



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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2023

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 announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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 ended 31 March 2023, together with the unaudited comparative figures for the corresponding period in 2022 as follows:

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

For the three months ended 31 March 2023

		Unaudited Three months ended 31 March	
	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	3	31,091	29,250
Other income		264	28
Other gains and losses		(132)	(394)
Staff costs		(24,390)	(17,843)
Other expenses and losses		(7,226)	(5,324)
Impairment losses under expected credit loss (“ ECL ”) model, net of reversal		(39)	(132)
Finance costs	4	(85)	(72)
(Loss) profit before taxation		(517)	5,513
Income tax expense	5	(198)	(571)
(Loss) profit for the period		<u>(715)</u>	<u>4,942</u>
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>98</u>	<u>43</u>
Total comprehensive (expense) income for the period		<u>(617)</u>	<u>4,985</u>
(Loss) earnings per share			
– basic and diluted (<i>Hong Kong cent</i>)	6	<u>(0.09)</u>	<u>0.62</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2022 (Audited)	<u>8,000</u>	<u>39,738</u>	<u>49</u>	<u>10</u>	<u>240</u>	<u>4,230</u>	<u>52,267</u>
Profit for the period	-	-	-	-	-	4,942	4,942
Transfer to statutory reserve	-	-	-	131	-	(131)	-
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>-</u>	<u>43</u>
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>131</u>	<u>43</u>	<u>4,811</u>	<u>4,985</u>
At 31 March 2022 (Unaudited)	<u><u>8,000</u></u>	<u><u>39,738</u></u>	<u><u>49</u></u>	<u><u>141</u></u>	<u><u>283</u></u>	<u><u>9,041</u></u>	<u><u>57,252</u></u>
At 1 January 2023 (Audited)	<u>8,000</u>	<u>39,738</u>	<u>49</u>	<u>14</u>	<u>(267)</u>	<u>18,273</u>	<u>65,807</u>
Loss for the period	-	-	-	-	-	(715)	(715)
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98</u>	<u>-</u>	<u>98</u>
Total comprehensive income (expense) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98</u>	<u>(715)</u>	<u>(617)</u>
At 31 March 2023 (Unaudited)	<u><u>8,000</u></u>	<u><u>39,738</u></u>	<u><u>49</u></u>	<u><u>14</u></u>	<u><u>(169)</u></u>	<u><u>17,558</u></u>	<u><u>65,190</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands with limited liability under the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) 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. Chan Ka On Eddie, Mr. Chan Ka Shing Jackson and Mr. Chow Ka Wai Raymond.

The Company is an investment holding company and its subsidiaries are principally engaged in providing recruitment services and secondment and payroll services in Hong Kong, Macau and the Mainland of People's Republic of China (the "PRC").

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 ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants as well as 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 HKFRSs in the current period has had no material impact on the Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2023.

3. REVENUE

Disaggregation of revenue

	Unaudited Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Recruitment services		
– Hong Kong	16,889	16,469
– The PRC	3,530	7,466
	<u>20,419</u>	<u>23,935</u>
Secondment and payroll services		
– Hong Kong	9,992	4,762
– Macau	680	553
	<u>10,672</u>	<u>5,315</u>
Total	<u><u>31,091</u></u>	<u><u>29,250</u></u>

4. FINANCE COSTS

	Unaudited Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Interest on lease liabilities	66	55
Interest on bank overdraft	12	15
Interest on provision for reinstatement costs	7	2
	<u>85</u>	<u>72</u>

5. INCOME TAX EXPENSE

	Unaudited Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Current tax		
– Hong Kong Profits Tax	198	543
– The PRC Enterprise Income Tax (the “EIT”)	–	28
	<u>198</u>	<u>571</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the three months ended 31 March 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.

Macau Complementary Tax is calculated at 12% of the estimated assessable profits exceeding Macao Pataca (“MOP”) 600,000 for each of the three months ended 31 March 2023 and 2022. No provision of Macau Complementary Tax was made as the subsidiary in Macau had 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, no provision for EIT was made for the three months ended 31 March 2023 as the Group had no assessable profit arising in the Mainland China. The tax rate of the Mainland China subsidiary is 25% for the three months ended 31 March 2022.

