Knowledge \ Opportunity \ Synergy

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

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.

*This announcement, for which the directors (the "**Directors**") of KOS International Holdings Limited (the "**Company**" or "**KOS International**", together with its subsidiaries, the "**Group**") 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 of the Company (the "**Board**") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2024, together with the audited comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	4	**213,297**	143,566
Other income	5	**1,613**	1,324
Other gains (losses)	6	**512**	(348)
Staff costs		**(187,687)**	(119,613)
Other expenses and losses		**(29,970)**	(28,289)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal		**(206)**	(139)
Finance costs	7	**(458)**	(372)
Loss before taxation	8	**(2,899)**	(3,871)
Income tax credit (expense)	9	**352**	(286)
Loss for the year		**(2,547)**	(4,157)
Other comprehensive expense			
Item that will not be reclassified to profit or loss:			
Fair value loss on:			
Investment in financial instruments at fair value through other comprehensive income ("**FVTOCI**")		**(196)**	(186)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(323)**	(235)
Total comprehensive expense for the year		**(3,066)**	(4,578)
Loss per share – basic and diluted *(Hong Kong cent)*	11	**(0.32)**	(0.52)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		**1,559**	3,660
Right-of-use assets		**10,151**	4,405
Other intangible asset		**980**	980
Rental deposits	12	**1,284**	1,432
Equity instrument at FVTOCI		**1,174**	1,370
		15,148	11,847
Current assets			
Accounts and other receivables	12	**40,547**	28,879
Tax recoverable		**496**	1,491
Financial assets at fair value through profit or loss ("**FVTPL**")		**419**	601
Pledged bank deposits		**2,400**	3,000
Bank balances and cash		**24,692**	34,668
		68,554	68,639
Current liabilities			
Other payables and accruals		**14,446**	13,953
Contract liability		**193**	144
Lease liabilities		**4,197**	3,477
		18,836	17,574
Net current assets		**49,718**	51,065
Non-current liabilities			
Lease liabilities		**6,035**	916
Deferred tax liability		**149**	233
Provision for reinstatement costs		**519**	534
		6,703	1,683
Net assets		**58,163**	61,229

	2024	2023
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**8,000**	8,000
Reserves	**50,163**	53,229
Total equity	**58,163**	61,229

Notes:

1. GENERAL

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

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

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

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments")

The Group has applied the amendments for the first time in the current year. The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendment to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	2024	2023
	HK$'000	*HK$'000*
Recruitment services		
– Hong Kong	**51,584**	67,873
– Mainland China	**20,134**	16,551
– Singapore	**4,957**	365
	76,675	84,789
Secondment and payroll services		
– Hong Kong	**133,623**	56,005
– Macau	**2,999**	2,772
	136,622	58,777
Total	**213,297**	143,566

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 Group's revenue is generated from Hong Kong, and majority of non-current assets are located in Hong Kong.

Information about major customer

Revenue from customer contributing over 10% of the total revenue of the Group during the year is as follows:

	2024	2023
	HK$'000	*HK$'000*
Customer	**39,792**	N/A*

* For the year ended 31 December 2023, no revenue derived from transactions with a single customer represent 10% or more of the Group's total revenue.

5. OTHER INCOME

	2024	2023
	HK$'000	*HK$'000*
Dividend income from investments in listed securities	**53**	21
Interest income	**441**	553
Government grants *(Note)*	**21**	233
Visa application income	**407**	261
Seminar and training income	**674**	166
Sundry income	**17**	90
	1,613	1,324

Note: For the year ended 31 December 2024, the Group recognised the government grants approximately HK$21,000 (2023: approximately HK$233,000) of which approximately HK$9,000 (2023: approximately HK$81,000) related to Maternity Allowance and Job Stability subsidy granted by the PRC Government, approximately HK$12,000 (2023: Nil) related to employment subsidy under "Corporate Income Tax Rebate Cash Grant" provided by the Inland Revenue Authority of Singapore and no government granted was provided by Hong Kong Government this year (2023: approximately HK$152,000 related to Technology Voucher Programme).

