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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

2024

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 six months ended 30 June 2024, together with the unaudited comparative figures for the corresponding period in 2023 as follows:

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

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Revenue	3	93,037	66,474
Other income		623	338
Staff costs		(80,511)	(50,811)
Other expenses and losses		(15,579)	(13,732)
Other gains and losses		16	(251)
Impairment losses under expected credit loss (“ECL”) model, net of reversal		(45)	(21)
Finance costs	4	(96)	(169)
(Loss) profit before taxation		(2,555)	1,828
Income tax credit (expense)	5	89	(701)
(Loss) profit for the period		(2,466)	1,127
Other comprehensive expenses			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(227)	(315)
Total comprehensive (expense) income for the period		(2,693)	812
(Loss) earnings per share			
– basic and diluted (<i>Hong Kong cent</i>)	6	(0.31)	0.14

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		Unaudited 30 June 2024	Audited 31 December 2023
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	8	2,380	3,660
Right-of-use assets	8	2,679	4,405
Other intangible asset		980	980
Rental deposits	9	1,505	1,432
Equity instrument at fair value through other comprehensive income (“FVTOCI”)		1,370	1,370
		8,914	11,847
Current assets			
Accounts and other receivables	9	34,200	28,879
Tax recoverable		1,755	1,491
Financial assets at fair value through profit or loss (“FVTPL”)	10	617	601
Pledged bank deposits		3,600	3,000
Bank balances and cash		23,421	34,668
		63,593	68,639
Current liabilities			
Other payables and accruals	11	10,421	13,953
Contract liability	11	224	144
Lease liabilities		1,732	3,477
		12,377	17,574
Net current assets		51,216	51,065



	Unaudited 30 June 2024	Audited 31 December 2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	820	916
Deferred tax liability	233	233
Provision for reinstatement costs	541	534
	1,594	1,683
Net assets	58,536	61,229
Capital and reserves		
Share capital	8,000	8,000
Reserves	50,536	53,229
Total equity	58,536	61,229

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital	Share premium	Special reserve	Statutory reserve	Investment revaluation reserve	Legal reserve	Translation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
At 1 January 2024 (audited)	8,000	39,738	49	14	(186)	15	(502)	14,101	61,229
Loss for the period	-	-	-	-	-	-	-	(2,466)	(2,466)
Other comprehensive expenses for the period	-	-	-	-	-	-	(227)	-	(227)
Total comprehensive expense for the period	-	-	-	-	-	-	(227)	(2,466)	(2,693)
At 30 June 2024 (unaudited)	8,000	39,738	49	14	(186)	15	(729)	11,635	58,536



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Net cash (used in) generated from operating activities	(7,994)	1,940
Investing activities		
Purchase of property, plant and equipment	(226)	(775)
Payment for rental deposit	(1)	(118)
Interest received	232	220
Proceeds from disposal of property, plant and equipment	104	–
Net cash generated from (used in) investing activities	109	(673)
Financing activities		
Interest paid on bank borrowing	–	(31)
Placement of pledged bank deposit	(600)	–
Repayment of lease liabilities	(2,532)	(1,887)
Interest paid on lease liabilities	(85)	(128)
Interest paid	–	(10)
Net cash used in financing activities	(3,217)	(2,056)
Net decrease in cash and cash equivalents	(11,102)	(789)
Cash and cash equivalents at beginning of the period	34,668	36,738
Effect of foreign exchange rate changes	(145)	(105)
Cash and cash equivalents at end of the period	23,421	35,844
Analysis of balances of cash and cash equivalents		
Bank balances and cash	23,421	41,805
Bank overdraft	–	(5,961)
	23,421	35,844

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL

The Company was incorporated in the Cayman Islands with limited liability under the Companies Act of the 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/or 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 2023 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 2023, 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 2024 and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Recruitment services		
– Hong Kong	26,352	34,750
– The PRC	8,457	8,425
– Singapore	1,954	127
	36,763	43,302
Secondment and payroll services		
– Hong Kong	54,803	21,725
– Macau	1,471	1,447
	56,274	23,172
Total	93,037	66,474

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

Revenue from customers contributing over 10% of the total revenue of the Group during the six months ended 30 June 2024 is as follows:

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Customer A	10,837	N/A*

* For the six months ended 30 June 2023, no revenue derived from transactions with a single customer represent 10% or more of the Group's total revenue.

4. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	85	128
Interest on bank overdraft	—	31
Interest on provision for reinstatement costs	11	10
	96	169

5. INCOME TAX (CREDIT) EXPENSE

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Current tax		
– Hong Kong Profits Tax	360	701
– Singapore Corporate Income Tax	17	–
Overprovision in prior year	(466)	–
Total	(89)	701

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2024 and 2023.

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.

Macau 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 2024 and 2023. 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 Mainland China subsidiaries is 25% for the six months ended 30 June 2024 and 2023. No provision for EIT is made for the six months ended 30 June 2024 and 2023 as the Group has no assessable profit arising in subsidiaries of the Mainland China for the six months ended 30 June 2024 and 2023.

Singapore Corporate Income Tax is calculated at the rate of 17% on the estimated assessable profits arising in the subsidiary in Singapore for the six months ended 30 June 2024. No provision of Singapore Corporate Income Tax was made as the subsidiary in Singapore has no assessable profit for the six months ended 30 June 2023.



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 Six months ended 30 June	
	2024	2023
(Loss) profit for the period (HK\$'000)	(2,466)	1,127
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

No diluted (loss) earnings per share for the six months ended 30 June 2024 and 2023 were presented as there were no potential ordinary shares in issue during the six months ended 30 June 2024 and 2023.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

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

Property, plant and equipment

During the six months ended 30 June 2024, the Group disposed of a motor vehicle with a carrying amount of approximately HK\$115,000 for cash proceeds of approximately HK\$104,000, resulting in a loss on disposal of approximately HK\$11,000 (six months ended 30 June 2023: Nil).

In addition, during the six months ended 30 June 2024, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK\$226,000 (six months ended 30 June 2023: approximately HK\$775,000).

The Group had no significant commitments for the purchase of property, plant and equipment as at 30 June 2024 and 31 December 2023.

Right-of-use assets

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.

On 27 June 2023, the Group entered into a new lease agreement for the use of office premises located in Guangzhou for a term of three years, commencing from 1 July 2024 to 30 June 2026 (both days inclusive). The Group is required to make fixed monthly payments. On lease commencement, the Group recognised approximately HK\$1,348,000 of right-of-use asset and approximately HK\$1,247,000 lease liability.

On 17 January 2024, the Group entered into a new lease agreement for the use of office premises located in Singapore for a term of two years, commencing from 3 April 2024 to 2 April 2026 (both days inclusive). The Group is required to make fixed monthly payments. On lease commencement, the Group recognised approximately HK\$741,000 of right-of-use asset and approximately HK\$733,000 lease liability.

9. ACCOUNTS AND OTHER RECEIVABLES AND RENTAL DEPOSITS

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Accounts receivables	33,110	27,338
Less: Allowance for ECL	(1,123)	(1,078)
	31,987	26,260
Other receivables		
– Prepayments	1,617	1,911
– Rental and utility deposits	1,813	1,774
– Others	288	366
Total accounts and other receivables	35,705	30,311
Less: Receivables within twelve months shown under current assets	(34,200)	(28,879)
Rental deposits shown under non-current assets	1,505	1,432



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.

