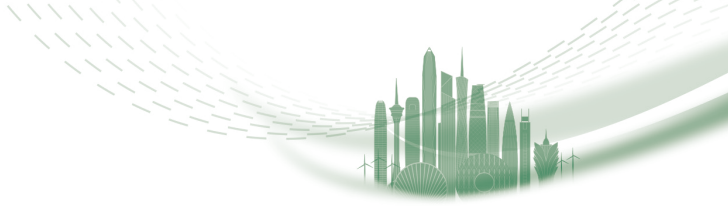
In estimating the fair value, the Group uses market-observable data to the extent it is available. For the instrument with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation.

##### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at			Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)	Significant unobservable input(s)
	Unaudited	Audited				
	30 June 2023	31 December 2022				
	HK\$'000	HK\$'000				
1. Listed equity securities classified as equity instruments at FVTPL	698	949	Level 1	The fair value of the equity securities is estimated by the price quotation available on the Hong Kong Stock Exchange	N/A	
2. Unlisted equity investment classified as equity instrument at FVTOCI	1,556	1,556	Level 3	Market comparison approach. Use of the most reasonable and available multiples	Price to sales ratio of comparable multiple in range of 2.99 times to 3.50 times and risk adjustments for lack of marketability (Note)	

*Note:* The higher the multiples, the higher the fair value of unlisted equity securities. The higher the risk adjustments, the lower the fair value of unlisted equity securities. A reasonably possible change in the unobservable input would result in a significant higher or lower fair value measurement.



There were no transfers between Level 1 and Level 2 and no transfer into or out of Level 3 for value measurements for the six months ended 30 June 2023 and year ended 31 December 2022.

**Reconciliation of Level 3 fair value measurement of financial asset**

	<b>Unlisted equity investment classified as equity instrument at FVTOCI</b> <i>HK\$'000</i>
At 1 January 2022 and 30 June 2022 (unaudited)	1,556
At 1 January 2023 and 30 June 2023 (unaudited)	<b>1,556</b>

Except for the financial assets that are measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

**15. RELATED PARTY TRANSACTIONS**

**Compensation of key management personnel**

The remuneration of Directors and other member of key management is as follows:

	<b>Unaudited</b>			
	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2023</b> <i>HK\$'000</i>	<b>2022</b> <i>HK\$'000</i>	<b>2023</b> <i>HK\$'000</i>	<b>2022</b> <i>HK\$'000</i>
Short-term benefits	2,298	2,206	4,088	3,388
Post-employment benefits	18	18	36	36
	<b>2,316</b>	<b>2,224</b>	<b>4,124</b>	<b>3,424</b>



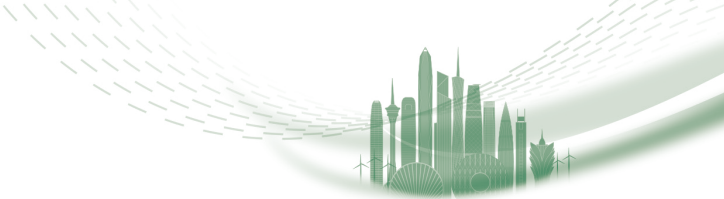
## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

#### Business review

KOS International is a leading human resources (“HR”) service provider that is based in Hong Kong. We believe that hiring the right people is key to the success of every company. As such, we provide impeccable recruitment services to our clients by placing high-calibre candidates that are most suitable for our clients’ vacancies. Together with our secondment and payroll services, we extend beyond job placements by providing complete HR solutions for our clients. We have already established offices in Hong Kong, Shenzhen, and Guangzhou, and have recently set up an office in Singapore. With the vision of becoming the leading HR service provider in Hong Kong, Mainland China and Southeast Asia, we will continue to grow and expand our team. In addition to the Greater Bay Area (“GBA”), we aim to expand our footprint in other regions of China as well as Southeast Asia in the future.

Although the economy has improved in the first six months of 2023, the Group is still facing various challenges in the recruitment industry especially in the Mainland China. The Mainland China economy has started to improve since the re-opening of border but the recruitment market will take time to fully recover. When compared to the same in the fourth quarter of 2022, the Group’s Mainland China revenue of the first quarter and second quarter of 2023 has shown a slight increase, demonstrating that we are catching up with the pace of the Mainland China economy recovery. With both our Hong Kong and Mainland China teams being devoted and agile, we aim to capture more business opportunities with our professional services and in-depth industry knowledge. Furthermore, to provide more comprehensive services to our clients and broaden our revenue base, we have established our office in Singapore in the first quarter of 2023. Together with our expansion in Hong Kong secondment and business support team, we have laid a great foundation for the Group’s long-term growth and will strive for the best results in 2023.



