Cowell e Holdings Inc.

高偉電子控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1415)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2015

HIGHLIGHTS

Our revenue for the year ended December 31, 2015 reached approximately US$980,203,000, representing an increase of approximately 10.6% as compared to the corresponding year ended December 31, 2014.

Our net profit attributable to owners of the Company for the year ended December 31, 2015 reached approximately US$60,680,000, representing an increase of approximately 14.0% as compared with that for the year ended December 31, 2014.

Basic earnings per share for the financial period ended December 31, 2015 was US7.5 cents representing an increase of approximately 5.6% as compared with that for the financial year ended December 31, 2014.

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Cowell e Holdings Inc. (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended December 31, 2015 together with comparative figures for the year ended December 31, 2014. The annual financial results have also been reviewed by the audit committee (the "**Audit Committee**") of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Expressed in United States dollars)

	Note	For the year ended December 31 2015 $'000	2014 $'000
Revenue	3	**980,203**	886,467
Cost of sales		**(843,315)**	(774,364)
Gross profit		**136,888**	112,103
Other revenue	4	**2,321**	1,983
Other net income	4	**149**	230
Selling and distribution expenses		**(6,870)**	(6,483)
Administrative expenses		**(50,362)**	(32,676)
Listing expenses		**(3,512)**	(4,471)
Profit from operations		**78,614**	70,686
Finance costs	5(a)	**(1,615)**	(3,122)
Profit before taxation	5	**76,999**	67,564
Income tax	6	**(16,319)**	(14,320)
Profit for the year		**60,680**	53,244
Earnings per share	7		
Basic		**$ 0.075**	$ 0.071
Diluted		**$ 0.075**	$ 0.071

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in United States dollars)

	Note	For the year ended December 31 **2015** ***$'000***	 2014 *$'000*
Profit for the year		**60,680**	53,244
Other comprehensive income for the year (after tax adjustments):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements		**(14,076)**	(548)
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability		**103**	(127)
		(13,973)	(675)
Total comprehensive income for the year		**46,707**	52,569

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in United States dollars)

		As at December 31	
	Note	**2015**	2014
		$'000	*$'000*
Non-current assets			
Investment property		**—**	3,427
Other property, plant and equipment		**112,780**	103,253
		112,780	106,680
Intangible assets		**2,560**	2,569
Other receivables		**7,644**	6,823
Deferred tax assets		**323**	—
		123,307	116,072
Current assets			
Inventories		**101,280**	66,002
Trade and other receivables	8	**105,546**	221,001
Current tax recoverable		**353**	1,426
Pledged deposits		**28,498**	19,126
Bank deposits		**14,505**	—
Cash and cash equivalents		**79,056**	82,224
		329,238	389,779
Current liabilities			
Trade and other payables	9	**114,662**	209,746
Bank loans		**40,822**	91,939
Current tax payable		**11,102**	10,207
		166,586	311,892
Net current assets		**162,652**	77,887
Total assets less current liabilities		**285,959**	193,959

	Note	As at December 31 **2015** **$'000**	2014 *$'000*
Non-current liabilities			
Net defined benefit retirement obligation		**209**	789
Deferred tax liabilities		**95**	738
		304	1,527
NET ASSETS		**285,655**	192,432
CAPITAL AND RESERVES			
Share capital		**3,326**	2,993
Reserves		**282,329**	189,439
TOTAL EQUITY		**285,655**	192,432

NOTES TO THE FINANCIAL INFORMATION

(Expressed in United States dollars unless otherwise indicated)

1 Basis of preparation

The consolidated results set out in this announcement do not constitute the Group's financial statements for the year ended December 31, 2015 but are extracted from those financial statements.

The Group's consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and related interpretations, promulgated by the International Accounting Standards Board ("IASB"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The measurement basis used in the preparation of the Group's consolidated financial statements is the historical cost basis except that investment property and certain employee benefits are stated at their fair value.

2 Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

— Amendments to IAS 19, *Employee benefits: Defined benefit plans: Employee contributions*

— *Annual Improvements to IFRSs 2010–2012 Cycle*

— *Annual Improvements to IFRSs 2011–2013 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended IFRSs are discussed below:

Amendments to IAS 19, Employee benefits: Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the defined benefit plans operated by the Group are wholly funded by contributions from the Group and do not involve contributions from employees or third parties.

