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**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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE, 2021**

### **HIGHLIGHTS**

Our revenue for the six months ended 30 June, 2021 reached approximately US\$297,629,000, representing a decrease of approximately 3.2% as compared with the corresponding period ended 30 June, 2020.

Our net profit attributable to owners of the Company for the six months ended 30 June, 2021 was approximately US\$22,502,000, whereas our net profit attributable to owners of the Company for the six months ended 30 June, 2020 was approximately US\$28,164,000.

Earnings per share for the six months ended 30 June, 2021 was US2.7 cents, whereas earning per share for the six months ended 30 June, 2020 was US3.4 cents.

### **RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Cowell e Holdings Inc. (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June, 2021 (the “**Reporting Period**”) together with comparative figures for the six months ended 30 June, 2020. The interim financial results are unaudited, but have been reviewed by the Company’s auditor, KPMG, in accordance with Hong Kong Standards on Review Engagements 2410, “*Review of interim financial information performed by the independent auditor of the entity*”, issued by the Hong Kong Institute of Certified Public Accountants, whose independent review report is included in the interim report which will be despatched to the shareholders of the Company (the “**Shareholders**”). The interim financial results have also been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS — UNAUDITED

*(Expressed in United States dollars)*

|                                   | <i>Note</i>      | <b>Six months ended 30 June</b> |                  |
|-----------------------------------|------------------|---------------------------------|------------------|
|                                   |                  | <b>2021</b>                     | <b>2020</b>      |
|                                   |                  | <b>\$'000</b>                   | <b>\$'000</b>    |
| <b>Revenue</b>                    | <i>3 &amp; 4</i> | <b>297,629</b>                  | 307,521          |
| Cost of sales                     |                  | <u>(252,349)</u>                | <u>(258,683)</u> |
| <b>Gross profit</b>               |                  | <b>45,280</b>                   | 48,838           |
| Other revenue                     |                  | <b>1,864</b>                    | 2,146            |
| Other net (loss)/income           |                  | <b>(1,860)</b>                  | 2,617            |
| Selling and distribution expenses |                  | <b>(1,193)</b>                  | (1,200)          |
| Administrative expenses           |                  | <u><b>(18,722)</b></u>          | <u>(17,516)</u>  |
| <b>Profit from operations</b>     |                  | <b>25,369</b>                   | 34,885           |
| Finance costs                     | <i>5(a)</i>      | <u>(402)</u>                    | <u>(359)</u>     |
| <b>Profit before taxation</b>     | <i>5</i>         | <b>24,967</b>                   | 34,526           |
| Income tax                        | <i>6</i>         | <u>(2,465)</u>                  | <u>(6,362)</u>   |
| <b>Profit for the period</b>      |                  | <u><b>22,502</b></u>            | <u>28,164</u>    |
| <b>Earnings per share</b>         | <i>7</i>         |                                 |                  |
| Basic and diluted                 |                  | <u><b>\$0.027</b></u>           | <u>\$0.034</u>   |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME — UNAUDITED**

*(Expressed in United States dollars)*

|   | <b>Six months ended 30 June</b> |                      |
|---|---------------------------------|----------------------|
|   | <b>2021</b>                     | 2020                 |
|   | <b>\$'000</b>                   | \$'000               |
| <b>Profit for the period</b>  | <u><b>22,502</b></u>            | <u>28,164</u>        |
| <b>Other comprehensive income for the period<br/>(after tax adjustments):</b> |                                 |                      |
| <i>Item that may be reclassified subsequently to profit or loss:</i>          |                                 |                      |
| Exchange differences on translation of financial<br>statements                | 2,777                           | (5,434)              |
| <i>Item that will not be reclassified to profit or loss:</i>                  |                                 |                      |
| Remeasurement of net defined benefit liability                                | <u>98</u>                       | <u>(23)</u>          |
| <b>Other comprehensive income for the period</b>                              | <u><b>2,875</b></u>             | <u>(5,457)</u>       |
| <b>Total comprehensive income for the period</b>                              | <u><b>25,377</b></u>            | <u><b>22,707</b></u> |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION — UNAUDITED