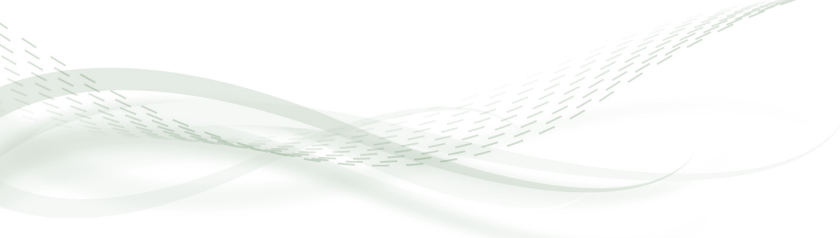
The revenue generated by the Group recorded a slight increase for the six months ended 30 June 2023, compared to the same period in 2022. Even though our revenue from recruitment services has recorded a decrease of approximately HK\$6,963,000 or 13.9% due to the challenging market situation, our revenue from secondment and payroll services has increased significantly by approximately HK\$11,662,000 or 101.3%. Overall, the Group's revenue recorded a slight increase of approximately HK\$4,699,000 or 7.6% from approximately HK\$61,775,000 for the six months ended 30 June 2022 to approximately HK\$66,474,000 for the six months ended 30 June 2023. Such increase was mainly due to the revenue generated from the Hong Kong secondment and payroll services.

### ***Revenue from Hong Kong Operations***

The Hong Kong economy has improved continued to recover in the first six months of 2023, reflected mainly by the inbound tourism and private consumption improvement. With the expansion of our staffing and secondment team, we are able to capture the growth in front-line staffing demand and have recorded a significant increase in secondment and payroll services. Together with our recruitment services, payroll and secondment services represent an important component of our revenue structure and a stable source of income. The Hong Kong labour market continued to improve, shown by the drop of unemployment rate. This has reflected the optimism of Hong Kong corporations about economic recovery and their subsequent hiring plans and thus opportunities for the Group's business.

### ***Revenue from Mainland China Operations***

In the first six months of 2023, Mainland China's economy has shown a recovery but the GDP growth is showing a slowing momentum in the second quarter. Moreover, the recruitment market has not been catching up as quickly as the economy did. In order to get ourselves prepared for the upcoming opportunities, the Group has put in extra resources to build our Mainland China team and provide more training to them, so they can adapt to the fast-changing environment and maintain the high quality of our professional services.



The following strategies and expansion plans continue to be in place in our Shenzhen and Guangzhou offices:

- Follow the “Outline Development Plan for GBA” (粵港澳大灣區發展規劃綱要) to increase the Group’s presence in the technology, consumer, and property sectors, mainly in Shenzhen and Guangzhou;
- Enhance the quality of the current teams through more structured internal and external training; and
- Improve public visibility and brand awareness with the existing in-house marketing team.

Our Mainland China team will remain agile and ready to take full advantage of any opportunities during economic recovery. We will continue to place strong focus on business in Mainland China, and its performance will play a key role in achieving the Group’s strategic goals and vision.

### **Looking ahead**

For the rest of 2023, we envision both opportunities and challenges. As the Mainland China has opened its borders, Hong Kong is speeding up its reconnection with Mainland China and the rest of the world. Although the pace of economic recovery will remain uncertain in 2023, we will leverage our agility and adaptability to begin a new chapter in the post-epidemic era. Based on our past performance, we have proven to be resilient under tough situations, and this is set to continue going forward. We see great potential for HR services in Hong Kong, Mainland China, and Southeast Asia and will consider expanding into other cities at the right time and under the right conditions. We are cautiously optimistic about the Group’s overall performance in 2023, and will continue to strive for excellence.

The Group has increased our footprint by opening another office location in Singapore in the first quarter of 2023. Our new office in Singapore signifies the Group’s continued global growth and development. Together with our offices in Hong Kong, Mainland China and Macau, this new office will enable us to better serve our clients with recruitment solutions for Southeast Asia region. With the growth in the scale and operation of our business over the past few years, the Group’s presence in Southeast Asia will further enhance our strategic plans for expansion and is an important milestone in our global strategy.