6. OTHER GAINS (LOSSES)

	2024	2023
	HK$'000	*HK$'000*
Net unrealised loss on financial assets at FVTPL	**(17)**	(348)
Gain on disposal of financial assets at FVTPL	**135**	–
Loss on disposal of property, plant and equipment	**(7)**	–
Reversal of provision of reinstatement costs	**401**	–
	512	(348)

7. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest on lease liabilities	**318**	253
Interest on bank overdraft	**–**	38
Interest on bank loan	**115**	61
Interest on provision for reinstatement costs	**25**	20
	458	372

8. LOSS BEFORE TAXATION

	2024	2023
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Directors' remuneration	**6,746**	7,398
Salaries and allowance for staff excluding directors	**172,276**	106,497
Staff welfare	**371**	649
Retirement benefit schemes contributions for staff excluding directors	**8,294**	5,069
Total staff costs	**187,687**	119,613
Rental expenses in respect of short-term leases	**487**	794
Depreciation of property, plant and equipment	**2,259**	2,763
Depreciation of right-of-use assets	**4,822**	4,347
Write-off of property, plant and equipment	**–**	1
Auditor's remuneration	**650**	750

9. INCOME TAX (CREDIT) EXPENSE

	2024	2023
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**173**	431
– Mainland China	**–**	–
– Macau	**–**	–
– Singapore	**–**	–
Overprovision in prior years		
– Hong Kong Profits Tax	**(441)**	(79)
	(268)	352
Deferred tax	**(84)**	(66)
	(352)	286

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

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 years ended 31 December 2024 and 2023. No provision of Macau Complementary Tax was made as the subsidiary in Macau has no assessable profits exceeding MOP600,000 in both years.

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 years ended 31 December 2024 and 2023. No provision for EIT is made for the years ended 31 December 2024 and 2023 as the Group has no taxable income arising in the PRC for both years.

According to Guangdong Provincial Tax Service and Shanghai Municipal 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》(2023年第12號), for the annual taxable income not exceeding RMB3 million, the subsidiary is subject to the EIT calculated at 25% of its taxable income at a tax rate of 20% from 1 January 2023 to 31 December 2027.

Singapore Corporate Income Tax is calculated at the rate of 17% on the estimated chargeable income arising in Singapore for the years ended 31 December 2024 and 2023. No provision of Corporate Income Tax was made as the subsidiary in Singapore has no chargeable income for the year ended 31 December 2023 and the chargeable income is wholly absorbed by tax losses brought forward from prior year for the year ended 31 December 2024.

10. DIVIDENDS

No dividend has been proposed by the directors of the Company for the year ended 31 December 2024 (2023: Nil).

11. LOSS PER SHARE

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

	2024	2023
	HK$'000	*HK$'000*
Loss for the year	**(2,547)**	(4,157)

	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic loss per share	**800,000,000**	800,000,000

No diluted loss per share for years ended 31 December 2024 and 2023 were presented as there were no potential ordinary shares in issue during the years ended 31 December 2024 and 2023.

12. ACCOUNTS AND OTHER RECEIVABLES AND RENTAL DEPOSITS

	2024	2023
	HK$'000	*HK$'000*
Accounts receivables	**40,116**	27,338
Less: Allowance for ECL	**(1,284)**	(1,078)
	38,832	26,260
Other receivables		
– Prepayments	**1,190**	1,911
– Rental and utility deposits	**1,541**	1,774
– Others	**268**	366
Total accounts and other receivables	**41,831**	30,311
Less: Receivables within twelve months shown under current assets	**(40,547)**	(28,879)
Rental deposits shown under non-current assets	**1,284**	1,432

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.

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**29,589**	16,386
31 to 60 days	**4,316**	4,566
61 to 90 days	**1,574**	1,557
91 to 180 days	**2,914**	3,200
Over 180 days	**439**	551
	38,832	26,260

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Business review

KOS International is a leading human resources ("**HR**") service provider that is based in Hong Kong. We believe that hiring the right people is key to the success of every company. As such, we provide impeccable recruitment services to our clients by placing high-calibre candidates that are most suitable for our clients' vacancies. Together with our secondment and payroll services, learning and development services, outplacement service, market intelligence and salary benchmarking services, we extend beyond job placements by providing a complete HR solution for our clients. We have already established offices in Hong Kong, Macau, Shenzhen, Guangzhou and Singapore, and have set up an office in Shanghai in 2024. With the vision of becoming the leading HR service provider in Hong Kong, Mainland China and Southeast Asia, we will continue to grow and expand our team. In addition to the Greater Bay Area ("**GBA**"), we are expanding our footprint in other regions of China as well as Southeast Asia in the future.