	Unaudited 30 June 2024	Audited 31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	24,128	16,386
31 to 60 days	4,055	4,566
61 to 90 days	2,085	1,557
91 to 180 days	1,292	3,200
Over 180 days	427	551
	31,987	26,260

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 June 2024	Audited 31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong listed equity securities held for trading	617	601

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

	Unaudited 30 June 2024	Audited 31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other payables	1,933	2,193
Accrued expenses	762	1,155
Accrued payroll expenses	7,726	10,605
	10,421	13,953

	Unaudited 30 June 2024	Audited 31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract liability		
Secondment and payroll services	224	144

12. CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

13. 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			Basis of fair value measurement/valuation technique(s) and key input(s)	Significant unobservable input(s)
	Unaudited	Audited	Fair value hierarchy		
	30 June 2024	31 December 2023			
HK\$'000	HK\$'000				
1. Listed equity securities classified as equity instruments at FVTPL	617	601	Level 1	The fair value of the equity securities is estimated by the price quotation available on the Stock Exchange	N/A
2. Unlisted equity investment classified as equity instrument at FVTOCI	1,370	1,370	Level 3	Market comparison approach. Use of the most reasonable and available multiples	Price to sales ratio of comparable multiple in range of 1.30 times to 3.32 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 2024 and year ended 31 December 2023.

Reconciliation of Level 3 fair value measurement of financial asset

	Unlisted equity investment classified as equity instrument at FVTOCI <i>HK\$'000</i>
At 1 January 2023 and 30 June 2023 (unaudited)	1,556
At 1 January 2024 and 30 June 2024 (unaudited)	1,370

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.

14. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	Unaudited Six months ended 30 June	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Short-term benefits	3,686	4,088
Post-employment benefits	36	36
	3,722	4,124



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 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 a complete HR solution for our clients. We have already established offices in Hong Kong, Macau, Shenzhen, Guangzhou and Singapore, and have recently set up an office in Shanghai. 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 are expanding our footprint in other regions of China as well as Southeast Asia in the future.

The Group has faced a challenging first half of 2024 marked by a drop in Hong Kong recruitment revenue compared to 2023 and recorded a net loss of approximately HK\$2,466,000 as compared to a net profit of approximately HK\$1,127,000 for the corresponding period in 2023. The recruitment markets in Hong Kong have proven to be competitive and volatile, posing significant challenges to our operations. Despite these obstacles, we have shown resilience and adaptability in navigating the tough market conditions. One notable area of growth for the Group has been in our secondment and payroll business and Singapore recruitment business. Recognising the shifting demands and needs of our clients, we have strategically focused on expanding these services to provide comprehensive HR solutions and recruitment services in Southeast Asia. This strategic decision has not only allowed us to diversify our revenue streams but also to better serve our clients in a more holistic manner.

Throughout the first half of 2024, the Group has remained committed to delivering high-quality recruitment solutions to our clients while maintaining a strong focus on operational efficiency. Even though our revenue from Hong Kong recruitment services has recorded a decrease of approximately HK\$8,398,000 or 24.2% due to the challenging market situation, our revenue from secondment and payroll services has increased significantly by approximately HK\$33,102,000 or 142.9% and our revenue from Singapore recruitment services has increased significantly by approximately HK\$1,827,000 or 1,438.6%. Overall, the Group's revenue recorded a sharp increase of approximately HK\$26,563,000 or 40.0% from approximately HK\$66,474,000 for the six months ended 30 June 2023 to approximately HK\$93,037,000 for the six months ended 30 June 2024.

Revenue from Hong Kong Operations

In the ever-evolving business landscape of Hong Kong, the Group has encountered a myriad of challenge and opportunities during the first half of 2024. The decrease in Hong Kong recruitment services revenue was influenced by a market slowdown characterised by a reduction in new headcounts due to candidates' tendency to remain in their current roles amid economic uncertainty. Additionally, clients seeking hires are placing greater emphasis on finding candidates who not only possess technical skills but also align perfectly with their soft skills requirements, leading to longer recruitment processes.

Amidst the backdrop of challenges, the Group continued its strategy of expanding its service offerings, a decision that has led to the significant increase in secondment and payroll services revenue. The strategic expansion of the client base in the secondment and payroll services segment emerged as a key growth driver for the business. By actively engaging in targeted client acquisition initiatives and enhancing business lead generation strategies, the Group successfully tapped into new market segments and diversified its revenue streams. This proactive approach not only bolstered the Group's revenue but also solidified its position as a versatile provider of workforce solutions tailored to meet the evolving needs of clients in Hong Kong's dynamic business landscape.



