



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 2021

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 of Hong Kong Limited 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**”) of the Company 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 2021, together with the unaudited comparative figures for the corresponding periods in 2020 as follows:

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

For the three months and nine months ended 30 September 2021

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	3	32,991	16,374	73,759	49,065
Other income		139	194	305	3,144
Staff costs		(17,951)	(13,132)	(48,004)	(40,063)
Other expenses and losses		(4,580)	(4,142)	(12,311)	(11,341)
Net (loss) gain on financial assets at fair value through profit and loss		(339)	–	132	–
Impairment losses under expected credit loss (“ECL”) model, net of reversal		(426)	(58)	(497)	(64)
Finance costs	4	(31)	(32)	(69)	(117)
Profit (loss) before taxation		9,803	(796)	13,315	624
Income tax (expense) credit	5	(1,211)	71	(1,926)	(20)
Profit (loss) for the period		8,592	(725)	11,389	604
Other comprehensive income <i>Item that may be reclassified subsequently to profit or loss:</i> Exchange differences arising on translation of a foreign operation		8	65	36	47
Total comprehensive income (expense) for the period		8,600	(660)	11,425	651
Earnings (loss) per share – basic and diluted (<i>Hong Kong cent</i>)	6	1.07	(0.09)	1.42	0.08

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2020 (audited)	8,000	39,738	49	(73)	(6,947)	40,767
Profit for the period	-	-	-	-	604	604
Other comprehensive income for the period	-	-	-	47	-	47
Total comprehensive income for the period	-	-	-	47	604	651
At 30 September 2020 (unaudited)	<u>8,000</u>	<u>39,738</u>	<u>49</u>	<u>(26)</u>	<u>(6,343)</u>	<u>41,418</u>
At 1 January 2021 (audited)	8,000	39,738	49	92	(8,564)	39,315
Profit for the period	-	-	-	-	11,389	11,389
Other comprehensive income for the period	-	-	-	36	-	36
Total comprehensive income for the period	-	-	-	36	11,389	11,425
At 30 September 2021 (unaudited)	<u>8,000</u>	<u>39,738</u>	<u>49</u>	<u>128</u>	<u>2,825</u>	<u>50,740</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 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 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 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 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 nine months ended 30 September 2021.

3. REVENUE

Disaggregation of revenue

	Unaudited			
	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Recruitment services				
– Hong Kong	17,853	8,125	40,866	28,005
– The PRC	7,361	2,217	12,628	3,947
	<u>25,214</u>	<u>10,342</u>	<u>53,494</u>	<u>31,952</u>
Secondment and payroll services				
– Hong Kong	7,041	5,336	17,907	15,097
– Macau	736	696	2,358	2,016
	<u>7,777</u>	<u>6,032</u>	<u>20,265</u>	<u>17,113</u>
Total	<u><u>32,991</u></u>	<u><u>16,374</u></u>	<u><u>73,759</u></u>	<u><u>49,065</u></u>

4. FINANCE COSTS

	Unaudited			
	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Interest on bank borrowing	12	–	22	–
Interest on lease liability	19	32	47	117
	<u>31</u>	<u>32</u>	<u>69</u>	<u>117</u>

5. INCOME TAX EXPENSE (CREDIT)

	Unaudited			
	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Current Tax				
– Hong Kong Profits Tax	1,150	(71)	1,865	20
– China Enterprise Income Tax	61	–	61	–
Total	<u><u>1,211</u></u>	<u><u>(71)</u></u>	<u><u>1,926</u></u>	<u><u>20</u></u>

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 nine months ended 30 September 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 statutory rate of the PRC subsidiary is 25% for the nine months ended 30 September 2021. No provision of EIT was made as the subsidiary in the PRC has no assessable profit for the nine months ended 30 September 2020.

According to Guangdong Provincial Tax Service, State Taxation Administration 《財政部稅務總局關於實施小微企業和個體工商戶所得稅優惠政策的公告》(2021年第12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 50% at 20% enterprise income tax rate from 1 January 2021 to 31 December 2022.

