



KOS

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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



2021

INTERIM REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “**Directors**”) of KOS International Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*





RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months and six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding period in 2020 as follows:

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

For the three months and six months ended 30 June 2021

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	22,462	16,335	40,768	32,691
Other income		559	2,908	657	2,950
Staff costs		(14,967)	(12,877)	(30,053)	(26,931)
Other expenses and losses		(3,860)	(3,416)	(7,751)	(7,199)
Impairment losses under expected credit loss (“ECL”) model, net of reversal		18	51	(71)	(6)
Finance costs	4	(18)	(39)	(38)	(85)
Profit before taxation		4,194	2,962	3,512	1,420
Income tax (expense) credit	5	(644)	16	(715)	(91)
Profit for the period		3,550	2,978	2,797	1,329
Other comprehensive income (expense)					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of a foreign operation		65	(2)	28	(18)
Total comprehensive income for the period		3,615	2,976	2,825	1,311
Earnings per share					
– basic (Hong Kong cent)	6	0.44	0.37	0.35	0.17

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Non-current assets			
Property, plant and equipment	8	1,749	2,094
Right-of-use asset		361	1,443
		2,110	3,537
Current assets			
Accounts and other receivables	9	16,520	11,174
Financial assets at fair value through profit or loss ("FVTPL")	10	1,049	–
Tax recoverable		–	1,205
Pledged bank deposit		3,000	–
Bank balances and cash		25,508	32,567
		46,077	44,946
Current liabilities			
Other payables and accruals	11	2,915	6,352
Contract liability	11	1,250	1,100
Lease liability		404	1,596
Taxation payable		352	–
Bank borrowing	12	1,006	–
		5,927	9,048
Net current assets		40,150	35,898
Non-current liability			
Deferred tax liability		120	120
		120	120
Net assets		42,140	39,315
Capital and reserves			
Share capital		8,000	8,000
Reserves		34,140	31,315
Total equity		42,140	39,315



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Translation reserve HK\$'000	Retained profits (accumulated losses) HK\$'000	Total HK\$'000
At 1 January 2020 (audited)	8,000	39,738	49	(73)	(6,947)	40,767
Profit for the period	-	-	-	-	1,329	1,329
Other comprehensive expense for the period	-	-	-	(18)	-	(18)
Total comprehensive income for the period	-	-	-	(18)	1,329	1,311
At 30 June 2020 (unaudited)	8,000	39,738	49	(91)	(5,618)	42,078
At 1 January 2021 (audited)	8,000	39,738	49	92	(8,564)	39,315
Profit for the period	-	-	-	-	2,797	2,797
Other comprehensive income for the period	-	-	-	28	-	28
Total comprehensive income for the period	-	-	-	28	2,797	2,825
At 30 June 2021 (unaudited)	8,000	39,738	49	120	(5,767)	42,140

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Net cash (used in) generated from operating activities	(3,388)	1,840
Investing activities		
Purchase of property, plant and equipment	(475)	(171)
Interest received	3	42
Net cash used in investing activities	(472)	(129)
Financing activities		
Placement of pledged bank deposit	(3,000)	–
Interest paid on bank borrowing	(10)	–
Repayment of lease liability	(1,192)	(1,134)
Interest paid on lease liability	(28)	(85)
Net cash used in financing activities	(4,230)	(1,219)
Net (decrease) increase in cash and cash equivalents	(8,090)	492
Cash and cash equivalents at beginning of the period	32,567	29,938
Effect of foreign exchange rates changes	25	–
Cash and cash equivalents at end of the period	24,502	30,430
Analysis of balances of cash and cash equivalents		
Bank balances and cash	25,508	30,430
Bank overdraft	(1,006)	–
	24,502	30,430



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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. 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 and the 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 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, 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 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 2020 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 2020, 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 2021.





