



KOS International Holdings Limited

高奧士國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8042)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2022

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

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

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

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

RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 March 2022, together with the unaudited comparative figures for the corresponding period in 2021 as follows:

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

For the three months ended 31 March 2022

		Unaudited Three months ended 31 March	
		2022	2021
	Notes	HK\$'000	HK\$'000
Revenue	3	29,250	18,306
Other income		28	98
Staff costs		(17,843)	(15,086)
Other expenses and losses		(5,324)	(3,867)
Other gains and losses		(394)	(24)
Impairment losses under expected credit loss (“ECL”) model, net of reversal		(132)	(89)
Finance costs	4	(72)	(20)
Profit (loss) before taxation		5,513	(682)
Income tax expense	5	(571)	(71)
Profit (loss) for the period		<u>4,942</u>	<u>(753)</u>
Other comprehensive income (expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of a foreign operation		<u>43</u>	<u>(37)</u>
Total comprehensive income (expense) for the period		<u>4,985</u>	<u>(790)</u>
Earnings (loss) per share			
– basic and diluted (<i>Hong Kong cent</i>)	6	<u>0.62</u>	<u>(0.09)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	(Accumulated losses) retained profits HK\$'000	Total HK\$'000
At 1 January 2021 (Audited)	8,000	39,738	49	-	92	(8,564)	39,315
Loss for the period	-	-	-	-	-	(753)	(753)
Other comprehensive expense for the period	-	-	-	-	(37)	-	(37)
Total comprehensive expense for the period	-	-	-	-	(37)	(753)	(790)
At 31 March 2021 (Unaudited)	8,000	39,738	49	-	55	(9,317)	38,525
At 1 January 2022 (Audited)	8,000	39,738	49	10	240	4,230	52,267
Profit for the period	-	-	-	-	-	4,942	4,942
Transfer to statutory reserve	-	-	-	131	-	(131)	-
Other comprehensive income for the period	-	-	-	-	43	-	43
Total comprehensive income for the period	-	-	-	131	43	4,811	4,985
At 31 March 2022 (Unaudited)	8,000	39,738	49	141	283	9,041	57,252

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands with limited liability under the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited on 12 October 2018. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is Suite 610, 6th Floor, Ocean Centre, No. 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company's immediate and ultimate holding company is KJE Limited, a company incorporated in the British Virgin Islands. The ultimate controlling parties of the Company are Mr. Chan Ka Kin Kevin, Mr. Chan Ka On Eddie, Mr. Chan Ka Shing Jackson and Mr. Chow Ka Wai Raymond.

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

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

The condensed consolidated financial statements have not been audited by the Company's auditor, but have been reviewed by the audit committee of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021 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 2021, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2022.

3. REVENUE

Disaggregation of revenue

	Unaudited Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Recruitment services		
– Hong Kong	16,469	9,863
– The PRC	7,466	2,077
	<u>23,935</u>	<u>11,940</u>
Secondment and payroll services		
– Hong Kong	4,762	5,630
– Macau	553	736
	<u>5,315</u>	<u>6,366</u>
Total	<u><u>29,250</u></u>	<u><u>18,306</u></u>

4. FINANCE COSTS

	Unaudited Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Interest on lease liability	55	17
Interest on bank overdraft	15	3
Others	2	–
	<u>72</u>	<u>20</u>

5. INCOME TAX EXPENSE

	Unaudited Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Current tax		
– Hong Kong Profits Tax	543	71
– The PRC Enterprise Income Tax (the “EIT”)	28	–
	<u>571</u>	<u>71</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the three months ended 31 March 2022 and 2021.

Under the two-tiered profits rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Macau Complementary Tax is calculated at 12% of the estimated assessable profits exceeding Macao Pataca (“MOP”) 600,000 for each of the three months ended 31 March 2022 and 2021. 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% for the three months ended 31 March 2022. No provision for EIT is made for the three months ended 31 March 2021 as the Group has no assessable profit arising in the PRC.