Annual Improvements to IFRSs 2010–2012 Cycle and 2011–2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

3 Revenue and segment reporting

(a) *Revenue*

The principal activities of the Group are manufacturing and sale of camera module and optical components. Revenue represents the sales value of goods supplied to customers and excludes value added tax or other sales taxes and is after deduction of any trade discounts.

The Group's customer base includes two customers (2014: two customers), with each of whom transactions have exceeded 10% of the Group's revenues, for the year ended December 31, 2015. Revenues from sales to these customers, arose in the camera module segment, during the reporting period are set out below.

	2015	2014
	$'000	*$'000*
Largest customer	**806,576**	685,395
— Percentage of total revenue	**82%**	77%
Second largest customer	**136,722**	172,180
— Percentage of total revenue	**14%**	19%

(b) *Segment reporting*

The Group manages its businesses by divisions, which is organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Camera module: this segment is involved in the design, development, manufacture and sale of camera modules for mobile devices and home appliances. These products are either sourced externally or are manufactured in the Group's manufacturing facilities located primarily in the People's Republic of China ("PRC") and sold to customers mainly located in the PRC and the Republic of Korea ("Korea").

— Optical components: this segment is involved in the design, development, manufacture and sale of optical components for optical disk drivers. These products are manufactured in the PRC and sold to customers mainly located in the PRC and Korea.

(i) *Segment results*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senor executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Other than reporting inter-segment sales, assistance provided by one segment to another, including sharing of assets, is not measured.

Segment profit is the profit before tax. To arrive at segment profit, the Group's earnings are further adjusted for items not specially attributed to individual segments, such as certain directors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended December 31, 2015 is set out below.

	Camera module		**Optical components**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**967,353**	874,364	**12,850**	12,103	**980,203**	886,467
Reportable segment revenue	**967,353**	874,364	**12,850**	12,103	**980,203**	886,467
Segment profit	**84,580**	70,632	**409**	1,983	**84,989**	72,615
Bank interest income	**442**	305	**5**	4	**447**	309
Finance costs	**(1,599)**	(3,081)	**(16)**	(41)	**(1,615)**	(3,122)
Depreciation and amortisation	**(13,962)**	(11,757)	**(1,195)**	(1,361)	**(15,157)**	(13,118)
Additions to non-current segment assets	**36,563**	21,252	**318**	1,652	**36,881**	22,904

(ii) *Reconciliations of reportable segment revenue and profit or loss*

	2015	2014
	$'000	*$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**980,203**	886,467
Profit		
Reportable segment profit	**84,989**	72,615
Unallocated head office and corporate expenses	**(7,990)**	(5,051)
Consolidated profit before taxation	**76,999**	67,564

(iii) *Geographic information*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property and other property, plant and equipment and intangible assets ("**specified non-current assets**"). The geographical location of customers is based on the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of investment property and other property, plant and equipment and the location of the operation to which they are allocated, in the case of intangible assets.

	Revenue from external customers		**Specified non-current assets**	
	2015	2014	**2015**	2014
	$'000	*$'000*	***$'000***	*$'000*
Hong Kong	**843,458**	714,280	**32**	32
PRC	**—**	—	**114,351**	104,846
Korea	**136,745**	172,187	**957**	4,371
	980,203	886,467	**115,340**	109,249

4 Other revenue and other net income

	2015	2014
	$'000	*$'000*
(a) Other revenue		
Bank interest income	**447**	309
Compensation income	**—**	100
Rental income		
— Investment property	**126**	141
— Other	**214**	189
Government subsidy	**1,363**	882
Write-off of trade payables	**—**	168
Others	**171**	194
	2,321	1,983

	2015	2014
	$'000	*$'000*
(b) Other net income		
Net loss on disposal of plant and equipment	**(4,833)**	(312)
Net loss on disposal of investment property	**(379)**	—
Net foreign exchange gain	**5,378**	685
Valuation loss on investment property	**—**	(85)
Others	**(17)**	(58)
	149	230

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2015	2014
	$'000	*$'000*
(a) Finance costs		
Interest expense on bank borrowings wholly repayable within five years	**1,615**	3,122
(b) Staff costs#		
Contributions to defined contribution retirement plan	**5,622**	2,963
Expenses recognised in respect of defined benefit retirement plans	**181**	159
Total retirement costs	**5,803**	3,122
Equity-settled share-based payment expenses	**276**	—
Salaries, wages and other benefits	**75,969**	66,745
	82,048	69,867