To generate and preserve value over the longer term, and deliver the Group's objectives, the Group will in 2023:

- Gather the Group's existing resources and put a strong focus on industries with recovery potential;
- Invest in the Group's team serving the financial services and information technology sectors in Hong Kong, as well as businesses in Mainland China and Singapore, while at the same time closely monitor the performance and return on investment;
- Drive activity, productivity, and profitability with stringent measures in terms of team composition, discipline, and geography;
- Recruit selectively from our competition, as well as train, develop, and retain quality recruitment talent who are vital to the Group's long-term organic growth strategy;
- Maintain sound liquidity and cashflow management practices;
- Strengthen our in-house marketing teams in both Hong Kong and Mainland China to raise brand awareness using digital and social media platforms;
- Stay ahead of the market and pay close attention to potential investment opportunities that provide good returns and/or have synergy with our core business; and
- Create more corporate social value as both a public company and HR service company.

Despite the uncertain economic conditions, we will continue to seek opportunities out of adversity. The Group is excited about the possibilities that lie ahead along the path of economic recovery. We are also well prepared to fine tune our plans and future direction, wherever and whenever needed, to seize those opportunities. We will actively explore all possible approaches to extend the Group's business horizons and will work hard in strengthening our overall business development. The Group's business strategy will always be in line with our vision and core values, and from there, we will press on towards our goals.



## FINANCIAL REVIEW

### Revenue

The Group's revenue increased by approximately HK\$4,699,000 or 7.6% from approximately HK\$61,775,000 for the six months ended 30 June 2022 to approximately HK\$66,474,000 for the six months ended 30 June 2023. Such increase was primarily due to the increase in revenue derived from the secondment and payroll services.

The revenue derived from recruitment services decreased by approximately HK\$6,963,000 or 13.9% from approximately HK\$50,265,000 for the six months ended 30 June 2022 to approximately HK\$43,302,000 for the six months ended 30 June 2023. For the six months ended 30 June 2023, the recruitment service revenue generated in Hong Kong decreased by approximately HK\$874,000 from approximately HK\$35,624,000 for the six months ended 30 June 2022 to approximately HK\$34,750,000 for the six months ended 30 June 2023. The recruitment service revenue generated in the Mainland China decreased by approximately HK\$6,216,000 from approximately HK\$14,641,000 for the six months ended 30 June 2022 to approximately HK\$8,425,000 for the six months ended 30 June 2023. The recruitment service revenue generated in Singapore increased by approximately HK\$127,000 as our Singapore office has recently been set up. The decrease in the recruitment service revenue of the Group was mainly attributable to an adjustment in the Mainland China market for recruitment services. This adjustment refers to changes in the supply and demand dynamics of the job market in Mainland China.

There was an increase in secondment and payroll services revenue, which increased by approximately HK\$11,662,000 or 101.3% from approximately HK\$11,510,000 for the six months ended 30 June 2022 to approximately HK\$23,172,000 for the six months ended 30 June 2023. This increase is mainly attributable to the expansion of the secondment team and the new strategy implemented by the secondment team, which changed their business development approach and placed more focus on new clients with better margins.

For the six months ended 30 June 2023, the revenue derived from Hong Kong accounted for approximately 85.0% of the total revenue of the Group (2022: approximately 74.4%).



## **Other income**

Other income decreased by approximately HK\$517,000 from approximately HK\$855,000 for the six months ended 30 June 2022 to approximately HK\$338,000 for the six months ended 30 June 2023. The Group had received government subsidies of approximately HK\$794,000 during the six months ended 30 June 2022 under the Employment Support Scheme and other subsidies under the Government's Anti-epidemic Fund in Hong Kong and no subsidies were granted during the six months ended 30 June 2023.

## **Staff costs**

Staff costs comprise (i) salaries and other staff benefits the Group paid to its internal staff for carrying on and in support of its business operation and (ii) labour cost associated with deployment of seconded staff for the secondment and payroll services. Internal 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 six months ended 30 June 2023, the staff costs were approximately HK\$50,811,000 (2022: approximately HK\$37,499,000), which accounted for approximately 76.4% (2022: approximately 60.7%) of the revenue. Seconded staff costs for the six months ended 30 June 2023 was approximately HK\$20,368,000 (2022: approximately HK\$10,389,000), representing approximately 40.1% of the total staff costs (2022: approximately 27.7%). Internal staff costs amounted to approximately HK\$30,443,000 for the six months ended 30 June 2023 (2022: approximately HK\$27,110,000), representing approximately 59.9% of the total staff costs (2022: approximately 72.3%).

