



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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

*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 and nine months ended 30 September 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 nine months ended 30 September 2023

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue	3	39,150	33,020	105,624	94,795
Other income		467	1,029	805	1,884
Staff costs		(31,327)	(19,759)	(82,138)	(57,258)
Other expenses and losses		(6,797)	(6,440)	(20,529)	(16,573)
Other gains and losses		(52)	(306)	(303)	(898)
Impairment losses under expected credit loss (“ECL”) model, net of reversal		(25)	(85)	(46)	(186)
Finance costs	4	(77)	(105)	(246)	(289)
Profit before taxation		1,339	7,354	3,167	21,475
Income tax expense	5	(333)	(1,214)	(1,034)	(2,957)
Profit for the period		1,006	6,140	2,133	18,518
Other comprehensive expenses					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of a foreign operations		(76)	(282)	(391)	(644)
Total comprehensive income for the period		930	5,858	1,742	17,874
Earnings per share					
– basic and diluted (<i>Hong Kong cent</i>)	6	0.13	0.77	0.27	2.31

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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)	8,000	39,738	49	10	240	4,230	52,267
Profit for the period	-	-	-	-	-	18,518	18,518
Transfer to statutory reserve	-	-	-	131	-	(131)	-
Other comprehensive expense for the period	-	-	-	-	(644)	-	(644)
Total comprehensive income for the period	-	-	-	131	(644)	18,387	17,874
At 30 September 2022 (unaudited)	<u>8,000</u>	<u>39,738</u>	<u>49</u>	<u>141</u>	<u>(404)</u>	<u>22,617</u>	<u>70,141</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>
Profit for the period	-	-	-	-	-	2,133	2,133
Transfer to statutory reserve	-	-	-	14	-	(14)	-
Other comprehensive expense for the period	-	-	-	-	(391)	-	(391)
Total comprehensive income for the period	-	-	-	14	(391)	2,119	1,742
At 30 September 2023 (unaudited)	<u>8,000</u>	<u>39,738</u>	<u>49</u>	<u>28</u>	<u>(658)</u>	<u>20,392</u>	<u>67,549</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 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 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 the 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 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 nine months ended 30 September 2023.

3. REVENUE

Disaggregation of revenue

	Unaudited			
	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Recruitment services				
– Hong Kong	20,473	22,769	55,223	58,393
– Mainland China	3,988	4,470	12,413	19,111
– Singapore	238	–	365	–
	<u>24,699</u>	<u>27,239</u>	<u>68,001</u>	<u>77,504</u>
Secondment and payroll services				
– Hong Kong	13,816	5,201	35,541	15,510
– Macau	635	580	2,082	1,781
	<u>14,451</u>	<u>5,781</u>	<u>37,623</u>	<u>17,291</u>
Total	<u><u>39,150</u></u>	<u><u>33,020</u></u>	<u><u>105,624</u></u>	<u><u>94,795</u></u>

4. FINANCE COSTS

	Unaudited			
	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Interest on lease liabilities	69	88	197	249
Interest on bank overdraft	4	14	35	32
Interest on provision for reinstatement costs	4	3	14	8
	<u>77</u>	<u>105</u>	<u>246</u>	<u>289</u>

5. INCOME TAX EXPENSE

	Unaudited			
	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current Tax				
– Hong Kong Profits Tax	333	1,198	1,034	3,021
– The PRC Enterprise Income Tax (the “EIT”)	–	16	–	32
Overprovision – EIT in prior year	–	–	–	(96)
Total	<u>333</u>	<u>1,214</u>	<u>1,034</u>	<u>2,957</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the nine months ended 30 September 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 nine months ended 30 September 2023 and 2022. 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 Enterprise Income Tax Law of the PRC (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiary is 25% for the nine months ended 30 September 2022. No provision for EIT is made for the nine months ended 30 September 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.

According to Guangdong Provincial Tax Service, State Taxation Administration 《財政部稅務總局關於進一步實施小微企業所得稅優惠政策的公告》(財政部稅務總局公告2022年第13號), on the first RMB1 million annual taxable income, the subsidiary would enjoy the deduction of such taxable income to 12.5% at 20% enterprise income tax rate; for the annual taxable income exceeding RMB1 million but less than RMB3 million, the subsidiary would enjoy the deduction of such taxable income to 25% at 20% enterprise income tax rate from 1 January 2022 to 31 December 2024.

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		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
Profit for the period (<i>HK\$'000</i>)	<u>1,006</u>	<u>6,140</u>	<u>2,133</u>	<u>18,518</u>
Number of shares:				
Weighted average number of ordinary shares for the purpose of the basic earnings per share (<i>in '000</i>)	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>

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

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 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 nine 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. 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.

The revenue generated by the Group recorded an increase for the nine months ended 30 September 2023, compared to the same period in 2022. Even though our revenue from recruitment services has recorded a decrease of approximately HK\$9,503,000 or 12.3% due to the challenging market situation, our revenue from secondment and payroll services has increased significantly by approximately HK\$20,332,000 or 117.6%. Overall, the Group’s revenue recorded an increase of approximately HK\$10,829,000 or 11.4% from approximately HK\$94,795,000 for the nine months ended 30 September 2022 to approximately HK\$105,624,000 for the nine months ended 30 September 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 continued to recover in the first nine 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.