	2015	2014
	$'000	*$'000*
(c) Other items		
Amortisation	**379**	253
Depreciation[#]	**14,778**	12,865
Reversal of impairment loss of trade receivables	**(4)**	(8)
Auditors' remuneration	**282**	135
Operating lease charges: minimum lease payments in respect of property rentals[#]	**3,373**	3,560
Rentals income from investment property less direct outgoings of $55,000 (2014: $40,000)	**(71)**	(101)
Cost of inventories[#]	**843,315**	774,364

[#] Cost of inventories includes $66,794,000 (2014: $62,282,000) relating to staff costs, depreciation expenses and operating lease charges, which amounts are also included in the respective total amounts disclosed seperately above in note 5(b) for each of these types of expenses.

6 Income tax in the consolidated statement of profit or loss

Taxation in the consolidated statement of profit or loss represents:

	2015	2014
	$'000	*$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**7,977**	5,079
Over-provision in respect of prior years	**(53)**	(902)
	7,924	4,177
Current tax — Overseas		
Provision for the year	**9,470**	9,917
Over-provision in respect of prior years	**(84)**	(235)
	9,386	9,682
Deferred tax		
Origination and reversal of temporary differences	**(991)**	461
	16,319	14,320

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year.

The Corporate Income Tax ("CIT") rate applicable to the subsidiary registered in the PRC is 25% (2014: 25%) for the year.

Under the tax law in Korea, the statutory corporate tax rate applicable to the subsidiary in Korea is 10% for assessable income below Korean Won ("KRW") 200 million, 20% for assessable income between KRW200 million and KRW20 billion and 22% for assessable income above KRW20 billion for the years presented.

7 Earnings per share

(a) Basis earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $60,680,000 (2014: $53,244,000) and the weighted average number of 811,232,000 ordinary shares (2014: 748,319,000 shares after adjusting for the share subdivision) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2015	2014
	$'000	*$'000*
Issued ordinary shares at January 1,	**748,319**	29,933
Effect of share subdivision	**—**	718,386
Effect of share issue	**62,913**	—
Weighted average number of ordinary shares at December 31,	**811,232**	748,319

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $60,680,000 (2014: $53,244,000) and the weighted average number of ordinary shares of 811,786,000 shares (2014: 748,319,000 shares after adjusting for the share subdivision), calculated as follows:

(i) Weighted average number of ordinary shares (diluted)

	2015	2014
	$'000	*$'000*
Weighted average number of ordinary shares at December 31,	**811,232**	748,319
Effect of deemed issued of shares under the Company's share option scheme for nil consideration	**554**	—
Weighted average number of ordinary shares (diluted) at December 31,	**811,786**	748,319

8 Trade and other receivables

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	2015	2014
	$'000	*$'000*
Within 1 month	**51,817**	134,340
Over 1 to 2 months	**30,987**	67,986
Over 2 to 3 months	**911**	646
Over 3 months	**2,489**	1,159
	86,204	204,131

Trade receivables are due within 30 to 90 days from the date of billing.

9 Trade and other payables

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2015	2014
	$'000	*$'000*
Within 1 month	**35,019**	86,123
Over 1 to 3 months	**62,404**	103,774
Over 3 to 6 months	**1,276**	1,686
	98,699	191,583

10 Dividends

The Directors do not recommend the payment of a final dividend for the year ended December 31, 2015 (2014: $Nil).

Scope of work of KPMG

The financial figures in respect of the announcement of the Group's results for the year ended December 31, 2015 as set out in the preliminary announcement have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is a major supplier of camera modules for mobile devices. The Group primarily engages in the design, development, manufacture and sale of a variety of camera modules that serve as critical components for smartphones, multimedia tablets and other mobile devices with camera functions. Customers for the Group's camera modules include some of the leading mobile device manufacturers in the world such as Apple, LG Electronics and Samsung Electronics. The Group also designs, develops, manufactures and sells optical components used in a number of consumer electronics products. Major customers for the Group's optical components include Optis (which is a supplier of electronic components to Samsung Electronics and Toshiba) and subsidiaries or affiliates of leading global electronics companies such as Samsung Electronics, LG Electronics and Hitachi.