3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	Unaudited			
	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Recruitment services				
– Hong Kong	13,150	10,559	23,013	19,880
– The PRC	3,190	481	5,267	1,730
	16,340	11,040	28,280	21,610
Secondment and payroll services				
– Hong Kong	5,236	4,567	10,866	9,761
– Macau	886	728	1,622	1,320
	6,122	5,295	12,488	11,081
Total	22,462	16,335	40,768	32,691

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 period is as follows:

	Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Customer A	7,245	7,747

4. FINANCE COSTS

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Interest on bank borrowing	7	–	10	–
Interest on lease liability	11	39	28	85
	18	39	38	85





5. INCOME TAX EXPENSE (CREDIT)

	Unaudited			
	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong Profits Tax – current tax	644	(16)	715	91

Hong Kong Profits Tax has been provided for at the two-tiered rate of 8.25% on the first HK\$2 million of the estimated assessable profits for the qualifying group entity and 16.5% on the remaining estimated assessable profits for the period.

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 2021 and 2020. 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 PRC subsidiary is 25%. No provision of EIT was made as the subsidiary in the PRC has no assessable profit during the periods.

6. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Unaudited			
	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Profit for the period (HK\$'000)	3,550	2,978	2,797	1,329
Number of shares: Weighted average number of ordinary shares for the purpose of the basic earnings per share (in '000)	800,000	800,000	800,000	800,000

No diluted earnings per share for the three months and six months ended 30 June 2021 and 2020 were presented as there were no potential ordinary shares in issue during the three months and six months ended 30 June 2021 and 2020.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK\$475,000 (six months ended 30 June 2020: approximately HK\$171,000).

The Group had no significant commitments for the purchase of property, plant and equipment as at 30 June 2021 and 31 December 2020.



9. ACCOUNTS AND OTHER RECEIVABLES

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Accounts receivables	10,539	9,032
Less: Allowance for ECL	(495)	(424)
	10,044	8,608
Other receivables		
– Prepayments	3,008	1,285
– Rental and utility deposits	1,037	1,121
– Others	2,431	160
Total accounts and other receivables	16,520	11,174

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 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Within 30 days	6,723	4,593
31 to 60 days	2,734	2,111
61 to 90 days	206	865
91 to 180 days	330	167
Over 180 days	51	872
	10,044	8,608

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Hong Kong listed equity securities held for trading	1,049	–
Analysed for reporting purpose as: Current assets	1,049	–

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 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Other payables	908	606
Accrued expenses	629	1,175
Accrued payroll expenses	1,378	4,571
	2,915	6,352

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Contract liability		
Public relation service	1,250	1,100

For public relation service, the management expects that the unsatisfied performance obligations will be recognised as revenue within one year according to the contract period.



12. BANK BORROWING

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Bank overdraft, secured	1,006	–

The secured bank overdraft is interest-bearing at Hong Kong Dollar Prime Rate minus 1.25% per annum.

13. CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: Nil).

14. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	Unaudited			
	Three months ended 30 June		Six months ended 30 June	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Short-term benefits	1,788	1,656	3,330	3,298
Post-employment benefits	22	24	46	50
	1,810	1,680	3,376	3,348

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 the key to success for every company. As such, our mission is to 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, Shenzhen, and Guangzhou, and with the vision of becoming the leading HR service provider in Hong Kong and China, we will continue to grow and expand our team, especially in the Greater Bay Area (“GBA”) – the future economic powerhouse in southern China with a vast number of fast growing companies.

The outbreak of the pandemic had resulted in a difficult year for many in 2020, but with both Hong Kong and mainland China’s economy and gross domestic product (“GDP”) continuing on a path to recovery, the Group has set 2021 as a year to fight back. Although the global pandemic has continued longer than anticipated, the Group has never ceased to nurture our position and plan our growth. Despite the challenging market environment, with great effort from the management team and all employees, we have stayed competitive throughout the first half of 2021.