6. EARNINGS (LOSS) PER SHARE

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

	Unaudited			
	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Profit (loss) for the period (HK\$'000)	<u>8,592</u>	<u>(725)</u>	<u>11,389</u>	<u>604</u>
Number of shares:				
Weighted average number of ordinary shares for the purpose of the basic earnings (loss) per share (in '000)	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>

No diluted earnings (loss) per share for the three months and nine months ended 30 September 2021 and 2020 were presented as there were no potential ordinary shares in issue during the three months and nine months ended 30 September 2021 and 2020.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2021 (2020: 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 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.

Benefiting mainly from the economic recovery from the adverse impact brought by the novel coronavirus disease (“**COVID-19**”) and continuous and effective control of COVID-19 in the People’s Republic of China and Hong Kong, the revenue generated from the recruitment services of the Group has recorded a significant growth for the nine months ended 30 September 2021 as compared to the same period in 2020. With the great effort from the management and all our employees, we were able to seize the market opportunities and our performance continues to remain solid in the third quarter of 2021. Leveraging the favourable factors, the Group has achieved revenue growth for three consecutive quarters in 2021 when compared to the same periods in 2020. We foresee the global economic recovery shall continue to provide a favourable environment for our business to grow and expand.

The Group’s revenue recorded an increase of approximately HK\$24,694,000 or 50.3% from approximately HK\$49,065,000 for the nine months ended 30 September 2020 to approximately HK\$73,759,000 for the nine months ended 30 September 2021.

Furthermore, the Group reported a profit of approximately HK\$11,389,000 for the nine months ended 30 September 2021, as compared to a profit of approximately HK\$604,000 for the nine months ended 30 September 2020.

Revenue from Hong Kong operations

Hong Kong’s economy continues to recover and consumer spending in Hong Kong has been improving throughout the third quarter of 2021 as the coronavirus is prevented from re-entering the community. For the third quarter of 2021, real gross domestic product (“**GDP**”) of Hong Kong expanded by 5.4% over a year earlier while private consumption expenditure increased by 7% in real terms thanks to the stable local epidemic situation, improved labour market conditions and the consumption voucher scheme. These are reflected by the active recruitment activities and the constant demand for hiring quality talent, especially in the financial services sector.

The Hong Kong labour market improved further along with the increasingly entrenched economic recovery – reflected by the further drop of unemployment rate to 4.5% in the third quarter of 2021. Hong Kong companies are becoming more optimistic about the future business situation to improve as the city’s economy recovers and local infections stabilise.

The revenue generated from recruitment services in Hong Kong recorded an increase of approximately HK\$12,861,000 or 45.9% from approximately HK\$28,005,000 for the nine months ended 30 September 2020 to approximately HK\$40,866,000 for the nine months ended 30 September 2021.

For secondment and payroll outsourcing services, the team has successfully promoted our services to a wider range of new clients. By expanding our client base, the revenue generated from secondment and payroll outsourcing services in Hong Kong recorded an increase of approximately HK\$2,810,000 or 18.6% from approximately HK\$15,097,000 for the nine months ended 30 September 2020 to approximately HK\$17,907,000 for the nine months ended 30 September 2021. 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 China operations

During the first three quarters of 2021, mainland China’s economy continued to recover from the impact of the pandemic. Although their economic growth slowed in the second and third 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\$3,947,000 for the nine months ended 30 September 2020 to approximately HK\$12,628,000 for the nine months ended 30 September 2021, indicating a significant increase of approximately HK\$8,681,000 or 220%.

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

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 our China revenue up in the first nine months of 2021 – particularly in technology 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, together with the lingering effect of regulatory tightening, we are aware that China's future economic growth may tend to be more stabilized. Nonetheless, China is still expected to contribute a significant portion of the global economic growth in 2021 and the Group strongly believes that our agility and adaptability will serve us well during the economy rebound. We are cautiously optimistic about the Group's overall performance in 2021 and will continue to strive for excellence.