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	
	31 March	
	2022	2021
Profit (loss) for the period (<i>HK\$'000</i>)	<u>4,942</u>	<u>(753)</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings (loss) per share (<i>in '000</i>)	<u>800,000</u>	<u>800,000</u>

No diluted earnings (loss) per share for the three months ended 31 March 2022 and 2021 were presented as there were no potential ordinary shares in issue during the three months ended 31 March 2022 and 2021.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2022 (2021: 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, 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 Mainland China, we will continue to grow and expand our team. In addition to the Greater Bay Area (“GBA”), which has significantly contributed to our growth in the first quarter of 2022, we aim to expand our footprint in other regions of China in the near future.

COVID-19 has certainly made the last two years challenging for a vast number of corporations; however, it has also changed how the world operates and sped up the transformation of digital and virtual business operations, especially in Hong Kong. The world adapted to the new norm and learnt to deal with the pandemic, all while keeping business going as usual. With businesses in both Hong Kong and Mainland China looking for ways to rebound in 2022 and our business expansion in Mainland China, we saw favourable conditions for our Group’s performance in the three months period ended 31 March 2022.

Leveraging these positive factors, the revenue generated from the recruitment services of the Group has recorded significant growth for the three months ended 31 March 2022, as compared to the same period in 2021. Thanks to the great efforts of management and all of our employees, we were able to seize the market opportunities, leading to a strong performance for the three months ended 31 March 2022.

The Group’s revenue recorded an increase of approximately HK\$10,944,000 or 59.8% from approximately HK\$18,306,000 for the three months ended 31 March 2021 to approximately HK\$29,250,000 for the three months ended 31 March 2022. Furthermore, the Group reported a net profit of approximately HK\$4,942,000 for the three months ended 31 March 2022, as compared to a net loss of approximately HK\$753,000 for the three months ended 31 March 2021.

Revenue from Hong Kong operations

Even though the Hong Kong economy faced pressure in the first quarter of 2022 due to the fifth wave of local epidemic, Hong Kong corporations were anticipating economic recovery to take place in the near future and continued with their hiring plan to capture the market. This is reflected by the active recruitment activities and constant demand for hiring quality talent, especially in the financial services (“**FS**”) and information technology sectors (“**IT**”), which have contributed approximately 21.7% and 11.7% to our recruitment service revenue in Hong Kong, respectively.

As one of the core pillars supporting Hong Kong’s economy, the demand for talent in the FS sector has always been high. As banks in Hong Kong allocate more resources to developing finance technologies, green finance, and Greater Bay Area wealth management, we have seen great demand for finance talent across a wide range of different areas in the three months ended 31 March 2022, including retail banking. Being their revenue generator, front office hiring has been highly active and with our dedicated FS team and sufficient candidate pool, we satisfied the talent needs of our FS clients effectively.

The pandemic has also accelerated corporations’ transformation in various industries through technology. The trend of moving operations online, together with the shortage of IT talent in an already wide range of fields, including artificial intelligence, big data, blockchain, and fintech, etc., have created a strong demand for IT candidates in the three months ended 31 March 2022. There are numerous IT job openings that needed candidates with specific skills. Our experienced IT team was able to address the needs of each position and make timely placements. We see great business potential in not only the two aforementioned sectors but also across the whole labour market in Hong Kong. We will continue to invest resources to enhance our team in order to deliver the best services to our clients.

The revenue generated from recruitment services in Hong Kong recorded an increase of approximately HK\$6,606,000 or 67.0% from approximately HK\$9,863,000 for the three months ended 31 March 2021 to approximately HK\$16,469,000 for the three months ended 31 March 2022.

Revenue from Mainland China operations

Throughout the past three months, Mainland China's economy continued to recover from the impact of the pandemic and the operation of the economy was generally stable. Despite the new outbreaks of the COVID-19, with the strictly implemented decisions and arrangements in place, Mainland China's economy was able to pursue progress while ensuring stability. With our Mainland 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\$2,077,000 for the three months ended 31 March 2021 to approximately HK\$7,466,000 for the three months ended 31 March 2022, indicating a significant increase of approximately HK\$5,389,000 or 259.5%.

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 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 Mainland China has proven to be effective. With additional clients and closer connections with existing ones, the Group has driven our Mainland China revenue up in the first quarter of 2022 – particularly in the technology, internet, and property sectors. The Group's expertise and specialisation across a wide range of industries have allowed us to attract new prospects, develop customer engagement strategies, and turn them into clients.