(Expressed in United States dollars)

|  |    | At<br>30 June,<br>2021<br>\$'000 | At<br>31 December,<br>2020<br>\$'000 |
|--|----|----------------------------------|--------------------------------------|
| <b>Non-current assets</b>                    |    |                                  |                                      |
| Property, plant and equipment                | 8  | 82,644                           | 82,502                               |
| Intangible assets                            |    | 6,604                            | 6,211                                |
| Other receivables                            |    | 4,565                            | 4,167                                |
| Deferred tax assets                          |    | 6,603                            | 6,980                                |
|  |    | <u>100,416</u>                   | <u>99,860</u>                        |
| <b>Current assets</b>                        |    |                                  |                                      |
| Inventories                                  | 9  | 146,230                          | 85,772                               |
| Trade and other receivables                  | 10 | 83,503                           | 106,607                              |
| Current tax recoverable                      |    | 8                                | 14                                   |
| Bank deposits                                |    | —                                | 4,785                                |
| Cash and cash equivalents                    |    | 62,442                           | 84,603                               |
|  |    | <u>292,183</u>                   | <u>281,781</u>                       |
| <b>Current liabilities</b>                   |    |                                  |                                      |
| Trade and other payables                     | 11 | 96,451                           | 107,517                              |
| Lease liabilities                            |    | 2,379                            | 2,067                                |
| Current tax payable                          |    | 4,514                            | 9,354                                |
|  |    | <u>103,344</u>                   | <u>118,938</u>                       |
| <b>Net current assets</b>                    |    | <u>188,839</u>                   | <u>162,843</u>                       |
| <b>Total assets less current liabilities</b> |    | <u>289,255</u>                   | <u>262,703</u>                       |

|   | At<br><b>30 June,<br/>2021</b><br><i>Note</i> <b>\$'000</b> | At<br>31 December,<br>2020<br><b>\$'000</b> |
|---|---|---|
| <b>Non-current liabilities</b>            |   |   |
| Lease liabilities                         | <b>13,510</b>   | 12,476                                      |
| Net defined benefit retirement obligation | <b>27</b>   | 115   |
| Deferred tax liabilities                  | <b>34</b>   | —   |
|   | <u><b>13,571</b></u>  | <u>12,591</u>                               |
| <b>NET ASSETS</b>                         | <u><b>275,684</b></u>                                       | <u>250,112</u>                              |
| <b>CAPITAL AND RESERVES</b>               |   |   |
| Share capital                             | <b>3,337</b>  | 3,337                                       |
| Reserves                                  | <b>272,347</b>  | 246,775                                     |
| <b>TOTAL EQUITY</b>                       | <u><b>275,684</b></u>                                       | <u>250,112</u>                              |

# NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

*(Expressed in United States dollars unless otherwise indicated)*

## 1 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”). It was authorised for issue on 12 August, 2021.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The financial information relating to the financial year ended 31 December, 2020 that is included in this announcement of the interim results as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

## 2 CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board has issued several amendments to International Financial Reporting Standards (“**IFRSs**”) that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s result and financial position for the current or prior periods have prepared or presented in this interim financial information. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3 SEGMENT REPORTING

The Group manages its businesses by divisions, which are 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 identified two reportable segments. No operating segments have been aggregated to form the following reportable segments.