Revenue from Mainland China Operations

Throughout the first nine months of 2023, Mainland China's economy has shown a recovery but 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 effort 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 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 recruitment services in Hong Kong, Mainland China and Singapore, as well as the payroll and secondment businesses in Hong Kong, 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 Hong Kong, Mainland China and Singapore 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\$10,829,000 or 11.4% from approximately HK\$94,795,000 for the nine months ended 30 September 2022 to approximately HK\$105,624,000 for the nine months ended 30 September 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\$9,503,000 or 12.3% from approximately HK\$77,504,000 for the nine months ended 30 September 2022 to approximately HK\$68,001,000 for the nine months ended 30 September 2023. For the nine months ended 30 September 2023, the recruitment service revenue generated in Hong Kong decreased by approximately HK\$3,170,000 from approximately HK\$58,393,000 for the nine months ended 30 September 2022 to approximately HK\$55,223,000 for the nine months ended 30 September 2023. The recruitment service revenue generated in the Mainland China decreased by approximately HK\$6,698,000 from approximately HK\$19,111,000 for the nine months ended 30 September 2022 to approximately HK\$12,413,000 for the nine months ended 30 September 2023. The recruitment service revenue generated in Singapore increased by approximately HK\$365,000 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 both Hong Kong and the Mainland China market for recruitment services. This adjustment refers to changes in the supply and demand dynamics of the job market in both Hong Kong and Mainland China.

There was an increase in secondment and payroll services revenue, which increased by approximately HK\$20,332,000 or 117.6% from approximately HK\$17,291,000 for the nine months ended 30 September 2022 to approximately HK\$37,623,000 for the nine months ended 30 September 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 nine months ended 30 September 2023, the revenue derived from Hong Kong accounted for approximately 85.9% of the total revenue of the Group (2022: approximately 78.0%).

Other income

Other income decreased by approximately HK\$1,079,000 from approximately HK\$1,884,000 for the nine months ended 30 September 2022 to approximately HK\$805,000 for the nine months ended 30 September 2023. The Group had received government subsidies of approximately HK\$1,713,000 during the nine months ended 30 September 2022 under the Employment Support Scheme and other subsidies under the Government's Anti-epidemic Fund in Hong Kong and Macau and no subsidies were granted during the nine months ended 30 September 2023.

Staff costs

Staff costs comprise (i) salaries and other staff benefits the Group paid to its internal staff for carrying on and being in support of its business operation; and (ii) labour costs 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 nine months ended 30 September 2023, the staff costs were approximately HK\$82,138,000 (2022: approximately HK\$57,258,000), which accounted for approximately 77.8% (2022: approximately 60.4%) of the revenue. Seconded staff costs for the nine months ended 30 September 2023 was approximately HK\$32,976,000 (2022: approximately HK\$15,574,000), representing approximately 40.1% of the total staff costs (2022: approximately 27.2%). Internal staff costs amounted to approximately HK\$49,162,000 for the nine months ended 30 September 2023 (2022: approximately HK\$41,684,000), representing approximately 59.9% of the total staff costs (2022: approximately 72.8%).

The seconded staff costs increased by approximately HK\$17,402,000 or 111.7% 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\$7,478,000 or 17.9%. 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\$3,956,000 from approximately HK\$16,573,000 for the nine months ended 30 September 2022 to approximately HK\$20,529,000 for the nine months ended 30 September 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 both Hong Kong, Mainland China and Singapore operations.

Finance costs

Finance costs represented the interest on lease liabilities, bank overdraft facilities and interest on provision of reinstatement costs. The interest on lease liabilities and provision of reinstatement costs amounted to approximately HK\$211,000 and the interest on bank overdraft facilities amounted to approximately HK\$35,000 for the nine months ended 30 September 2023. For the nine months ended 30 September 2022, the interest on lease liabilities and provision of reinstatement costs and a bank overdraft facility amounted to approximately HK\$257,000 and HK\$32,000, respectively.

Income tax expense

Income tax expense decreased by approximately HK\$1,923,000, from approximately HK\$2,957,000 for the nine months ended 30 September 2022 to approximately HK\$1,034,000 for the nine months ended 30 September 2023. The decrease was primarily attributable to the decrease in estimated assessable profits from the operating subsidiaries of the Group.

Profit and total comprehensive income for the period

As a result of the foregoing, total comprehensive income for the nine months ended 30 September 2023 decreased by approximately HK\$16,132,000 or 90.3%, from approximately HK\$17,874,000 for the nine months ended 30 September 2022 to approximately HK\$1,742,000 for the nine months ended 30 September 2023. If the government subsidies under the Government's Anti-epidemic Fund in Hong Kong and Macau are excluded, the Group would have recorded a total comprehensive income for the nine months ended 30 September 2022 of approximately HK\$16,161,000 as compared to a total comprehensive income of approximately HK\$1,742,000 for the nine months ended 30 September 2023, representing a decrease of approximately HK\$14,419,000 or 89.2%.

This decrease was mainly attributable to three factors: (i) a decrease in recruitment service revenue, 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 nine months ended 30 September 2023 (nine months ended 30 September 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 30 September 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 (<i>Note 1</i>)	600,000,000	75%
Mr. Eddie Chan	Interest in a controlled corporation and person acting in concert (<i>Note 1</i>)	600,000,000	75%
Mr. Jackson Chan	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, 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 September 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 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 30 September 2023, the following person (other than the Directors or chief executive of the Company the interests of which were 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 (<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:

- 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 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 September 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 30 September 2023.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the nine months ended 30 September 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 nine months ended 30 September 2023.

COMPETING INTERESTS

During the nine months ended 30 September 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 nine months ended 30 September 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, all Directors confirmed that they had complied with the required standards of dealings and its code of conduct regarding securities transactions by the Directors throughout the nine months ended 30 September 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 nine months ended 30 September 2023 and has provided advice and comments thereon.

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

Hong Kong, 10 November 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 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.