The year 2024 proved to be another challenging period for the Group, marked by persistent market volatility and economic uncertainties. Hong Kong, in particular, faced significant headwinds, with the government reporting subdued economic growth, rising interest rates, and a slowdown in key sectors such as finance, real estate, and retail. These factors contributed to a cautious hiring environment, with many companies delaying recruitment decisions or opting for temporary staffing solutions. Despite these challenges, the Group achieved notable progress, particularly in our payroll and secondment services, which recorded significant revenue growth. While the Group continued to report a loss, it was narrower than in 2023, reflecting the effectiveness of our strategic initiatives and the resilience of our business model.

The Group's total revenue for the year ended 31 December 2024 demonstrated steady growth, driven by the strong performance of our payroll and secondment services and returns from our Singapore operation since its commencement of business in 2023. However, traditional recruitment services in Hong Kong faced ongoing pressures due to subdued market demand and heightened competition.

In Hong Kong, the adverse economic conditions, including a decline in consumer spending and a sluggish property market, led to reduced hiring activity across multiple sectors. Despite these challenges, the Group's ability to diversify its revenue streams and adapt to changing market dynamics has been a key factor in mitigating the impact of these external pressures.

Recognising the shifting demands and needs of our clients, we have strategically focused on expanding our service scopes to provide comprehensive solutions beyond traditional recruitment services. This strategic decision has not only allowed us to diversify our revenue streams but also to better serve our clients in a more holistic manner.

Throughout 2024, the Group continued its commitment to delivering high-quality HR solutions to our clients, even in the face of a challenging and rapidly evolving market landscape. Our unwavering focus on operational efficiency has been a cornerstone of our strategy, enabling us to navigate economic uncertainties while maintaining the highest standards of service.

Recognizing the importance of adaptability in a dynamic environment, we have continued to invest in our team of experienced recruiters and industry experts. This investment has been critical in ensuring that we remain well-equipped to meet the evolving needs of our clients. By fostering a culture of continuous learning and professional development, we have empowered our team to stay ahead of industry trends and deliver innovative solutions that address the unique challenges faced by our clients.

In addition to talent development, we have implemented a range of measures to enhance operational efficiency across our business. These include streamlining internal processes, leveraging technology to improve productivity, and adopting data-driven approaches to decision-making. These initiatives have not only strengthened our ability to deliver results but also positioned us as a forward-thinking leader in the HR services industry.

The total revenue generated from the Group's recruitment services and secondment and payroll services recorded growth for the year ended 31 December 2024, as compared to the same period in 2023. The Group's revenue recorded an increase of approximately HK$69,731,000 or 48.6% from approximately HK$143,566,000 for the year ended 31 December 2023 to approximately HK$213,297,000 for the year ended 31 December 2024. Yet, the Group reported a net loss of approximately HK$2,547,000 for the year ended 31 December 2024, which has seen an improvement from the net loss position of approximately HK$4,157,000 for the year ended 31 December 2023.

Revenue from Hong Kong operations

The Hong Kong market remained challenging in 2024, with economic uncertainties and cautious hiring practices continuing to impact demand for recruitment services. Hong Kong's GDP growth slowed to 2.5% in 2024, down from 3.2% in 2023, reflecting weaker global demand and domestic consumption. The value of retail sales, in nominal terms, decreased by 7.3% year-on-year for the whole 2024. This economic slowdown, coupled with rising operational costs and a tight labour market, created a difficult environment for traditional recruitment services.

Despite these conditions, the Group's secondment and payroll services emerged as a key growth driver, reflecting our ability to adapt to evolving client needs. A number of companies in Hong Kong turned to flexible staffing solutions to manage costs and maintain operational agility, leading to increased demand for our secondment and payroll services. Revenue from these services grew significantly, driven by an expanded client base and enhanced service offerings. This diversification has not only strengthened our revenue streams but also reinforced our position as a versatile provider of integrated HR solutions in Hong Kong.