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	
	Three months ended	
	31 March	
	2023	2022
(Loss) profit for the period (<i>HK\$'000</i>)	<u>(715)</u>	<u>4,942</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic (loss) earnings per share (<i>in '000</i>)	<u>800,000</u>	<u>800,000</u>

No diluted (loss) earnings per share for the three months ended 31 March 2023 and 2022 were presented as there were no potential ordinary shares in issue during the three months ended 31 March 2023 and 2022.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2023 (2022: Nil).

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 quarter 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 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 three months ended 31 March 2023, compared to the same period in 2022. Thanks to the great effort from the management and all our employees, we were able to seize various market opportunities, resulting in a satisfactory performance in the first three months ended 31 March 2023. The Group’s revenue recorded a slight increase of approximately HK\$1,841,000 or 6.3% from approximately HK\$29,250,000 for the three months ended 31 March 2022 to approximately HK\$31,091,000 for the three months ended 31 March 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 in the first quarter of 2023, reflected in the recovery of retail, inbound tourism and domestic demand. 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. We have noticed active recruitment activities and constant demand for hiring quality talent, especially in the financial services (“FS”).

As one of the core pillars supporting Hong Kong’s economy, the demand for talent in the FS sector has always been high. As banks in Hong Kong allocate more resources to developing finance technologies, green finance, and Greater Bay Area wealth management, we have seen great demand for finance talent across a wide range of different areas in the three months ended 31 March 2023, including retail banking. Being their revenue generator, front office hiring has been highly active and with our dedicated FS team and sufficient candidate pool, we satisfied the talent needs of our FS clients effectively.

The revenue generated from recruitment services in Hong Kong recorded a slight increase of approximately HK\$420,000 or 2.6% from approximately HK\$16,469,000 for the three months ended 31 March 2022 to approximately HK\$16,889,000 for the three months ended 31 March 2023. For secondment and payroll services, the team has changed our business development strategies and placed more focus on new clients with better margin. Due to the change in client profile, the revenue generated from secondment and payroll services in Hong Kong recorded a sharp increase of approximately HK\$5,230,000 or 109.8% from approximately HK\$4,762,000 for the three months ended 31 March 2022 to approximately HK\$9,992,000 for the three months ended 31 March 2023. With the Group’s dedicated staff and established processes, the Group fulfilled the needs and expectations of our clients and considerably reduced their time and costs for communication and administrative tasks with regards to payroll.

Revenue from Mainland China operations

In the first quarter of 2023, Mainland China’s economy has shown a recovery. However, 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 our presence in the technology, consumer, and property sectors, mainly in Shenzhen and Guangzhou;
- Enhance the quality of our 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\$1,841,000 or 6.3% from approximately HK\$29,250,000 for the three months ended 31 March 2022 to approximately HK\$31,091,000 for the three months ended 31 March 2023, which was principally attributable to the increase in revenue derived from the secondment and payroll services.

The Group recorded a decrease in revenue from the recruitment services of approximately HK\$3,516,000 or 14.7% from approximately HK\$23,935,000 for the three months ended 31 March 2022 to approximately HK\$20,419,000 for the three months ended 31 March 2023. 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\$5,357,000 or 100.8% from approximately HK\$5,315,000 for the three months ended 31 March 2022 to approximately HK\$10,672,000 for the three months ended 31 March 2023. This increase is mainly attributable to the explanation 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 three months ended 31 March 2023, the revenue derived from Hong Kong accounted for approximately 86.5% (2022: approximately 72.6%) of the total revenue.

Staff costs

Staff costs comprise (i) the salaries and other staff benefits the Group paid to its internal staff for carrying on and in support of its business operation and (ii) the labour cost associated with deployment of seconded staff for the secondment and payroll services. The majority of the internal staff costs are the salaries and other staff benefits relating to the consultants for carrying on the recruitment services.

For the three months ended 31 March 2023, the staff costs were approximately HK\$24,390,000 (2022: approximately HK\$17,843,000), which accounted for approximately 78.4% (2022: approximately 61.0%) of the revenue. Seconded staff costs for the three months ended 31 March 2023 were approximately HK\$9,395,000 (2022: approximately HK\$5,162,000), representing approximately 38.5% of the total staff costs (2022: approximately 28.9%). The internal staff costs amounted to approximately HK\$14,995,000 for the three months ended 31 March 2023 (2022: approximately HK\$12,681,000), representing approximately 61.5% of the total staff costs (2022: approximately 71.1%).