Notwithstanding the prolonged negative effect of the pandemic on the global economy, with the situation getting better and under control in both Hong Kong and mainland China, we have seen the recruitment market gradually becoming more active in the first half of 2021. In the hopeful anticipation of the pandemic coming to an end and the world restoring to normal, companies have reacted by gearing up their teams, which has hence created business opportunities for us. By taking advantage of these opportunities, the Group has achieved revenue growth for two consecutive quarters in 2021 when compared to the same periods in 2020 and our financial performance had returned to pre-pandemic level.

The Group’s revenue recorded an increase of approximately HK\$8,077,000 or 24.7% from approximately HK\$32,691,000 for the six months ended 30 June 2020 to approximately HK\$40,768,000 for the six months ended 30 June 2021.



Furthermore, the Group reported a total comprehensive income of approximately HK\$2,825,000 for the six months ended 30 June 2021, as compared to approximately HK\$1,311,000 for the six months ended 30 June 2020.

To further strengthen the Group's executive leadership team and accelerate growth, we have brought in Mr. Eric Ng Kwok Kit ("**Eric**") as the Group's Chief Strategy Officer. Eric will lead the development and execution of corporate strategy to spur growth and sharpen business performance for the Group. He will also identify, analyse, and solve business challenges in addition to capitalising on new growth opportunities including investments. Being an expert in finance, operations, and law, Eric has served leading roles in successful venture capital, listed companies and professional firms. The Group will harness Eric's rich and diverse skill set in strategic planning, managerial finance, and investment analysis to fuel our next stage of growth. Eric is a practising member of the Hong Kong Institute of Certified Public Accountants.

Revenue from Hong Kong Operations

Alongside the stabilisation of COVID-19 in Hong Kong, the city's economy is on track to recovery. For the first half of 2021, Hong Kong's GDP grew by 7.8% over a year earlier with a notable growth in consumption expenditure. The labour market showed further improvement with a drop in Hong Kong's unemployment rate, supporting the increment of our recruitment revenue in Hong Kong. Recruitment activities, especially in the financial services sector, remain active and there was a constant demand for hiring quality talent.

The revenue generated from recruitment services in Hong Kong recorded an increase of approximately HK\$3,133,000 or 15.8% from approximately HK\$19,880,000 for the six months ended 30 June 2020 to approximately HK\$23,013,000 for the six months ended 30 June 2021.

For secondment and payroll outsourcing services, the team has successfully promoted its services to a wider range of new clients. The revenue generated from secondment and payroll outsourcing services in Hong Kong recorded an increase of approximately HK\$1,105,000 or 11.3% from approximately HK\$9,761,000 for the six months ended 30 June 2020 to approximately HK\$10,866,000 for the six months ended 30 June 2021. With the Group's dedicated staff and established processes, the Group fulfilled the needs and expectations of its clients and considerably reduced their time and costs for communication and administrative tasks with regards to payroll.

Revenue from China Operations

During the second quarter of 2021, mainland China's economy continued to recover from the impact of the pandemic. Although their economic growth had slowed down in the second quarter, with our China team's devotion to high standards and professional services, the Group demonstrated strong growth momentum and managed to grow the revenue from approximately HK\$1,730,000 for the six months ended 30 June 2020 to approximately HK\$5,267,000 for the six months ended 30 June 2021, indicating a significant increase of approximately HK\$3,537,000 or 204.5%.

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;
- Build teams to focus on domestic Chinese technology, e-commerce, and healthcare companies which thrived throughout the pandemic;
- 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.

The Group's business development strategy in China has proven to be effective. With additional clients and closer connections with existing ones, the Group has driven the revenue generated from its China operation up in the first half of 2021 – particularly in technology, retail, and property sectors. The Group's expertise and specialisation across a wide field of industries have allowed us to attract prospects, develop customer engagement strategies, and turn them into clients.

The Group's China team will leverage the improving economic condition to further penetrate the market and expand our business. It is placing a strong focus on the China business and its performance plays a key role in achieving the Group's strategic goals and vision.



Looking ahead

As the implementation of economic stimulus measures and control over COVID-19 remain uncertain, we are very aware that China's economic growth during the second half of 2021 may not be as strong as the first half. Nonetheless, the Group strongly believes that our agility and adaptability will serve us well under this unstable environment. We are cautiously optimistic about the Group's overall performance in 2021 and will continue to strive for excellence.