However, revenue from recruitment services in Hong Kong declined compared to the previous year, underscoring the competitive and volatile nature of the market. The decrease in the Group's recruitment revenue in Hong Kong in 2024 reflected the cautious hiring sentiment among businesses. To address this, we have intensified our efforts to provide value-added services, such as talent mapping and workforce planning, to help clients navigate the uncertain economic landscape.

The revenue generated from recruitment services in Hong Kong recorded a decrease of approximately HK$16,289,000 or 24.0% from approximately HK$67,873,000 for the year ended 31 December 2023 to approximately HK$51,584,000 for the year ended 31 December 2024. For secondment and payroll services, the team has continued our business development strategies and focused on bringing in new clients. Due to the increase in number of clients, the revenue generated from secondment and payroll services in Hong Kong recorded an increase of approximately HK$77,618,000 or 138.6% from approximately HK$56,005,000 for the year ended 31 December 2023 to approximately HK$133,623,000 for the year ended 31 December 2024. With the Group's dedicated staff and established processes, the Group fulfilled the needs and expectations of our clients and considerably reduced their time and costs for communication and administrative tasks with regards to payroll.

Revenue from Mainland China operations

The Group's operations in Mainland China navigated a complex and challenging business environment in 2024, characterized by economic fluctuations, regulatory changes, and shifting market dynamics. Despite these headwinds, we are pleased to report that revenue from our Mainland China operations increased compared to 2023, reflecting the success of our strategic initiatives and the resilience of our business model.

The Chinese economy grew at a moderated pace of 5.0% in 2024, down from 5.4% in 2023, as the country continued to grapple with structural reforms, weaker global demand, and regulatory adjustments in key sectors. Throughout the year, we see challenges for recruitment services but the Group's ability to adapt to changing conditions and capitalize on emerging opportunities has been instrumental in achieving revenue growth.

In addition to our new presence in Shanghai, our Shenzhen and Guangzhou offices continued to focus on delivering exceptional services to our clients. We have been able to align our services with the region's economic priorities and growth trajectories. Our teams in these cities have worked diligently to strengthen client relationships, enhance service quality, and deliver tailored solutions that meet the evolving needs of businesses in Mainland China.

Furthermore, we have placed a strong emphasis on talent development and operational excellence to drive long-term growth. By investing in our team of recruiters and industry experts, we have ensured that we remain well-equipped to navigate the complexities of the Mainland China market. Our commitment to innovation and efficiency has also enabled us to optimize our processes and deliver superior outcomes for our clients.

The Group's recruitment revenue from Mainland China increased from approximately HK$16,551,000 for the year ended 31 December 2023 to approximately HK$20,134,000 for the year ended 31 December 2024, indicating an increase of approximately HK$3,583,000 or 21.6%.

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 and at the same time, Shanghai;

- 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.

We remain confident in the growth potential of our Mainland China operations. While challenges persist, the Group's strategic focus on diversification, client-centric solutions, and geographic expansion positions us well to capitalize on emerging opportunities. We are committed to further strengthening our presence in the region, exploring new business avenues, and delivering sustainable value for our clients and shareholders.

The increase in revenue from Mainland China operations is a testament to the hard work and dedication of our team, as well as the effectiveness of our strategic initiatives. As we move forward, we will continue to build on this momentum, leveraging our expertise and resources to drive further growth and solidify our position as an excellent HR services provider in Mainland China.

Revenue from Singapore operations

Our Singapore recruitment business has shown resilience and growth in 2024, with a demand for quality recruitment services driven by the country's economic growth and strategic positioning as a regional business hub. Singapore's GDP grew by 4.4% in 2024 – this positive economic climate, coupled with a competitive talent market, has created opportunities for recruitment solutions.

Since establishing our office in Singapore in early 2023, our revenue there had been on an increasing trend. Our success in Singapore underscores the effectiveness of our strategic approach to expand to the Southeast Asia and our dedication to delivering exceptional value to clients and candidates alike. Our Singapore recruitment revenue had seen remarkable growth, increased from approximately HK$365,000 for the year ended 31 December 2023 to approximately HK$4,957,000 for the year ended 31 December 2024, indicating an increase of approximately HK$4,592,000. The increase was fueled by our ability to deliver excellent service and meet the evolving needs of clients. Our expertise in sourcing top-tier talent, combined with tailored recruitment solutions, had positioned us as a trusted partner for businesses navigating Singapore's dynamic market.