The Group believes that the Group's state-of-the-art manufacturing facilities, engineering capabilities, technical expertise and accumulated know-how in manufacturing camera modules and optical components, as well as the Group's strong relationships with the Group's customers, will continue to differentiate the Group as a provider of high-performance and cost-effective camera modules and optical components, and position the Group to take advantage of attractive growth opportunities. The Group operates two production facilities at Hengkeng and Huanan in Dongguan, PRC, where the Group is able to take advantage of a high-quality labor force, extensive infrastructure for the Group's operations, and a strategic location to facilitate the transportation of products to the Group's customers. In 2015, the Group sold approximately 197.4 million units of camera modules and approximately 183.6 million units of optical components, compared to approximately 193.4 million units of camera modules and approximately 256.0 million units of optical components in 2014. The Group's revenue amounted to US$886.5 million in 2014 and US$980.2 million in 2015. The Group recorded a profit for the year of US$53.2 million in 2014 and US$60.7 million in 2015. The Group had total assets of US$452.5 million and total equity of US$285.7 million as of December 31, 2015, compared to total assets of US$505.9 million and total equity of US$192.4 million as of December 31, 2014.

OUTLOOK AND FUTURE STRATEGIES

The Group intends to continue to provide strong technology and product development expertise, manufacturing execution and customer service in order to strengthen the Group's relationships with the Group's major customers and to grow the Group's business with them. The Group plans to maximize benefits from key mobile device products introduced by the Group's largest customers and aim to expand the Group's share of their demand for camera modules. The Group is also seeking to increase the Group's penetration of the camera modules market by expanding the Group's product portfolio from primarily fixed-focus camera modules to a variety of high-end camera modules. In addition, the Group aims to produce higher resolution camera modules, which the Group believes will help the Group achieve higher profit margins.

Furthermore, the Group intends to work with the Group's customers to develop camera module solutions for new product introductions. These new products may be improvements in existing categories which the Group currently does not serve or enable the creation of new market segments. The Group also intends to develop and manufacture components which may be used in camera modules, including advanced IR cut filters, and other optical components which provide synergistic value. In addition, the Group intends to continue to enhance and expand the Group's flip-chip and chip-on-board ("**COB**") technologies and manufacturing capabilities and production capacity to align the Group's camera module solutions with expected customer requirements. The Group also aims to continuously enhance the Group's operational efficiency by improving the Group's manufacturing technologies and processes, which can lead to increased productivity, higher production yields and reduced costs.

RESULTS OF OPERATIONS

The following table presents a breakdown of the Group's revenue by product type and changes therein for the periods indicated.

			Changes	
	2015	2014	**Amount**	**%**
	(US$ in millions, except percentages)			
Revenue				
Camera modules				
Flip-chip	**802.5**	646.8	155.7	24.1%
COB	**164.9**	227.6	(62.7)	(27.5)%
	967.4	874.4	93.0	10.6%
Optical components	**12.8**	12.1	0.7	5.8%
Total	**980.2**	886.5	93.7	10.6%

The Group's revenue increased by 10.6% from US$886.5 million in 2014 to US$980.2 million in 2015. This increase was primarily due to an 24.1% increase in revenue of US$155.7 million from sales of flip-chip camera modules.

Cost of sales increased by 8.9% from US$774.4 million in 2014 to US$843.3 million in 2015, primarily as a result of an increase in costs of components and materials. The higher rate of increase in the Group's costs of components and materials resulted mainly from an increase in the volume of such components and materials used by Group, in line with higher revenue.

As a result of the cumulative effect of the factors described above, the Group's gross profit increased by 22.1% from US$112.1 million in 2014 to US$136.9 million in 2015. Gross margin, which represents gross profit as a percentage of revenue, increased from 12.6% in 2014 to 14.0% in 2015. Such increase in the Group's gross margin mainly reflected an increase in production yields during 2015, as well as the overall stabilization of the Group's manufacturing operations.

Other revenue increased by 15.0% from US$2.0 million in 2014 to US$2.3 million in 2015, primarily due to a US$0.5 million, or a 55.6%, increase in government subsidies, which represents awards the Group receives occasionally from the local government in recognition of the Group's contribution to the regional economy and are conditioned upon the amount of exports that the Group's PRC subsidiary achieves during the period of award consideration, from US$0.9 million in 2014 to US$1.4 million in 2015.

The Group recorded other net income of US$0.1 million in 2015, while the Group recorded other net income of US$0.2 million in 2014, primarily due to a net loss on disposal of plant and equipment of US$4.8 million in 2015, compared to a net loss on disposal of plant and equipment of US$0.3 million in 2014, mainly as a result of the Group's annual review of assets. Such increase in loss was offset by a US$4.7 million increase in the net foreign exchange gain of US$5.4 million in 2015, compared to the net foreign exchange gain of US$0.7 million in 2014. The net foreign exchange gain in 2015 resulted mainly from a general appreciation of the U.S. dollar against the Renminbi during such period. The Group generally does not use any forward exchange contracts or other derivative instruments to hedge against fluctuations in currency exchange rates applicable to us.