Furthermore, the Group's commitment to service differentiation and client-centric solutions played a pivotal role in its resilience amidst challenging market conditions. By offering a comprehensive suite of recruitment, secondment and payroll, corporate training and HR consultancy services, the Group positioned itself as a one-stop destination for organisations seeking integrated HR solutions. Through a meticulous analysis of market trends, a customer-centric approach, and a relentless focus on service quality, the Group emerged stronger with a diversified revenue portfolio and a reputation for excellence in delivering tailored workforce solutions in Hong Kong.

With the further 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.

Revenue from Mainland China Operations

During the first six months of 2024, our Group's Mainland China recruitment operations have faced challenges due to the uncertain economic conditions in Mainland China. Despite these obstacles, we have successfully maintained our revenue at a similar level to last year. The market in Mainland China remains unpredictable, causing companies to approach recruitment services cautiously, resulting in longer recruitment cycles and stricter requirements for employee capabilities. However, our Group's commitment to providing excellent service, strong industry relationships, and our ability to adapt to the changing landscape have allowed us to keep our Mainland China revenue steady. Our dedication to meeting the evolving needs of our clients and delivering top-notch recruitment solutions has been instrumental in growing our business in the Mainland China market. The Group's recruitment revenue from Mainland China remained relatively steady, amounted to approximately HK\$8,457,000 for the six months ended 30 June 2024 and approximately HK\$8,425,000 for the same period in 2023.

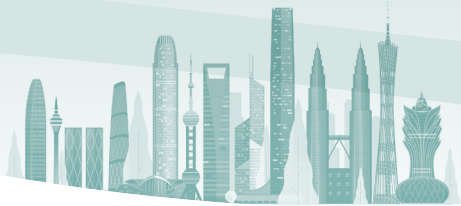
The following strategies and expansion plans continue to be in place in our Shenzhen and Guangzhou offices:

- 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 continue to focus on strengthening client relationships, enhancing service quality, and exploring new business opportunities to diversify revenue streams and expand market reach in Mainland China. We have hence set up our Shanghai office in 2024 to capture new business opportunities. These strategic initiatives aim to position the Group for long-term success and resilience in the dynamic Mainland China business landscape. The Group 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.

Revenue from Singapore Operation

Our Group’s expansion into the Singapore recruitment market last year has proven to be a resounding success. Despite starting from scratch, we have achieved a remarkable increase in revenue, soaring by approximately HK\$1,827,000 or 1,438.6% from approximately HK\$127,000 to an impressive figure of approximately HK\$1,954,000 when compared to the corresponding period of 2023. This growth underscores our commitment to building a strong presence in Singapore, positioning it as our Southeast Asia hub. Through dedicated teamwork and unwavering dedication to excellence, we have not only established our brand but also earned the trust and loyalty of our clients in the region. The success of our Singapore operations serves as a testament to our belief in the potential of Southeast Asia as a key strategic area for expansion. With a positive outlook on our development thus far, we are confident in the bright future that lies ahead for our Group in the Singapore market and beyond.



Looking ahead

Despite the challenging situation in Hong Kong recruitment services, our increased revenue generated from secondment and payroll services and Singapore recruitment services has partially mitigated the impact, showcasing our ability to navigate adverse conditions with a diversified revenue base. We remain committed to the continued growth and success of our business and we remain optimistic about the long-term growth prospects of the human resources industry in Hong Kong, Mainland China and Southeast Asia. With a strong foundation built on a reputation for excellence and a track record of success, the Group is well-positioned to capitalise on future opportunities and drive sustainable growth in the years to come. Looking ahead, we are committed to further expanding our human resources services, leveraging our expertise and capabilities to deliver innovative solutions that meet the evolving needs of our clients. While the first half of the year 2024 has presented its share of challenges, the Group remains steadfast in its commitment to excellence and client satisfaction. We are confident that with our dedicated team, strategic focus, and unwavering determination, we will overcome the current obstacles and emerge stronger and more resilient than ever. 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.