Looking ahead

Despite the challenges faced in 2024, the Group remains optimistic about the long-term growth prospects of the HR industry in Hong Kong, Mainland China, and Southeast Asia. Our strategic focus on diversification, operational efficiency, and talent development positions us well to capitalize on emerging opportunities and deliver sustainable growth.

Looking ahead, the Group will concentrate resources on sectors with strong recovery potential. When these sectors rebound as economic conditions stabilize, we aim to position ourselves as a trusted partner for businesses in these industries. We will continue to recruit, train, and retain top-tier recruitment talent to support our long-term organic growth strategy. We will continue to invest in professional development programs and leadership training to ensure our team remains equipped to meet the evolving needs of our clients.

Furthermore, we will focus on driving productivity and profitability through stringent measures in team composition, geographic focus, and performance monitoring. By optimizing our operations, we aim to enhance efficiency. We will stick with our expansion strategy to explore new market opportunities and potential investments that align with our core business and offer synergistic benefits. We will continue to evaluate opportunities for geographic expansion and service diversification to drive growth.

To generate and preserve value over the longer term, and deliver the Group's objectives, the Group will in 2025:

- Gather the Group's existing resources and put a strong focus on industries with recovery potential;

- Invest in the Group's team serving these sectors in Hong Kong, as well as businesses in Mainland China and Singapore, while at the same time closely monitor the performance and return on investment;

- Drive activity, productivity, and profitability with stringent measures in terms of team composition, discipline, and geography;

- Recruit selectively, 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

- 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.

While the economic landscape remains uncertain, the Group is well-prepared to adapt to changing conditions and seize opportunities as they arise. We remain committed to our vision and core values, and we are confident that our strategic focus, dedicated team, and unwavering determination will enable us to overcome challenges and achieve our long-term objectives.

The path ahead is filled with possibilities, and we are excited about the opportunities that lie ahead. By staying agile, innovative, and client-focused, we will continue to strengthen our business and deliver value to our shareholders, clients, and stakeholders.

FINANCIAL REVIEW

Revenue

Our revenue was derived from the provision of recruitment services and secondment and payroll services.

The Group's revenue amounted to approximately HK$213,297,000 for the year ended 31 December 2024, increased by approximately HK$69,731,000 or 48.6% as compared to approximately HK$143,566,000 for the year ended 31 December 2023.

Set forth below is a breakdown of the total revenue during the years ended 31 December 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	HK$'000	***% of revenue***	*HK$'000*	*% of revenue*
Recruitment services				
– Hong Kong	**51,584**	**24.2**	67,873	47.3
– Mainland China	**20,134**	**9.5**	16,551	11.5
– Singapore	**4,957**	**2.3**	365	0.3
	76,675	**36.0**	84,789	59.1
Secondment and payroll services				
– Hong Kong	**133,623**	**62.6**	56,005	39.0
– Macau	**2,999**	**1.4**	2,772	1.9
	136,622	**64.0**	58,777	40.9
Total revenue	**213,297**	**100.0**	143,566	100.0

(i) Revenue from recruitment services

We provide recruitment services primarily in Hong Kong, Mainland China and Singapore. Revenue from recruitment services amounted to approximately HK$76,675,000 for the year ended 31 December 2024 and approximately HK$84,789,000 for the year ended 31 December 2023, representing approximately 36.0% and 59.1% of the total revenue, respectively.

The decline in the Group's recruitment service revenue was primarily due to a sluggish recruitment market in Hong Kong. Ongoing economic uncertainties and changing business dynamics have continued to dampen demand.

The recruitment service revenue in Hong Kong decreased by approximately HK$16,289,000 or 24.0% from approximately HK$67,873,000 for the year ended 31 December 2023 to approximately HK$51,584,000 for the year ended 31 December 2024. The recruitment service revenue in Mainland China increased by approximately HK$3,583,000 or 21.6% from approximately HK$16,551,000 for the year ended 31 December 2023 to approximately HK$20,134,000 for the year ended 31 December 2024. The recruitment service revenue in Singapore increased by approximately HK$4,592,000 from approximately HK$365,000 for the year ended 31 December 2023 to approximately HK$4,957,000 for the year ended 31 December 2024.