(a) **Information about profit or loss**

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 period is set out below.

| For the six months ended 30 June | Camera module |         | Optical components |        | Total   |         |
|----------------------------------|---------------|---------|--------------------|--------|---------|---------|
|                                  | 2021          | 2020    | 2021               | 2020   | 2021    | 2020    |
|                                  | \$'000        | \$'000  | \$'000             | \$'000 | \$'000  | \$'000  |
| Revenue from external customers  | 297,492       | 307,417 | 137                | 104    | 297,629 | 307,521 |
| Reportable segment revenue       | 297,492       | 307,417 | 137                | 104    | 297,629 | 307,521 |
| Reportable segment profit/(loss) | 45,237        | 49,352  | 43                 | (514)  | 45,280  | 48,838  |

Reporting segment profit/(loss) is the gross profit/(loss) for the relevant segment.

(b) **Reconciliations of reportable segment profit or loss**

|                                     | Six months ended 30 June |               |
|-------------------------------------|--------------------------|---------------|
|                                     | 2021                     | 2020          |
|                                     | \$'000                   | \$'000        |
| Reportable segment profit           | 45,280                   | 48,838        |
| Other revenue                       | 1,864                    | 2,146         |
| Other net (loss)/income             | (1,860)                  | 2,617         |
| Selling and distribution expenses   | (1,193)                  | (1,200)       |
| Administrative expenses             | (18,722)                 | (17,516)      |
| Finance costs                       | (402)                    | (359)         |
| Consolidated profit before taxation | <u>24,967</u>            | <u>34,526</u> |

4 **SEASONALITY OF OPERATIONS**

The Group's camera module segment, on average experiences higher sales in the fourth quarter, compared to other quarters in the year, due to the increased retail demand for its products during the holiday season. As a result, this division of the Group typically reports lower revenues and segment results for the first half of the year than the second half.

For the twelve months ended 30 June, 2021, the camera module segment reported reportable segment revenue of \$739,977,000 (twelve months ended 30 June, 2020: \$656,286,000), and reportable segment profit of \$115,034,000 (twelve months ended 30 June, 2020: \$106,477,000).

## 5 PROFIT BEFORE TAXATION

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

|  | Six months ended 30 June |            |
|--|--------------------------|------------|
|  | 2021                     | 2020       |
|  | \$'000                   | \$'000     |
| <b>(a) Finance costs</b>                                 |                          |            |
| Interest on bank borrowings                              | 66                       | —          |
| Interest on lease liabilities                            | 336                      | 359        |
|  | <u>402</u>               | <u>359</u> |
| <b>(b) Other items</b>                                   |                          |            |
| Amortisation   | 574                      | 516        |
| Depreciation   | 8,698                    | 9,347      |
| Research and development costs (other than depreciation) | 10,736                   | 8,377      |
| Interest income  | (531)                    | (1,277)    |
| Net loss on disposal of property, plant and equipment    | 375                      | —          |
|  | <u>375</u>               | <u>—</u>   |

## 6 INCOME TAX

|                                     | Six months ended 30 June |              |
|-------------------------------------|--------------------------|--------------|
|                                     | 2021                     | 2020         |
|                                     | \$'000                   | \$'000       |
| Current tax — Hong Kong Profits Tax | 1,186                    | 4,099        |
| Current tax — Outside Hong Kong     | 868                      | 1,987        |
| Deferred taxation                   | 411                      | 276          |
|                                     | <u>2,465</u>             | <u>6,362</u> |
| Income tax                          |                          |              |

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 is calculated by applying the estimated annual effective tax rate of 16.5% (2020: 16.5%) to the six months ended 30 June, 2021 except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020.



Pursuant to the Administrative Measures for Recognition of High-New Technology Enterprise (“HNTe”) jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation, Dongguan Cowell Optic Electronics Co., Ltd., an indirect wholly owned subsidiary of the Company, was certified as a HNTe in 2020 and 2021. According to the provisions of Article 28 Corporate Income Tax Law of the People’s Republic of China, the effective Corporate Income Tax (“CIT”) rate for 2020 and 2021 was subject to a reduced tax rate of 15%.