The seconded staff costs increased by approximately HK\$9,979,000 or 96.1% which were in line with the increase in revenue derived from the secondment and payroll services. The Group's internal staff costs increased by approximately HK\$3,333,000 or 12.3%. This increase was mainly due to the Group's expansion efforts, as it recruited additional staff for its Hong Kong and Singapore operations and salary revision for the staff.



### **Other expenses and losses**

Other expenses and losses increased by approximately HK\$3,599,000 from approximately HK\$10,133,000 for the six months ended 30 June 2022 to approximately HK\$13,732,000 for the six months ended 30 June 2023, which mainly consist of rent and rates and depreciation on leases, marketing and advertising expenses and business expenses related to the business expansion in Hong Kong, Mainland China and Singapore operations.

### **Finance costs**

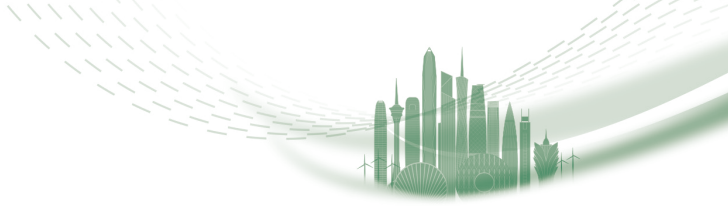
Finance costs mainly represented the interest on lease liabilities, provision of reinstatement costs and a bank overdraft facility. The interest on the lease liabilities and provision of reinstatement costs amounted to approximately HK\$138,000 and the interest on a bank overdraft facility amounted to approximately HK\$31,000 for the six months ended 30 June 2023. For the six months ended 30 June 2022, the interest on the lease liabilities and provision of reinstatement costs and bank overdraft facility amounted to approximately HK\$166,000 and HK\$18,000, respectively.

### **Income tax expense**

Income tax expense decreased by approximately HK\$1,042,000, from approximately HK\$1,743,000 for the six months ended 30 June 2022 to approximately HK\$701,000 for the six months ended 30 June 2023. The decrease was primarily attributable to the decrease in estimated assessable profits from the operating subsidiaries of the Company.

### **Profit and total comprehensive income for the period**

As a result of the foregoing, total comprehensive income for the six months ended 30 June 2023 decreased by approximately HK\$11,204,000 or 93.2%, from approximately HK\$12,016,000 for the six months ended 30 June 2022 to approximately HK\$812,000 for the six months ended 30 June 2023. This decrease was mainly attributable to three factors: (i) a decrease in recruitment service revenue due to an adjustment in the Mainland China market for recruitment services, reflecting changes in the supply and demand dynamics of the job market; (ii) an increase in staff costs, as the Group expanded and recruited additional staff for its Hong Kong and Singapore operations; and (iii) the Group's Singapore operation was in its commencement stage, and it will take time to establish itself in the local market.



## Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group financed its operations primarily with the cash generated from its operations. As at 30 June 2023, the Group had pledged bank deposits of HK\$3,600,000 (31 December 2022: HK\$3,600,000) and had bank balances and cash of approximately HK\$41,805,000 (31 December 2022: approximately HK\$42,734,000). The pledged bank deposit and most of the bank balances and cash were placed with banks in Hong Kong. 85.1% (31 December 2022: 81.9%) of the Group's bank balances and cash was denominated in Hong Kong dollars, whereas 14.9% (31 December 2022: 18.1%) were denominated in Renminbi, MOP, US dollars and Singapore dollars. The current ratio, calculated by dividing current assets by current liabilities, as at 30 June 2023 was approximately 4.1 times (31 December 2022: approximately 3.5 times).

As at 30 June 2023, the Group had bank overdraft of approximately HK\$5,961,000 (31 December 2022: approximately HK\$5,996,000) and lease liabilities of approximately HK\$5,552,000 (31 December 2022: approximately HK\$7,104,000). The bank overdraft was denominated in Hong Kong dollars and repayable within one year. The bank overdraft was secured by the pledged bank deposit of HK\$1,200,000 (31 December 2022: HK\$1,200,000) and the effective annual interest rate on the bank overdraft is 5.5% (31 December 2022: 5.13%).