In 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\$24,694,000 or 50.3% from approximately HK\$49,065,000 for the nine months ended 30 September 2020 to approximately HK\$73,759,000 for the nine months ended 30 September 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\$21,542,000 or 67.4% from approximately HK\$31,952,000 for the nine months ended 30 September 2020 to approximately HK\$53,494,000 for the nine months ended 30 September 2021. For the nine months ended 30 September 2021, the recruitment service revenue generated in Hong Kong increased by approximately HK\$12,861,000 or 45.9% from approximately HK\$28,005,000 for the nine months ended 30 September 2020 to approximately HK\$40,866,000 for the nine months ended 30 September 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\$8,681,000 or 220% from approximately HK\$3,947,000 for the nine months ended 30 September 2020 to approximately HK\$12,628,000 for the nine months ended 30 September 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 been increased by approximately HK\$3,152,000 or 18.4% from approximately HK\$17,113,000 for the nine months ended 30 September 2020 to approximately HK\$20,265,000 for the nine months ended 30 September 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 nine months ended 30 September 2021, the revenue derived from Hong Kong accounted for approximately 79.7% (2020: approximately 87.9%).

Other income

Other income decreased by approximately HK\$2,839,000 from approximately HK\$3,144,000 for the nine months ended 30 September 2020 to approximately HK\$305,000 for the nine months ended 30 September 2021. The Group had recognized government subsidies of approximately HK\$3,079,000 during the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2021, the staff costs were approximately HK\$48,004,000 (2020: approximately HK\$40,063,000), which accounted for approximately 65.1% (2020: approximately 81.7%) of the revenue. Seconded staff costs for the nine months ended 30 September 2021 was approximately HK\$18,436,000 (2020: approximately HK\$15,462,000), representing approximately 38.4% of the total staff costs (2020: approximately 38.6%). Internal staff costs amounted to approximately HK\$29,568,000 for the nine months ended 30 September 2021 (2020: approximately HK\$24,601,000), representing approximately 61.6% of the total staff costs (2020: approximately 61.4%).

The internal staff costs increased by approximately HK\$4,967,000 or 20.2%. Such increase was primarily due to the expansion of business scale in the PRC. The seconded staff costs increased by approximately HK\$2,974,000 or 19.2% 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\$970,000 or 8.6% from approximately HK\$11,341,000 for the nine months ended 30 September 2020 to approximately HK\$12,311,000 for the nine months ended 30 September 2021, which was mainly consist of rent and rates and depreciation on lease and assets, 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\$47,000 and the interest on a bank overdraft facility amounted to approximately HK\$22,000 for the nine months ended 30 September 2021. For the nine months ended 30 September 2020, the interest on lease liability amounted to approximately HK\$117,000.

Income tax expense

Income tax expense increased by approximately HK\$1,906,000, from approximately HK\$20,000 for the nine months ended 30 September 2020 to approximately HK\$1,926,000 for the nine months ended 30 September 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\$10,774,000, from approximately HK\$651,000 for the nine months ended 30 September 2020 to approximately HK\$11,425,000 for the nine months ended 30 September 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 nine months ended 30 September 2020 of approximately HK\$2,428,000 as compared to a net profit of approximately HK\$11,425,000 for nine months ended 30 September 2021, representing a significant increase of approximately HK\$13,853,000.

Dividend

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 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 September 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 (Note 1)	600,000,000	75%
Mr. Eddie Chan	Interest in a controlled corporation and interest held jointly with another person (Note 1)	600,000,000	75%
Mr. Jackson Chan	Interest in a controlled corporation and interest held jointly with another person (Note 1)	600,000,000	75%

Note:

1. Among such 600,000,000 shares, 450,000,000 shares are registered in the name of KJE Limited and 150,000,000 shares are registered in the name of Caiden Holdings Limited. KJE Limited 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 September 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 September 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:

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, 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 and the chief executive of the Company 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 September 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 September 2021.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the nine months ended 30 September 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 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 2021.

COMPETING INTERESTS

During the nine months ended 30 September 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 (the “**CG Code**”) and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules throughout the nine months ended 30 September 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 nine months ended 30 September 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. 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 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 November 2021

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 GEM website at www.hkgem.com 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.