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) Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of \$22,502,000 (six months ended 30 June, 2020: \$28,614,000) and weighted average of 834,360,000 ordinary shares (six months ended 30 June, 2020: weighted average of 831,519,000 ordinary shares) in issue during the interim period.

### **(b) Diluted earnings per share**

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of \$22,502,000 (six months ended 30 June, 2020: \$28,164,000) and the weighted average number of ordinary shares of 840,203,000 (six months ended 30 June, 2020: 831,519,000 shares).

## **8 PROPERTY, PLANT AND EQUIPMENT**

### **(a) Acquisitions and disposals of owned assets**

During the six months ended 30 June, 2021, the Group acquired items of plant and equipment with a cost of \$6,061,000 (six months ended 30 June, 2020: \$6,589,000). Items of plant and equipment with a net book value of \$375,000 were disposed of during the six months ended 30 June, 2021 (six months ended 30 June, 2020: \$28,000), resulting in a loss on disposal of \$375,000 (six months ended 30 June, 2020: \$Nil).

### **(b) Customer’s equipment**

A customer has provided machinery to the Group for production of goods to that customer. The original acquisition costs of machinery borne by the customer amounted to \$113,232,000 (31 December, 2020: \$113,416,000) and was not recognised as the Group’s property, plant and equipment. There is no rental charge for the machinery and the management consider that the arrangement has been taken into account in determining sales prices with the customer.

## 9 INVENTORIES

During six months ended 30 June, 2021, \$6,362,000 (six months ended 30 June, 2020: \$259,000) has been recognised as an addition in the amount of inventories recognised as an expense on profit or loss during the period, being the amount of a write-down of inventories to the estimated net realisable value.

## 10 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 loss allowance is as follows:

|  | At<br>30 June,<br>2021<br>\$'000 | At<br>31 December,<br>2020<br>\$'000 |
|--|----------------------------------|--------------------------------------|
| Within 1 month                           | 50,208                           | 62,510                               |
| Over 1 to 2 months                       | 27,811                           | 35,288                               |
| Over 2 to 3 months                       | 530                              | 2,952                                |
| Over 3 months                            | —                                | 932                                  |
|  | <hr/>                            | <hr/>                                |
| Trade receivables, net of loss allowance | 78,549                           | 101,682                              |
| Other receivables and prepayments        | 4,954                            | 4,925                                |
|  | <hr/>                            | <hr/>                                |
|  | <b>83,503</b>                    | <b>106,607</b>                       |
|  | <hr/> <hr/>                      | <hr/> <hr/>                          |

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

## 11 TRADE AND OTHER PAYABLES

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

|                                    | At<br>30 June,<br>2021<br>\$'000 | At<br>31 December,<br>2020<br>\$'000 |
|------------------------------------|----------------------------------|--------------------------------------|
| Within 1 month                     | 60,243                           | 64,037                               |
| Over 1 to 3 months                 | 30,013                           | 33,173                               |
| Over 3 to 6 months                 | 14                               | 71                                   |
|                                    | <hr/>                            | <hr/>                                |
| Trade payables                     | 90,270                           | 97,281                               |
| Accrued charges and other payables | 6,181                            | 10,236                               |
|                                    | <hr/>                            | <hr/>                                |
|                                    | <b>96,451</b>                    | <b>107,517</b>                       |
|                                    | <hr/> <hr/>                      | <hr/> <hr/>                          |

## 12. CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

*Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period*

|  | Six months ended 30 June |                |
|--|--------------------------|----------------|
|  | 2021<br>\$'000           | 2020<br>\$'000 |
| No final dividend in respect of the previous financial year, approved and paid during the following interim period, (six months ended 30 June, 2020: HK24.2640 cents per share)            | —                        | 26,000         |
| No special dividend in respect of the previous financial year, approved and paid during the following interim period, (six months ended 30 June, 2020: HK22.3976 cents per ordinary share) | —                        | 24,000         |
|  | <u>—</u>                 | <u>24,000</u>  |
|  | <u>—</u>                 | <u>50,000</u>  |

### (b) Equity settled share-based transactions

On 25 May, 2021, 45,450,000 share options were granted for nominal consideration of HK\$1 to employees of the Group under the Company's employee share option scheme. Each share option gives the holder the right to subscribe for one ordinary share of the Company. 20% of the share options will vest each year starting from 25 May, 2022 to 2026 respectively and then be exercisable until 24 May, 2031. The exercise price is HK\$4.144, being the weighted average closing price of the Company's ordinary shares immediately before the grant.