Selling and distribution expenses increased by 6.2% from US$6.5 million in 2014 to US$6.9 million in 2015. Such increase was primarily due to a US$1.0 million, or 32.1%, increased in local customs declaration fees.

Administrative expenses increased by 54.1% from US$32.7 million in 2014 to US$50.4 million in 2015. This increase was primarily due to a US$14.0 million increase in research and development expense, which was based on the reclassification to clearly define research and development expense from cost of sales and selling and distribution expenses. Such increase was further enhanced by a US$2.6 million, or 11.1% increase in salaries, allowance, social insurance and welfare from US$23.4 million in 2014 to US$26.0 million in 2015, which resulted mainly from an increase in the Group's engineering staff and additional staff hired to accommodate the Group's increase in revenue in 2015.

The total listing expense incurred in 2015 was amounted to US$3.5 million while that in 2014 was US$4.5 million, the decrease was due to most listing expenses was charged in 2014.

Finance costs decreased by 48.4% from US$3.1 million in 2014 to US$1.6 million in 2015, which mainly reflected repayment of bank loans with available cash in 2015.

The Group's income tax expense increased by 14.0% from US$14.3 million in 2014 to US$16.3 million in 2015. The Group's effective tax rate remained at 21.2% in 2015 as the Group's profit before taxation increased by 13.9% from US$67.6 million in 2014 to US$77.0 million in 2015, while the Group's income tax expense increased by 14.0%.

As a result of the cumulative effect of the factors described above, the Group's profit for the year increased by 14.1% from US$53.2 million in 2014 to US$60.7 million in 2015. The Group's net margin, which represents profit for the year as a percentage of revenue, increased from 6.0% in 2014 to 6.2% in 2015, as a 10.3% increase in cost of sales, selling and distribution expenses, administrative expenses, listing expenses, finance costs and income tax (net of other revenue and other net income), on an aggregate basis, from US$833.3 million in 2014 to US$919.5 million in 2015 was lower than an 10.6% increase in revenue. Such margin increase in the Group's net margin was primarily due to the marginal increase in the Group's operating margin.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at December 31, 2015, the Group had total assets of US$452.5 million (December 31, 2014: US$505.9 million); net current assets of US$162.7 million (December 31, 2014: US$77.9 million) and total equity of US$285.7 million (December 31, 2014: US$192.4 million).

The Group had a solid financial position and continued to maintain a strong and steady inflow from operating activities. As at December 31, 2015, the Group had US$79.1 million of cash and cash equivalents. Management believes that the Group's current cash and cash equivalents, together with available credit facilities and expected cash flow from operations, will be sufficient to satisfy the current operational requirements of the Group.

PLEDGE OF THE GROUP'S ASSETS

The Group had pledged its assets as securities for bank loans and other borrowings and banking facilities which were used to finance daily business operation and purchase of machinery. As at December 31, 2015, investment property, plant and equipment, trade receivables and pledged deposit with a net carrying value of US$94.1 million (December 31, 2014: US$189.0 million) has been pledged to bank to secure banking facilities.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group's capital expenditures (equivalent to the cash the Group spent for payment for purchases of property, plant, equipment and intangible assets) for the year ended December 31, 2015 amounted to US$36.9 million which was funded through cash flow from operation and IPO proceeds, compared to US$22.9 million for the year ended December 31, 2014. The Group's capital expenditures in 2015 mainly reflected purchases of additional equipment to produce more advanced flip-chip camera modules. The Group intends to fund the Group's planned future capital expenditures through a combination of cash flow from operating activities and available banking facilities.

CONTINGENT LIABILITIES

As at December 31, 2015, the Group had no significant contingent liabilities except for the guarantees issued by the Company to secure the banking facilities granted by banks to certain subsidiaries amounting to US$105.0 million (December 31, 2014: US$130.5 million).

HUMAN RESOURCES

The Group employed a total of approximately 5,372 full-time employees as of December 31, 2015 (December 31, 2014: 5,835). Total staff costs for the year ended December 31, 2015, excluding Directors' remuneration were approximately US$77.7 million (2014: US$68.4 million).