(ii) Revenue from secondment and payroll services

We provide secondment and payroll services in Hong Kong and Macau. Revenue from secondment and payroll services amounted to approximately HK$136,622,000 for the year ended 31 December 2024 and approximately HK$58,777,000 for the year ended 31 December 2023, representing approximately 64.0% and 40.9% of the total revenue, respectively. The revenue from secondment and payroll service increased by approximately HK$77,845,000 or 132.4%. Such increase was mainly attributable to the expansion of the secondment team and the new strategy implemented by the secondment team, which changed their business development approach and placed more focus on new clients with better margins.

(iii) Revenue by geographical location

During the years ended 31 December 2024 and 2023, Hong Kong remained as our major market, which contributed approximately 86.8% and 86.3% of the total revenue, respectively. The revenue generated from Hong Kong increased by approximately HK$61,329,000 or 49.5% from approximately HK$123,878,000 for the year ended 31 December 2023 to approximately HK$185,207,000 for the year ended 31 December 2024. The revenue generated from Mainland China increased by approximately HK$3,583,000 or 21.6% from approximately HK$16,551,000 for the year ended 31 December 2023 to approximately HK$20,134,000 for the year ended 31 December 2024. The revenue generated from Singapore increased by approximately HK$4,592,000 from approximately HK$365,000 for the year ended 31 December 2023 to approximately HK$4,957,000 for the year ended 31 December 2024.

Other income

Other income increased by approximately HK$289,000 or 21.8% from approximately HK$1,324,000 for the year ended 31 December 2023 to approximately HK$1,613,000 for the year ended 31 December 2024. This growth was primarily driven by income from visa applications and seminar and training services offered by the Group. One of our brands, KOS Solutions, provides HR solutions, which include these visa application and training services.

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 year ended 31 December 2024, the staff costs were approximately HK$187,687,000 (2023: approximately HK$119,613,000), which accounted for approximately 88.0% (2023: approximately 83.3%) of the revenue. Seconded staff costs for the year ended 31 December 2024 was approximately HK$122,321,000 (2023: approximately HK$51,214,000), representing approximately 65.2% of the total staff costs (2023: approximately 42.8%). The internal staff costs amounted to approximately HK$65,366,000 for the year ended 31 December 2024 (2023: approximately HK$68,399,000), representing approximately 34.8% of the total staff costs (2023: approximately 57.2%).

The staff costs increased by approximately HK$68,074,000 or 56.9%. The seconded staff costs increased by approximately HK$71,107,000 or 138.8% which were in line with the increase in revenue derived from secondment and payroll services. The Group's internal staff costs decreased by approximately HK$3,033,000 or 4.4%. This decrease was primarily attributed to a decline in Hong Kong recruitment service revenue, which is linked to the commission-based bonuses provided to consultants whose sales figures surpass a specific threshold.

Other expenses and losses

Other expenses and losses increased by approximately HK$1,681,000 or 5.9% from approximately HK$28,289,000 for the year ended 31 December 2023 to approximately HK$29,970,000 for the year ended 31 December 2024. Other expenses and losses mainly consist of rent and rates, depreciation, marketing and advertising expenses. The increase in other expenses and losses for the year was primarily attributable to two key factors. Firstly, there was a rise in insurance costs due to a larger number of seconded staff. Secondly, the new brand, KOS Solutions, contributed to revenue growth by offering HR solutions, which encompass seminars, training, and visa services.

Finance costs

Finance costs represented the interest on lease liabilities, bank loan and provision for reinstatement costs (2023: lease liabilities, bank overdraft, bank loan and provision for reinstatement costs). The interest on lease liabilities amounted to approximately HK$318,000 (2023: approximately HK$253,000). The interest on a bank loan and provision for reinstatement costs amounted to approximately HK$115,000 (2023: approximately HK$61,000) and approximately HK$25,000 (2023: approximately HK$20,000), respectively. For the year ended 31 December 2023, the interest on bank overdraft amounted to approximately HK$38,000.