The seconded staff costs increased by approximately HK\$4,233,000 or 82.0% 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\$2,314,000 or 18.2%. This increase was mainly due to the Group's expansion efforts, as it recruited additional staff for its Mainland China, Hong Kong, and Singapore operations.

Other expenses and losses

Other expenses and losses increased by approximately HK\$1,902,000 from approximately HK\$5,324,000 for the three months ended 31 March 2022 to approximately HK\$7,226,000 for the three months ended 31 March 2023, which was mainly consist of rent and rates and depreciation, 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\$73,000 and the interest on a bank overdraft facility amounted to approximately HK\$12,000 for the three months ended 31 March 2023. For the three months ended 31 March 2022, the interest on the lease liabilities and provision of reinstatement costs and bank overdraft facility amounted to approximately HK\$57,000 and HK\$15,000, respectively.

Income tax expense

Income tax expense decreased by approximately HK\$373,000, from approximately HK\$571,000 for the three months ended 31 March 2022 to approximately HK\$198,000 for the three months ended 31 March 2023. The decrease was primarily attributable to the decrease in estimated assessable profits from the operating subsidiaries of the Company.

Total comprehensive (expense) income for the period

As a result of the foregoing, total comprehensive (expense) income for the three months ended 31 March 2023 decreased by approximately HK\$5,602,000, from the net profit position of approximately HK\$4,985,000 for the three months ended 31 March 2022 to the net loss position of approximately HK\$617,000 for the three months ended 31 March 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 Mainland China, 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 Board does not recommend the payment of dividend for the three months ended 31 March 2023 (2022: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 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 Directors	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Mr. Chan Ka Kin Kevin (“ Mr. Kevin Chan ”)	Interest in a controlled corporation and person acting in concert (<i>Note 1</i>)	600,000,000	75%
Mr. Chan Ka On Eddie (“ Mr. Eddie Chan ”)	Interest in a controlled corporation and person acting in concert (<i>Note 1</i>)	600,000,000	75%
Mr. Chan Ka Shing Jackson (“ Mr. Jackson Chan ”)	Interest in a controlled corporation and person acting in concert (<i>Note 1</i>)	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. Chow Ka Wai Raymond (“**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 31 March 2023, none of the Directors and chief executive of the Company has 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 were taken or deemed to be taken 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 31 March 2023, the following person (other than the Directors or chief executive of the Company the interests of which were disclosed above) and corporations 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 shareholders	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the issued share capital
KJE Limited	Beneficial owner and person acting in concert (<i>Note 1</i>)	600,000,000	75%
Caiden Holdings Limited	Beneficial owner and person acting in concert (<i>Note 1</i>)	600,000,000	75%
Mr. Raymond Chow	Interest in a controlled corporation and person acting in concert (<i>Note 1</i>)	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, 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 were 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 SFO or were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 31 March 2023.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 13 September 2018 (the “**Share Option Scheme**”). 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 31 March 2023.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the three months ended 31 March 2023 was the Company, its subsidiaries or its other associated corporations a party to any arrangement to enable the Directors 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 announcement, 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 three months ended 31 March 2023.

COMPETING INTERESTS

During the three months ended 31 March 2023, none of the Directors or the controlling shareholders of the Company or any of their respective 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 three months ended 31 March 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. Having made specific enquiry of all Directors, the Company was satisfied that all Directors had confirmed that they had complied with the required standards of dealings and its code of conduct regarding securities transactions by the Directors throughout the three months ended 31 March 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 Company and monitoring continuing connected transactions (if any).

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the three months ended 31 March 2023 and has provided advice and comments thereon.

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

Hong Kong, 12 May 2023

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Chan Ka Kin Kevin (Chairman), Mr. Chan Ka On Eddie and Mr. Chan Ka Shing Jackson; and three independent non-executive Directors, namely, Mr. Poon Kai Kin, Dr. Lau Kin Shing Charles and Mr. Cheung Wang Kei Wayne.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its publication and on the Company's website at www.kos-intl.com.