In particular, professional employment agencies located in Dongguan were involved in hiring most of the Group's factory workers. The Group also provided living, entertainment, dining and training facilities for the Group's employees. Such training scope includes management skills and technology training, as well as other courses.

The Group has an emolument policy with respect to long-term incentive schemes of the Group. The basis of determining emoluments payable to the Directors is made on a discretionary basis with reference to the Company's operating results, individual performance and comparable market statistics. Further, the Board has delegated the remuneration committee to review and fix the remuneration packages and overall benefits for the Directors and senior management of the Company. The emolument policy of the Group is determined by the remuneration committee on the basis of their merit qualifications and competence.

SUPPLEMENTARY INFORMATION

Final dividend

The Board does not recommend the payment of a final dividend for the year ended December 31, 2015.

Annual General Meeting

The annual general meeting of the Company (the "**AGM**") will be held on May 12, 2016. The notice of the AGM will be published and dispatched to the Shareholders in due course.

Closure of Register of Member

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from May 10, 2016 to May 12, 2016, both dates inclusive, during which period no transfers of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, shareholders must complete and lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on May 9, 2016.

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2015.

Corporate governance

The Board reviewed governance of the Group in accordance with the code provisions (the "**Code Provisions**") as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "**CG Code**") and considered that, from the date of listing of the Company (the "**Listing Date**") to December 31, 2015 (the "**Current Period**"), the Company regulated its operation and carried out appropriate governance in accordance with the Code Provisions. The Company has complied with the Code Provisions during the Current Period, with the exception that the roles of chairman and chief executive of the Company were both vested in Mr. Kwak Joung Hwan.

Pursuant to Code Provision A.2.1 of the CG Code, the role of chairman and the chief executive should be segregated and should not be performed by the same individual. However, during part of the Current Period, the Company did not have a separate chairman and chief executive and Mr. Kwak Joung Hwan had been performing these two roles at the same time. The Board had considered that having Mr. Kwak acting as both the chairman of the Board and the Company's chief executive officer would provide a strong and consistent leadership to the Company and allow for more effective planning and management for the Group. The Board had taken into account Mr. Kwak's extensive experience in the industry, personal profile and critical role in the Group and its historical development.

Upon Mr. Kwak Joung Hwan's resignation from all his positions with the Company on February 29, 2016, Mr. Seong Seokhoon has been redesignated as the Company's chairman of the board with effect on March 1, 2016. And effective March 1, 2016, Mr. Lee Sun Yong was newly appointed as the Company's chief executive officer.

Save as disclosed above, the Directors consider that the Company has fully complied with the applicable Code Provisions as set out in the Code of Corporate Governance Practices as contained in Appendix 14 during the Current Period.

Audit Committee

The Audit Committee has reviewed with the management and KPMG, the Company's auditor, the accounting principles and policies adopted by the Group and the consolidated financial results for the year ended December 31, 2015. Based on this review, the Audit Committee was satisfied that the financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended December 31, 2015.

Model Code of Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry of all Directors that they have fully complied with the required standard set out in the Model Code throughout the Current Period.

Events after the financial year ended December 31, 2015

As set out in the announcement of the Company dated February 22, 2016, Mr. Kwak Joung Hwan has resigned from all his positions with the Company on February 29, 2016 due to personal health reasons. Following Mr. Kwak's resignations, Mr. Seong Seokhoon has been redesignated as the Company's chairman of the board with effect on March 1, 2016 and Mr. Lee Sun Yong was newly appointed as the Company's chief executive officer with effect on March 1, 2016.

Save as disclosed above, there were no significant events affecting the Company nor any of its subsidiaries after the financial year ended December 31, 2015 requiring disclosure in this announcement.

Publication of 2015 Annual Results and Annual Report

The annual results announcement is published on the website of the Company (http://www.cowelleholdings.com) and the website of the Stock Exchange (http://www.hkex.com.hk). The annual report of the Company for the year ended December 31, 2015 will be dispatched to the shareholders of the Company and available on the above websites in due course.

By order of the Board
Cowell e Holdings Inc.
Seong Seokhoon
Chairman

Hong Kong, March 21, 2016

As at the date of this announcement, the Board comprises Mr. Seong Seokhoon and Mr. Kim Kab Cheol as executive Directors; Mr. Kim Jae Min as non-executive Directors; and Mr. Okayama Masanori, Mr. Kim Chan Su and Dr. Song Si Young as independent non-executive Directors.