In the second half of 2021, the Group will continue to:

- Gather the Group's existing resources and put a strong focus on industries with recovery potential, such as e-commerce, logistics and supply chain, education, and real estate;
- Invest in the Group's team serving the financial services sector in Hong Kong as well as businesses in mainland China, 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; and
- Strengthen our in-house marketing teams in both Hong Kong and mainland China to raise brand awareness using digital and social media platforms.

Despite the negative impact brought by the pandemic, 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 directions, 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 shall always be in line with our vision and core values, and from there, we will press towards our goals.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$8,077,000 or 24.7% from approximately HK\$32,691,000 for the six months ended 30 June 2020 to approximately HK\$40,768,000 for the six months ended 30 June 2021. Such increase was primarily due to the increase in revenue derived from the recruitment services.

The revenue derived from recruitment services increased by approximately HK\$6,670,000 or 30.9% from approximately HK\$21,610,000 for the six months ended 30 June 2020 to approximately HK\$28,280,000 for the six months ended 30 June 2021. For the six months ended 30 June 2021, the recruitment service revenue generated in Hong Kong increased by approximately HK\$3,133,000 from approximately HK\$19,880,000 for the six months ended 30 June 2020 to approximately HK\$23,013,000 for the six months ended 30 June 2021, primarily due to the recovery of the Hong Kong recruitment market from the pandemic. The recruitment service revenue generated in the PRC increased by approximately HK\$3,537,000 from approximately HK\$1,730,000 for the six months ended 30 June 2020 to approximately HK\$5,267,000 for the six months ended 30 June 2021, it is mainly due to the business expansion in the PRC recruitment market.

There was a steady increase in secondment and payroll services, which had increased by approximately HK\$1,407,000 or 12.7% from approximately HK\$11,081,000 for the six months ended 30 June 2020 to approximately HK\$12,488,000 for the six months ended 30 June 2021. The increase was mainly attributable to the market comeback of the client's recruitment schedule and hiring plan under the recovering recruitment environment.

For the six months ended 30 June 2021, the revenue derived from Hong Kong accounted for approximately 83.1% of the total revenue of the Group (2020: approximately 90.7%).

Other income

Other income decreased by approximately HK\$2,293,000 from approximately HK\$2,950,000 for the six months ended 30 June 2020 to approximately HK\$657,000 for the six months ended 30 June 2021. The Group had received government subsidies of approximately HK\$2,904,000 during the six months ended 30 June 2020 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 six months ended 30 June 2021.



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 2021, the staff costs were approximately HK\$30,053,000 (2020: approximately HK\$26,931,000), which accounted for approximately 73.7% (2020: approximately 82.4%) of the revenue. Seconded staff costs for the six months ended 30 June 2021 was approximately HK\$11,271,000 (2020: approximately HK\$9,982,000), representing approximately 37.5% of the total staff costs (2020: approximately 37.1%). Internal staff costs amounted to approximately HK\$18,782,000 for the six months ended 30 June 2021 (2020: approximately HK\$16,949,000), representing approximately 62.5% of the total staff costs (2020: approximately 62.9%).

The internal staff costs increased by approximately HK\$1,833,000 or 10.8%. Such increase was primarily due to the expansion of business scale of the Group in the PRC. The seconded staff costs increased by approximately HK\$1,289,000 or 12.9% which were in line with the increase in revenue derived from the secondment and payroll services.

Other expenses and losses

Other expenses and losses increased by approximately HK\$552,000 from approximately HK\$7,199,000 for the six months ended 30 June 2020 to approximately HK\$7,751,000 for the six months ended 30 June 2021, which mainly consist of rent and rates and depreciation on lease, marketing and advertising expenses.

Finance costs

Finance costs represented the interest on lease liability and a bank overdraft facility. The interest on the lease liability amounted to approximately HK\$28,000 and the interest on a bank overdraft facility amounted to approximately HK\$10,000 for the six months ended 30 June 2021. For the six months ended 30 June 2020, the interest on lease liability amounted to approximately HK\$85,000.