The Group's Mainland 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 Mainland China business and its performance plays a key role in achieving the Group's strategic goals and vision.

Looking ahead

With the recent outbreak of the Omicron variant of COVID-19 in 2022, we are fully aware that Hong Kong's pandemic situation may continue to put pressure on the recovering economy and are ready to take on the challenge. Our past performance has proven ourselves to be resilient under tough situations and we will stay that way. Nevertheless, Mainland China has shown a year on year growth in GDP of 4.8% for the first quarter of 2022 and based on its more stabilised pandemic situation, Mainland China will remain to be our core business focus besides Hong Kong. We see great potential for business in China and will consider expanding into other cities at the right time and under the right conditions.

The Group strongly believes that our agility and adaptability will serve us well during the economic rebound. We are cautiously optimistic about the Group's overall performance in 2022 and will continue to strive for excellence.

In 2022, the Group will:

- 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 and information technology sectors 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;
- Strengthen our in-house marketing teams in both Hong Kong and Mainland China to raise brand awareness using digital and social media platforms;
- Stay ahead of the market and pay close attention to potential investment opportunities that provide good returns and/or have synergy with our core business; and
- Create more corporate social value as both a public company and HR service company.

Despite the impact of 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 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 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 on towards our goals.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$10,944,000 or 59.8% from approximately HK\$18,306,000 for the three months ended 31 March 2021 to approximately HK\$29,250,000 for the three months ended 31 March 2022, which was principally attributable to the increase in revenue derived from the recruitment services.

The Group recorded an increase in revenue under the recruitment services of approximately HK\$11,995,000 or 100.5% from approximately HK\$11,940,000 for the three months ended 31 March 2021 to approximately HK\$23,935,000 for the three months ended 31 March 2022. The increase in the recruitment service revenue of the Group was mainly attributable to the recovery of the Hong Kong recruitment market from the pandemic and the explanation of the Mainland China Market. As a result of the increased demand from the Group's clients from both Hong Kong and Mainland China operations. With the fluctuation of the COVID-19 in the past two years, our clients have been adapting to the COVID-19 pandemic and have also adjusted their recruitment processes and taken appropriate steps and measures to cater their own needs. Thus, our clients' recruitment demands and the services that are provided by the Company during the three months ended 31 March 2022 have not been materially affected and hence the revenue generated from the recruitment services of the Group has recorded a significant growth for the three months ended 31 March 2022.

There was a decrease in secondment and payroll services, which had been decreased by approximately HK\$1,051,000 or 16.5% from approximately HK\$6,366,000 for the three months ended 31 March 2021 to approximately HK\$5,315,000 for the three months ended 31 March 2022.

For the three months ended 31 March 2022, the revenue derived from Hong Kong accounted for approximately 72.6% (2021: approximately 84.6%) of the total revenue.

Staff costs

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

For the three months ended 31 March 2022, the staff costs were approximately HK\$17,843,000 (2021: approximately HK\$15,086,000), which accounted for approximately 61.0% (2021: approximately 82.4%) of the revenue. Seconded staff costs for the three months ended 31 March 2022 was approximately HK\$5,162,000 (2021: approximately HK\$5,686,000), representing approximately 28.9% of the total staff costs (2021: approximately 37.7%). The internal staff costs amounted to approximately HK\$12,681,000 for the three months ended 31 March 2022 (2021: approximately HK\$9,400,000), representing approximately 71.1% of the total staff costs (2021: approximately 62.3%).

The seconded staff costs decreased by approximately HK\$524,000 or 9.2% which were in line with the decreased in revenue derived from the secondment and payroll services. The internal staff costs increased by approximately HK\$3,281,000 or 34.9%. Such increase was mainly due to the increased number of the internal staff in both Hong Kong and Mainland China operations.

Other expenses and losses

Other expenses and losses increased by approximately HK\$1,457,000 from approximately HK\$3,867,000 for the three months ended 31 March 2021 to approximately HK\$5,324,000 for the three months ended 31 March 2022, which was mainly consist of rent and rates and depreciation, marketing and advertising expenses and business expenses related to the business expansion in both Hong Kong and Mainland China operations.