Income tax credit (expense)

Income tax expense decreased by approximately HK$638,000, from approximately HK$286,000 for the year ended 31 December 2023 to approximately HK$89,000 and with the income tax credit of approximately HK$441,000 for the year ended 31 December 2024. This decrease is mainly due to the refund of overpaid tax from the previous year and a reduction in estimated assessable profits from the Group's operating subsidiaries.

Loss and total comprehensive expense for the year

As a result of the foregoing, the Group recorded a net loss of approximately HK$2,547,000 and total comprehensive expense of approximately HK$3,066,000 for the year ended 31 December 2024 as compared to a net loss of approximately HK$4,157,000 and total comprehensive expense of approximately HK$4,578,000 for the year ended 31 December 2023.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group financed its operations primarily with the cash generated from its operations. As at 31 December 2024, the Group had pledged bank deposits of HK$2,400,000 (2023: HK$3,000,000) and bank balances and cash of approximately HK$24,692,000 (2023: approximately HK$34,668,000). The pledged bank deposits and most of the bank balances and cash were placed with banks in Hong Kong and Mainland China. The pledged bank deposits were denominated in Hong Kong dollars. 71.6% and 19.0% (2023: 78.9% and 14.4%) of the Group's bank balances and cash were denominated in Hong Kong dollars and Renminbi respectively, whereas 9.4% (2023: 6.7%) were denominated in Singapore dollars, MOP and United States dollars. The current ratio, calculated by dividing current assets by current liabilities, as at 31 December 2024 was approximately 3.6 times (2023: approximately 3.9 times).

The gearing ratio as at 31 December 2024 was 17.6% (2023: 7.2%). The gearing ratio was calculated by dividing the lease liabilities by total equity multiplied by 100%. As at 31 December 2024, the Group had lease liabilities of approximately HK$10,232,000 (2023: approximately HK$4,393,000). Interest rates for the leases are fixed on the contract date. 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 during the years ended 31 December 2024 and 2023.

CAPITAL STRUCTURE

As at 31 December 2024, the capital structure of the Company comprised its issued share capital and reserves.

There has been no change in the Company's share capital during the year ended 31 December 2024. As at 31 December 2024, the total number of issued ordinary shares of the Company was 800,000,000 of HK$0.01 each.

The reserves recorded a decrease of approximately HK$3,066,000 in 2024 from approximately HK$53,229,000 in 2023 to approximately HK$50,163,000 in 2024 due to net loss incurred for the year.

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 31 December 2024, there were no significant investments held by the Group. There was no plan for any material investments or other additions of capital assets as at the date of this announcement.

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 year ended 31 December 2024.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2024, bank deposits of HK$2,400,000 (2023: HK$3,000,000) were pledged to secure the bank facilities of the Group. Save as disclosed, the Group did not have any charges on the Group's assets.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities (2023: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a total of 133 (2023: 112) internal staff and 999 (2023: 679) seconded staff. The staff costs of the Group, including Directors' emoluments, amounted to approximately HK$187,687,000 for the year ended 31 December 2024 (2023: approximately HK$119,613,000).

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.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 December 2024 and up to the date of this announcement.

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 year ended 31 December 2024.

COMPETING INTERESTS

During the year, none of the Directors or the controlling shareholders or their respective close associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions of the Company. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2024.

The Company's code of conduct also applies to all employees who are likely to be in the possession of inside information of the Company. No incident of non-compliance of the Company's code of conduct by the employees was noted by the Company.

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 December 2024.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting ("**AGM**") of the Company will be held on Friday, 16 May 2025. The transfer books and register of members of the Company will be closed from Tuesday, 13 May 2025 to Friday, 16 May 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Monday, 12 May 2025.

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2024, the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the GEM Listing Rules.

SCOPE OF WORK OF MESSRS. D & PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. D & PARTNERS CPA LIMITED, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. D & PARTNERS CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. D & PARTNERS CPA LIMITED on this preliminary announcement.

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 C1 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, supervising internal control and risk management systems of the Company and monitoring continuing connected transactions (if any).

The audit committee has reviewed the consolidated financial statements for the year ended 31 December 2024 and this annual results announcement.

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

Hong Kong, 28 March 2025

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

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