To generate and preserve value over the longer term, and deliver the Group's objectives, the Group will in 2024:

- 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;

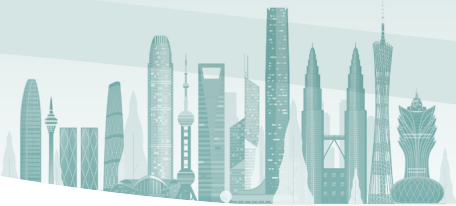
- Recruit selectively from our competition, as well as train, develop, and retain quality recruitment talent who are vital to the Group's long-term organic growth strategy;
- Maintain sound liquidity and cashflow management practices;
- Strengthen our in-house marketing teams in both Hong Kong and Mainland 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\$26,563,000 or 40.0% from approximately HK\$66,474,000 for the six months ended 30 June 2023 to approximately HK\$93,037,000 for the six months ended 30 June 2024. 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\$6,539,000 or 15.1% from approximately HK\$43,302,000 for the six months ended 30 June 2023 to approximately HK\$36,763,000 for the six months ended 30 June 2024. For the six months ended 30 June 2024, the recruitment service revenue generated in Hong Kong decreased by approximately HK\$8,398,000 from approximately HK\$34,750,000 for the six months ended 30 June 2023 to approximately HK\$26,352,000 for the six months ended 30 June 2024. The recruitment service revenue generated in the Mainland China remained relatively steady, amounted to approximately HK\$8,425,000 for the six months ended 30 June 2023 and approximately HK\$8,457,000 for the six months ended 30 June 2024. The recruitment service revenue generated in Singapore increased by approximately HK\$1,827,000 from approximately HK\$127,000 for the six months ended 30 June 2023 to approximately HK\$1,954,000 for the six months ended 30 June 2024.

The decrease in revenue generated from the Group's Hong Kong recruitment services for the six months ended 30 June 2024 was mainly attributable to the influence by a market slowdown characterised by a reduction in new headcounts due to candidates' tendency to remain in their current roles amid economic uncertainty. Additionally, clients seeking hires are placing greater emphasis on finding candidates who not only possess technical skills but also align perfectly with their soft skills requirements, leading to longer recruitment processes.

There was an increase in secondment and payroll services revenue, which increased by approximately HK\$33,102,000 or 142.9% from approximately HK\$23,172,000 for the six months ended 30 June 2023 to approximately HK\$56,274,000 for the six months ended 30 June 2024. 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 2024, the revenue derived from Hong Kong accounted for approximately 87.2% of the total revenue of the Group (2023: approximately 85.0%).

Other income

Other income increased by approximately HK\$285,000 from approximately HK\$338,000 for the six months ended 30 June 2023 to approximately HK\$623,000 for the six months ended 30 June 2024. This increase is primarily attributed to the HR solutions services provided by the Group, including Visa application services, seminars and training of approximately HK\$338,000 during the six months ended 30 June 2024 and approximately HK\$2,000 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 2024, the staff costs were approximately HK\$80,511,000 (2023: approximately HK\$50,811,000), which accounted for approximately 86.5% (2023: approximately 76.4%) of the revenue. The increase in staff cost was mainly attributable to the significant increase of number of seconded staff which is associated with deployment of seconded staff for the secondment and payroll services. The total number of seconded staff is 671 as at 30 June 2024 and 271 as at 30 June 2023.

Seconded staff costs for the six months ended 30 June 2024 was approximately HK\$49,860,000 (2023: approximately HK\$20,368,000), representing approximately 61.9% of the total staff costs (2023: approximately 40.1%). Internal staff costs amounted to approximately HK\$30,651,000 for the six months ended 30 June 2024 (2023: approximately HK\$30,443,000), representing approximately 38.1% of the total staff costs (2023: approximately 59.9%).