Finance costs

Finance costs mainly represented the interest on lease liability and a bank overdraft facility. The interest on the lease liability amounted to approximately HK\$55,000 and the interest on a bank overdraft facility amounted to approximately HK\$15,000 for the three months ended 31 March 2022. For the three months ended 31 March 2021, the interest on the lease liability and bank overdraft facility amounted to approximately HK\$17,000 and HK\$3,000, respectively.

Income tax expense

Income tax expense increased by approximately HK\$500,000, from approximately HK\$71,000 for the three months ended 31 March 2021 to approximately HK\$571,000 for the three months ended 31 March 2022. The increase was primarily attributable to the increase in estimated assessable profits from the operating subsidiaries of the Company.

Total comprehensive income (expense) for the period

As a result of the foregoing, total comprehensive income (expense) for the three months ended 31 March 2022 increased by approximately HK\$5,775,000, from the net loss position of approximately HK\$790,000 for the three months ended 31 March 2021 to the net profit position of approximately HK\$4,985,000 for the three months ended 31 March 2022. Such increase was mainly attributable to an increase in revenue in the Mainland China operations and Hong Kong recruitment service activities.

Dividend

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2022 (2021: Nil).

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

As at 31 March 2022, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares of the Company

Name of Directors	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Mr. Chan Ka Kin Kevin (“Mr. Kevin Chan”)	Interest in a controlled corporation and interest held jointly with another person (Note 1)	600,000,000	75%
Mr. Chan Ka On Eddie (“Mr. Eddie Chan”)	Interest in a controlled corporation and interest held jointly with another person (Note 1)	600,000,000	75%

Name of Directors	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Mr. Chan Ka Shing Jackson (“ 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. Chow Ka Wai Raymond (“**Mr. Raymond Chow**”) and Mr. Raymond Chow is therefore deemed to be interested in all the shares held by Caiden Holdings Limited under the SFO. On 18 January 2018, Mr. Kevin Chan, Mr. Eddie Chan, Mr. Jackson Chan and Mr. Raymond Chow executed a deed of concert parties arrangement and they have been and will be acting in concert pursuant to the deed. Therefore, each of Mr. Kevin Chan, Mr. Eddie Chan and Mr. Jackson Chan is deemed to be interested in all the shares held by KJE Limited and Caiden Holdings Limited under the SFO.

Save as disclosed above, as at 31 March 2022, 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 31 March 2022, 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 shareholders	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 (Note 1)	600,000,000	75%
Caiden Holdings Limited	Beneficial owner and interest held jointly with another person (Note 1)	600,000,000	75%
Mr. Raymond Chow	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, 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 31 March 2022.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 13 September 2018 (the “**Share Option Scheme**”). No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme and there was no share option outstanding as at 31 March 2022.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the three months ended 31 March 2022 was the Company, its subsidiaries or its other associated corporations a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of the shares or underlying shares in or debentures of, the Company or any of its associated corporations. As at the date of this announcement, the Company has not granted any share options to the Directors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the three months ended 31 March 2022.

COMPETING INTERESTS

During the three months ended 31 March 2022, 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 Appendix 15 to the GEM Listing Rules throughout the three months ended 31 March 2022.

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 three months ended 31 March 2022.

AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) was established on 13 September 2018 in compliance with Rule 5.28 of the GEM Listing Rules and with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. It currently comprises three independent non-executive Directors, namely Mr. Poon Kai Kin, Dr. Lau Kin Shing Charles and Mr. Cheung Wang Kei Wayne. Mr. Poon Kai Kin is the chairman of the Audit Committee.

The primary duties of the Audit Committee include making recommendations to the Board on the appointment and approval of external auditors, reviewing and supervising the financial statements and material advice in respect of financial reporting, overseeing internal control procedures and corporate governance of the Company, supervising internal control and risk management systems of the Company and monitoring continuing connected transactions (if any).

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the three months ended 31 March 2022 and has provided advice and comments thereon.

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

Hong Kong, 12 May 2022

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.