Income tax expense

Income tax expense increased by approximately HK\$624,000, from approximately HK\$91,000 for the six months ended 30 June 2020 to approximately HK\$715,000 for the six months ended 30 June 2021. The increase was primarily attributable to the increase 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, profit and total comprehensive income for the period increased by approximately HK\$1,514,000 or 115.5%, from approximately HK\$1,311,000 for the six months ended 30 June 2020 to approximately HK\$2,825,000 for the six months ended 30 June 2021. If the government subsidies under the Government's Anti-epidemic Fund in Hong Kong and Macau are excluded, the Group would have recorded a net loss for the six months ended 30 June 2020 of approximately HK\$1,593,000 as compared to a net profit of approximately HK\$2,825,000 for six months ended 30 June 2021, representing an increase of approximately HK\$4,418,000.

Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group financed its operations primarily with the cash generated from its operations. As at 30 June 2021, the Group had bank balances and cash of approximately HK\$25,508,000 (31 December 2020: approximately HK\$32,567,000). Most of the bank balances and cash were placed with banks in Hong Kong. 81.7% (31 December 2020: 91.6%) of the Group's bank balances and cash was denominated in Hong Kong dollars, whereas 18.3% (31 December 2020: 8.4%) were denominated in Renminbi, MOP and US dollars.



As at 30 June 2021, the Group had arranged uncommitted overdraft facility with a bank. The overdraft facility limit is HK\$3,000,000. The overdraft balance shall bear interest at Hong Kong Dollar Prime Rate minus 1.25% per annum. To secure the overdraft facility, the Group has granted the bank a pledged bank deposit in the principal amount of HK\$3,000,000. The Group utilised the facility during the six months ended 30 June 2021. As at 30 June 2021, the outstanding amount payable under the overdraft facility was approximately HK\$1,006,000 (31 December 2020: Nil). The gearing ratio as at 30 June 2021 was 3.3% (31 December 2020: 4.1%). The gearing ratio was calculated by dividing the bank borrowing and lease liability 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 2021. The capital of the Company comprises only ordinary shares.

As at 30 June 2021, 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 2021, there were no significant investments held by the Group. On 23 June 2021, the Group had entered into an investment management agreement with VBG Asset Management Limited for discretionary management services, details of which are set out in the Company's announcements dated 23 June 2021 and 30 June 2021. Save as disclosed herein, the Group did not have other plans for material investments or 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 2021.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2021, bank deposit of HK\$3,000,000 was pledged to secure the overdraft banking facility of the Group. Saved as disclosed, the Group did not have any charges on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had a total of 81 internal staff and 168 seconded staff (31 December 2020: 75 internal staff and 222 seconded staff). The staff costs, including Directors' emoluments, of the Group amounted to approximately HK\$30,053,000 for the six months ended 30 June 2021 (30 June 2020: approximately HK\$26,931,000).



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

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business strategies as stated in the Prospectus	Implementation plans as stated in the Prospectus	Actual business progress up to 30 June 2021
Expansion of our recruitment services and secondment and payroll services in Hong Kong	Expand our business team in Hong Kong by recruiting additional experienced consultants specialised in diversified functional specialisation	We have completed the expansion of our business team in Hong Kong accordingly
	Expand our office space by leasing and renovating new office premises in Hong Kong	We have maintained our office premises in Hong Kong
Establishment of our presence in the PRC recruitment services market	Establish our business team specialised in recruitment services in the PRC by recruiting additional consultants	We have completed the expansion of our business team in the PRC accordingly
	Maintain the leased office in the PRC for our business operation	We have maintained our office in the PRC
	Promote our brand awareness in the PRC through networks of our consultants	We have carried out the promotion accordingly