The seconded staff costs increased by approximately HK\$29,492,000 or 144.8% 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\$208,000 or 0.7%.

Other expenses and losses

Other expenses and losses increased by approximately HK\$1,847,000 from approximately HK\$13,732,000 for the six months ended 30 June 2023 to approximately HK\$15,579,000 for the six months ended 30 June 2024, 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 and interest on provision of reinstatement costs. The interest on the lease liabilities and provision of reinstatement costs amounted to approximately HK\$85,000 and approximately HK\$11,000 for the six months ended 30 June 2024. For the six months ended 30 June 2023, the interest on the lease liabilities and provision of reinstatement costs and bank overdraft facility amounted to approximately HK\$138,000 and approximately HK\$31,000, respectively.

Income tax credit (expense)

Income tax expense decreased by approximately HK\$790,000, from approximately HK\$701,000 for the six months ended 30 June 2023 to approximately HK\$377,000 and with the income tax credit of approximately HK\$466,000 for the six months ended 30 June 2024. This decrease is mainly due to the refund of overpaid tax from the previous year and a reduction in estimated assessable profits from the Group's operating subsidiaries.

Loss and total comprehensive expense for the period

As a result of the foregoing, the Group recorded a net loss of approximately HK\$2,466,000 and a total comprehensive expense of approximately HK\$2,693,000 for the six months ended 30 June 2024 as compared to a net profit of approximately HK\$1,127,000 and a total comprehensive income of approximately HK\$812,000 for the six months ended 30 June 2023. The net loss recorded for the six months ended 30 June 2024 was primarily due to a drop in revenue from the Group's Hong Kong recruitment services. This decline was influenced by a market slowdown characterised by a reduction in new headcounts due to candidates' tendency to remain in their current roles amid economic uncertainty. Furthermore, clients seeking hires are placing greater emphasis on finding candidates who not only possess technical skills but also align perfectly with their soft skills requirements, leading to longer recruitment processes.

Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group financed its operations primarily with the cash generated from its operations. As at 30 June 2024, the Group had pledged bank deposits of HK\$3,600,000 (31 December 2023: HK\$3,000,000) and had bank balances and cash of approximately HK\$23,421,000 (31 December 2023: approximately HK\$34,668,000). The pledged bank deposit and most of the bank balances and cash were placed with banks in Hong Kong. 66.5% and 18.2% (31 December 2023: 78.9% and 14.4%) of the Group's bank balances and cash were denominated in Hong Kong dollars and Renminbi respectively, whereas 15.3% (31 December 2023: 6.7%) were denominated in MOP, US dollars and Singapore dollars. The current ratio, calculated by dividing current assets by current liabilities, as at 30 June 2024 was approximately 5.1 times (31 December 2023: approximately 3.9 times).

The gearing ratio as at 30 June 2024 was 4.4% (31 December 2023: 7.2%). The gearing ratio was calculated by dividing 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 2024. The capital of the Company comprises only ordinary shares.

As at 30 June 2024, 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 2024, 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 2024.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2024, bank deposits of HK\$3,600,000 (31 December 2023: HK\$3,000,000) 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 2024, 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 2024 and up to the date of this report.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 129 internal staff and 671 seconded staff (31 December 2023: 112 internal staff and 679 seconded staff). The staff costs, including Directors' emoluments, of the Group amounted to approximately HK\$80,511,000 for the six months ended 30 June 2024.

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 2024, 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 2024, 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 2024, 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 Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 30 June 2024.

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 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2024 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 2024.

COMPETING INTERESTS

During the six months ended 30 June 2024, 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 C1 to the GEM Listing Rules throughout the six months ended 30 June 2024 except for the following deviation.

Under code provision C.1.6 of the Corporate Governance Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Cheung Wang Kei Wayne, the independent non-executive Director, was unable to attend the annual general meeting of the Company held on 16 May 2024 due to his other personal engagement.


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 2024.

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 C1 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, 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 2024 and has provided advice and comments thereon.

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

Hong Kong, 23 August 2024

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.