During the six months ended 30 June, 2020, no options were issued and exercised. During the six months ended 30 June, 2021, 150,000 options were exercised.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group 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.

The global economy for the fiscal year of 2021 has been continuously affected by the outbreak of the coronavirus disease (the “**COVID-19 Pandemic**”), leading to sluggish market sentiment which created pressure on the operation and development of the Group. In order to adapt to the ever-changing market landscape, we focused on optimizing manufacturing process, increasing efficiency while reducing consumption of raw materials, increasing output and satisfying customers' needs. We will continue our efforts in these areas.

The Group's revenue amounted to US\$297.6 million in the Reporting Period as compared with US\$307.5 million in the first half of 2020. The Group's net profit amounted to US\$22.5 million in the Reporting Period as compared with the net profit of US\$28.2 million in the first half of 2020.

### Camera modules

Despite the impact of the COVID-19 pandemic and a growing competition in the supply chain of camera modules (“**CM**”). However, the orders of the Group's CM was basically at par with that in the same period of 2020, with revenue decreasing by 3.2% as compared with that in the same period of 2020, which was mainly due to decreased unit price.

### Optical components

The Company currently offers an optical component product called ‘Blue Filter’, which is one of the main parts of the CM. During the Reporting Period, the Company's blue filter sales increased due to the customers' increased orders. The Group's optical component sales in the Reporting Period had increased by 31.7% as compared with that in the same period of 2020.

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

|                    | Six months ended                             |                     | Changes             |                      |
|--------------------|--|---------------------|---------------------|----------------------|
|                    | 30 June<br>2021                              | 2020                | Amount              | %                    |
|                    | <i>(US\$ in million, except percentages)</i> |                     |                     |                      |
| <b>Revenue</b>     |  |                     |                     |                      |
| CM                 | <b>297.5</b>                                 | 307.4               | (9.9)               | (3.2%)               |
| Optical components | <b>0.1</b>                                   | 0.1                 | 0.0                 | 31.7%                |
|                    | <hr/>  | <hr/>               | <hr/>               | <hr/>                |
| Total              | <b><u>297.6</u></b>                          | <b><u>307.5</u></b> | <b><u>(9.9)</u></b> | <b><u>(3.2%)</u></b> |

## OUTLOOK AND FUTURE STRATEGIES

Due to the COVID-19 pandemic and continuous global economic turmoil, the smart mobile device market faced headwind, for the Reporting Period. However, this did not impair the determination of the management team to lead the Company's performance to new heights. The team will continue to improve on the existing solid foundation.

In terms of business strategy, the Company will comprehensively develop optical-related new products to optimize product and customer mix. It will also continue to enhance its investment in research and development, innovate and develop new production technologies and will introduce automated production to achieve efficient production and enhance the Company's operational efficiency.

In terms of supply chain strategy, the Company will continue to optimize its order management, material management, procurement management and inventory management, and comprehensively promote efficiency and reduce consumption of raw materials in order to enhance the Company's core competitiveness.

In terms of talent strategy, the Company highly values the importance of selecting, utilising, nurturing and retaining core talents. Benefiting from the introduction and reserve of abundant human resources, our performance has been growing quickly. In the future, the Company will be more proactive in recruiting and nurturing outstanding talents in the optical field, so that the Company can achieve another peak performance and create a win-win outcome for its employees and shareholders.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June, 2021, the Group had total assets of US\$392.6 million (31 December, 2020: US\$381.6 million); net current assets of US\$188.8 million (31 December, 2020: US\$162.8 million) and total equity of US\$275.7 million (31 December, 2020: US\$250.1 million).