Business strategies as stated in the Prospectus	Implementation plans as stated in the Prospectus	Actual business progress up to 30 June 2021
Development of marketing capability and conducting more marketing activities to promote our brand	Recruit experienced marketing personnel	We have recruited the experienced marketing personnel
	Engage in advertising activities to promote our brand	We have carried out the advertising activities to promote our brand
	Participate in events and roadshows to connect with potential candidates and clients	We have participated in events to connect with potential candidates and clients
Enhancement of our IT system	Develop additional workflows for our different services segments	We have started such development and it is yet to complete as at 30 June 2021
	Upgrade the website of our Group	We have started such upgrade and it is yet to complete as at 30 June 2021
	Procure a new business intelligence system to facilitate decision-making process of our management	We have completed the set phases as at 30 June 2021
	Automate our work process to support our business operation	We have started such automation process and it is yet to complete as at 30 June 2021



USE OF PROCEEDS FROM SHARE OFFER

The net proceeds from the Share Offer were approximately HK\$31.0 million, which was based on the placing price of HK\$0.3 per share and after deducting the underwriting commission and other related expenses. After the Listing, these proceeds were and will be used for the purposes in accordance with the future plans as set out in the prospectus of the Company dated 28 September 2018 (the “**Prospectus**”). The Group had utilised approximately HK\$30,701,000 of the net proceeds as at 30 June 2021. The unutilised portion of approximately HK\$284,000 is deposited in a licensed bank in Hong Kong.

During the period from the date of Listing and up to 30 June 2021, the net proceeds had been utilised as follows:

	Net proceeds <i>HK\$'000</i>	Utilised amount <i>HK\$'000</i>	Unutilised amount <i>HK\$'000</i>	Expected timeline of application of unutilised net proceeds
Expansion of our recruitment services and secondment and payroll services in Hong Kong	14,222	14,222	–	–
Establishment of our presence in the PRC recruitment services market	7,994	7,994	–	–
Development of marketing capability and conducting more marketing activities to promote our brand	3,408	3,408	–	–
Enhancement of our IT system	3,068	2,784	284	By 31 December 2021
General working capital	2,293	2,293	–	–
	30,985	30,701	284	

As disclosed in the Prospectus, the net proceeds in respect of enhancement of our IT system was to be fully utilised by 31 December 2020. The delay in the use of the net proceeds arose mainly because the COVID-19 pandemic had delayed the Group's plans in the original timeline in completing the automation of its work process for supporting the business operations. It is expected that the unutilised net proceeds will be fully utilised by 31 December 2021.

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 2021, 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 interest held jointly with another person (<i>Note 1</i>)	600,000,000	75%
Mr. Eddie Chan	Interest in a controlled corporation and interest held jointly with another person (<i>Note 1</i>)	600,000,000	75%
Mr. Jackson Chan	Interest in a controlled corporation and interest held jointly with another person (<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 was 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 2021, 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 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 2021, 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 interest held jointly with another person (<i>Note 1</i>)	600,000,000	75%
Caiden Holdings Limited	Beneficial owner and interest held jointly with another person (<i>Note 1</i>)	600,000,000	75%
Mr. Raymond Chow	Interest in a controlled corporation and interest held jointly with another person (<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 was 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 has an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 30 June 2021.

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 June 2021.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2021 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 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 2021.

COMPETING INTERESTS

During the six months ended 30 June 2021, 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 and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules throughout the six months ended 30 June 2021 except for the following deviation.

Under code provision A.6.7 of the CG 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 the shareholders. Dr. Lau Kin Shing Charles, the independent non-executive Director, was unable to attend the annual general meeting of the Company held on 12 May 2021 due to his other business engagements.

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 six months ended 30 June 2021.





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 and the Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. It currently comprises three independent non-executive Directors, namely Mr. Tong Kam Piu, Mr. Poon Kai Kin and Dr. Lau Kin Shing Charles. 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 six months ended 30 June 2021 and has provided advice and comments thereon.

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

Hong Kong, 12 August 2021

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. Tong Kam Piu, Mr. Poon Kai Kin and Dr. Lau Kin Shing Charles.