The gearing ratio as at 30 June 2023 was 17.3% (31 December 2022: 19.9%). The gearing ratio was calculated by dividing the sum of bank overdraft and lease liabilities by total equity multiplied by 100%. With available bank balances and cash, the Directors are of the view that the Group has sufficient liquidity to satisfy the funding requirements.

## FOREIGN EXCHANGE EXPOSURE

Most of the revenue-generating operations of the Group were denominated in Hong Kong dollars. There was no significant exposure to foreign exchange rate fluctuations. As such, no hedging or other arrangements was made by the Group.



## **SHARE STRUCTURE**

There has been no change in the Company's capital structure during the six months ended 30 June 2023. The capital of the Company comprises only ordinary shares.

As at 30 June 2023, the total number of issued ordinary shares of the Company was 800,000,000 of HK\$0.01 each.

## **TREASURY POLICY**

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

## **SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

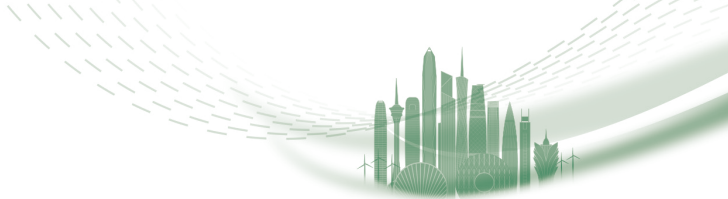
As at 30 June 2023, the Group did not have any significant investments. There was no plan for any material investments or other additions of capital assets.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2023.

## **CHARGES ON THE GROUP'S ASSETS**

As at 30 June 2023, bank deposits of HK\$3,600,000 (31 December 2022: HK\$3,600,000) were pledged to secure the banking facilities of the Group. Saved as disclosed, the Group did not have any charges on the Group's assets.



## **CONTINGENT LIABILITIES**

As at 30 June 2023, the Group did not have any significant contingent liabilities.

## **EVENTS AFTER THE REPORTING PERIOD**

There is no significant event undertaken by the Company and the Group after 30 June 2023 and up to the date of this report.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2023, the Group had a total of 124 internal staff and 271 seconded staff (31 December 2022: 110 internal staff and 253 seconded staff). The staff costs, including Directors' emoluments, of the Group amounted to approximately HK\$50,811,000 for the six months ended 30 June 2023 (30 June 2022: approximately HK\$37,499,000).

The Group's employees are remunerated in accordance with their performance, qualification, work experience and prevailing industry practices. In addition to a basic salary, commission-based bonuses are offered to employees whose sales figures exceed a certain level to attract and retain eligible employees to contribute to the Group. Share options and discretionary bonus are also available to the Group's employees at the discretion of the Directors and depending upon the financial performance of the Group. Employees are provided with relevant in-house and/or external training from time to time.

## 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 June 2023, 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 person acting in concert (Note 1)	600,000,000	75%
Mr. Eddie Chan	Interest in a controlled corporation and person acting in concert (Note 1)	600,000,000	75%
Mr. Jackson Chan	Interest in a controlled corporation and person acting in concert (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 is 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 June 2023, none of the Directors and chief executive of the Company had 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

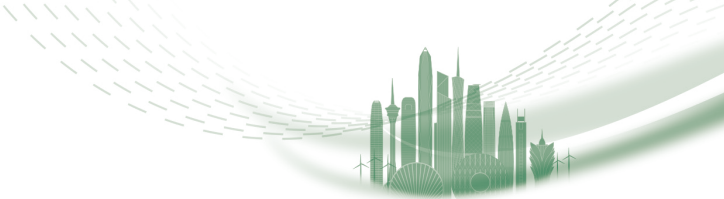
So far as the Directors are aware, as at 30 June 2023, the following person (other than the Directors or chief executive of the Company the interests of which have been disclosed above) or corporation had interest or short position in the shares of the Company which were required to be entered in the 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 person acting in concert (Note 1)	600,000,000	75%
Caiden Holdings Limited	Beneficial owner and person acting in concert (Note 1)	600,000,000	75%
Mr. Raymond Chow	Interest in a controlled corporation and person acting in concert (Note 1)	600,000,000	75%

Note:

- 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 is 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 were not aware of any person (other than the Directors or chief executive of the Company the interests of which have been disclosed above) who had an interest or short position in the securities of the Company that fell to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFC or were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 30 June 2023.