The Group had a solid financial position and continued to maintain a strong and steady inflow from operating activities. As at 30 June, 2021, the Group reported US\$62.4 million in unencumbered cash and cash equivalents. The management believes that the Group's current cash and cash equivalents and expected cash flow from operations will be sufficient to support the Group's operational requirements.

## **PLEDGE OF THE GROUP'S ASSETS**

As at 30 June, 2021, the Group had no pledged deposits (31 December, 2020: US\$Nil).

## **CAPITAL EXPENDITURES AND COMMITMENTS**

The Group's capital expenditures (equivalent to the cash the Group spent to purchase property, plant and equipment) for the Reporting Period amounted to US\$6.1 million, compared with US\$6.6 million for the six months ended 30 June, 2020. The Group's capital expenditures in the Reporting Period mainly reflected purchases of additional equipment to produce more advanced flip-chip CM. The Group intends to fund the Group's planned future capital expenditures through a combination of cash flow from operating activities and possible fund raising exercise.

## **CONTINGENT LIABILITIES**

As at 30 June, 2021, the Group had no significant contingent liabilities.

## **HUMAN RESOURCES**

The Group employed a total of 2,471 full-time employees as at 30 June, 2021 (31 December, 2020: 2,735). Total staff costs for the Reporting Period, excluding Directors' remuneration, was approximately US\$22.0 million (six months ended 30 June, 2020: US\$18.3 million).

The Group provides living, entertainment, dining and training facilities for the Group's employees. The scope of training includes management skills and technology training, as well as other areas.

The Group has an emolument policy with respect to long-term incentive schemes. 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. Furthermore, the remuneration committee of the Company (the "**Remuneration Committee**") is authorized by the Board to review and make recommendations on the remuneration of the Directors and senior management of the Company. The emolument policy of the Group is considered by the Remuneration Committee on the basis of their merit, qualifications and competence.

## **SUPPLEMENTARY INFORMATION**

### **Interim dividend**

Having considered the highly uncertain economic outlook due to the COVID-19 Pandemic, the Board considered it is more prudent to retain more cash for its future expansion plans. The Board thus does not recommend the payment of an interim dividend for the Reporting Period.

### **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 Reporting Period.

### **Corporate governance**

The Board reviewed the corporate governance of the Group in accordance with the code provisions (the "**Code Provisions**") as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules and considered that, for the Reporting Period, the Company regulated its operation and carried out appropriate corporate governance in accordance with the CG Code. The Company has complied with the CG Code during the Reporting Period.

The Directors consider that the Company has fully complied with the applicable Code Provisions as set out in the CG Code during the Reporting Period.

### **Audit Committee**

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the unaudited consolidated financial report for the Reporting Period. 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 Reporting Period.

## **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 as set out in the Model Code throughout the Reporting Period.

## **Events after the Reporting Period**

There were no significant events affecting the Company nor any of its subsidiaries after the end of the Reporting Period and up to the date of this announcement requiring disclosure in this announcement.

## **Publication of 2021 interim results and interim report**

The interim 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 interim report of the Company for the Reporting Period will be despatched to the Shareholders and will be available on the above websites in due course.

By order of the Board  
**Cowell e Holdings Inc.**  
**Meng Yan**  
*Chairman*

Hong Kong, 12 August, 2021

*As at the date of this announcement, the Board comprises Mr. Meng Yan and Mr. Wu Ying-Cheng as executive Directors; Mr. Chen Han-Yang and Mr. Yang Li as non-exercise Directors and Ms. Su Yen-Hsueh, Mr. Tsai Chen-Lung and Ms. Liu Xia as independent non-executive Directors.*