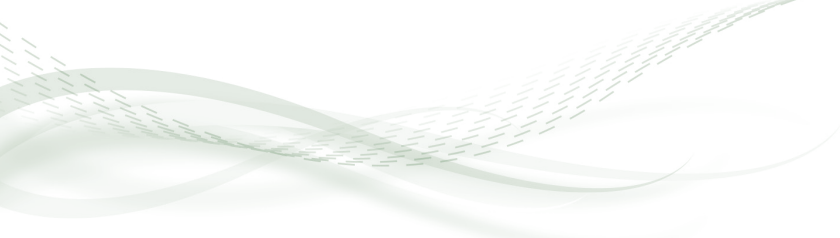
## SHARE OPTION SCHEME

Pursuant to the written resolutions of the then shareholders passed on 13 September 2018, a share option scheme was adopted (the “**Share Option Scheme**”) for the primary purpose of providing incentives or rewards to selected participants. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on 13 September 2018.

Under the Share Option Scheme, the Board may grant options to Directors, employees, suppliers, clients, consultants, agents, advisers, franchisees, joint venture partners and related entities to the Company and its subsidiaries and entities in which the Group holds equity interest at the discretion of the Board pursuant to the terms of the scheme, to subscribe for shares of the Company at a price which shall not be less than the highest of (i) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheet for the five business days immediately preceding the date of grant of the option (which must be a business day); (ii) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option (which must be a business day); and (iii) the nominal value of the shares.

The maximum number of shares in respect of which options shall be granted under the Share Option Scheme and any other share option schemes of the Company is 10% of the total number of shares in issue at the date of approval of adoption of the scheme. No Director, employee or eligible participant of the Company may be granted options under the scheme which will enable him or her if exercise in full to subscribe for more than 1% of the issued share capital of the Company in any 12-month period. The option period for which the options granted can be exercisable, shall be such period as notified by the Board, save that it shall not be more than 10 years from the date of grant subject to the terms of the scheme. Nominal consideration of HK\$1 is payable on acceptance of each grant and the share options granted shall be accepted within 28 days from the date of grant.





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 June 2023.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the six months ended 30 June 2023 was the Company, its subsidiaries or its other associated corporations a party to any arrangement to enable the Directors (including their spouse and children under 18 years of age) 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 report, the Company has not granted any share options to the Directors.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

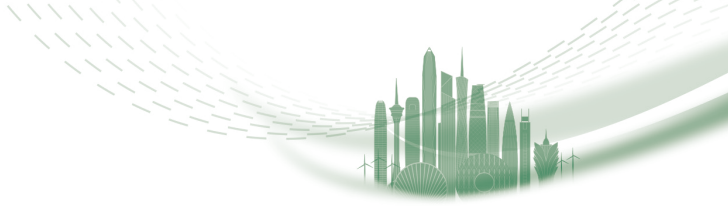
Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

## **COMPETING INTERESTS**

During the six months ended 30 June 2023, none of the Directors or the controlling shareholders of the Company or any of their respective close 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.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 15 to the GEM Listing Rules throughout the six months ended 30 June 2023.



## 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. After the Company having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors throughout the six months ended 30 June 2023.

## AUDIT COMMITTEE

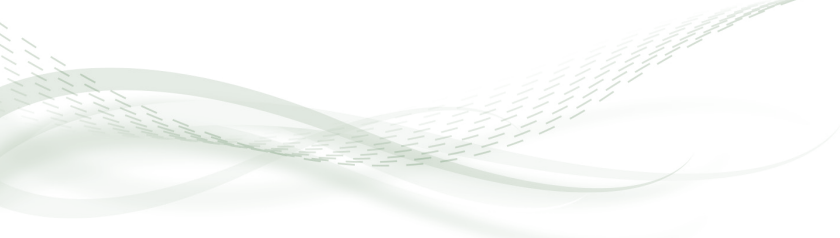
The audit committee of the Board (the “**Audit Committee**”) was established on 13 September 2018 in compliance with Rule 5.28 of the GEM Listing Rules and with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. It currently comprises three independent non-executive Directors, namely Mr. Poon Kai Kin, Dr. Lau Kin Shing Charles and Mr. Cheung Wang Kei Wayne. 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 Group and monitoring continuing connected transactions (if any).

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2023 and has provided advice and comments thereon.

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

Hong Kong, 11 August 2023



*As at the date of this report, 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.*