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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

### **HIGHLIGHTS**

Our revenue for the year ended 31 December 2021 reached approximately US\$799,291,000, representing an increase of approximately 6.54% as compared with the corresponding year ended 31 December 2020.

Our net profit attributable to owners of the Company for the year ended 31 December 2021 reached approximately US\$49,805,000, representing an increase of approximately 17.41% as compared with that for the year ended 31 December 2020.

Basic earnings per share for the financial period ended 31 December 2021 was US6.0 cents representing an increase of approximately 17.6% as compared with that for the financial year ended 31 December 2020.

### **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 31 December 2021 together with comparative figures for the year ended 31 December 2020. 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)

		For the year ended	
		31 December	
	Note	2021	2020
		\$'000	\$'000
<b>Revenue</b>	3	<b>799,291</b>	750,203
Cost of sales		<u>(678,793)</u>	<u>(631,752)</u>
<b>Gross profit</b>		<b>120,498</b>	118,451
Other revenue	4	<b>5,839</b>	3,281
Other net loss	4	<b>(21,177)</b>	(24,536)
Selling and distribution expenses		<b>(1,980)</b>	(3,051)
Administrative expenses		<u><b>(44,571)</b></u>	<u>(40,768)</u>
<b>Profit from operations</b>		<b>58,609</b>	53,377
Finance costs	5(a)	<u><b>(893)</b></u>	<u>(708)</u>
<b>Profit before taxation</b>	5	<b>57,716</b>	52,669
Income tax	6	<u><b>(7,911)</b></u>	<u>(10,249)</u>
<b>Profit for the year</b>		<u><b>49,805</b></u>	<u>42,420</u>
<b>Earnings per share</b>			
Basic	7	<u><b>\$0.060</b></u>	<u>\$0.051</u>
Diluted		<u><b>\$0.059</b></u>	<u>\$0.051</u>

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

*(Expressed in United States dollars)*

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	2020
<i>Note</i>	<b>\$'000</b>	<b>\$'000</b>
<b>Profit for the year</b>	<b>49,805</b>	42,420
<b>Other comprehensive income for the year (after tax adjustments):</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements	<b>7,430</b>	21,009
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement of net defined benefit liability	<u><b>102</b></u>	<u>(28)</u>
	<u><b>7,532</b></u>	<u>20,981</u>
<b>Total comprehensive income for the year</b>	<u><b>57,337</b></u>	<u><b>63,401</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in United States dollars)

		As at 31 December	
		2021	2020
	Note	\$'000	\$'000
<b>Non-current assets</b>			
Property, plant and equipment		74,233	82,502
Intangible assets		6,360	6,211
Other receivables		3,038	4,167
Deferred tax assets		11,284	6,980
		<u>94,915</u>	<u>99,860</u>
<b>Current assets</b>			
Inventories		138,695	85,772
Trade and other receivables	8	117,694	106,607
Current tax recoverable		7	14
Bank deposits		12,548	4,785
Cash and cash equivalents		188,243	84,603
		<u>457,187</u>	<u>281,781</u>
<b>Current liabilities</b>			
Trade and other payables	9	140,876	107,517
Bank loans		72,865	—
Lease liabilities		3,378	2,067
Current tax payable		9,831	9,354
		<u>226,950</u>	<u>118,938</u>
<b>Net current assets</b>		<u>230,237</u>	<u>162,843</u>
<b>Total assets less current liabilities</b>		<u>325,152</u>	<u>262,703</u>

	<b>As at 31 December</b>	
	<b>2021</b>	2020
<i>Note</i>	<b>\$'000</b>	\$'000
<b>Non-current liabilities</b>		
Lease liabilities	<b>16,448</b>	12,476
Net defined benefit retirement obligation	<b>35</b>	115
	<u><b>16,483</b></u>	<u>12,591</u>
<b>NET ASSETS</b>	<u><b>308,669</b></u>	<u>250,112</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>3,337</b>	3,337
Reserves	<b>305,332</b>	246,775
<b>TOTAL EQUITY</b>	<u><b>308,669</b></u>	<u>250,112</u>

## **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 31 December 2021 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**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. 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 certain employee benefits are stated at their fair value.

### **2 CHANGES IN ACCOUNTING POLICIES**

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 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 one customer (2020: one customer), with whom transactions have exceeded 10% of the Group's revenues, for the year ended 31 December 2021. Revenues from sales to this customer, arose in the camera module segment, during the reporting period are set out below.

	2021 \$'000	2020 \$'000
Largest customer	793,525	729,365
Percentage of total revenue	<u>99%</u>	<u>97%</u>

#### (b) Segment reporting

The Group manages its businesses by division, which recognised by 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 aggregated the camera module and optical components segments into a single reportable segment starting from 2021. The Directors consider a standalone optical components segment is no longer significant to the Group and the change in segment reporting can clearly reflects the business development and operating structure of the Group.

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

	Revenue from		Specified	
	external customers		non-current assets	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
The People's Republic of China ("PRC") (including Hong Kong)	793,827	727,708	80,586	88,124
The Republic of Korea ("Korea")	5,464	3,964	7	589
Others	—	18,531	—	—
	<u>799,291</u>	<u>750,203</u>	<u>80,593</u>	<u>88,713</u>

#### 4 OTHER REVENUE AND OTHER NET LOSS

##### a) Other revenue

	2021	2020
	\$'000	\$'000
Bank interest income	1,344	1,606
Government subsidy	1,728	1,470
Compensation from a customer	2,250	—
Others	517	205
	<u>5,839</u>	<u>3,281</u>

##### b) Other net loss

Net loss on disposal of plant and equipment	(18,325)	(14,212)
Net foreign exchange loss	(2,759)	(10,255)
Others	(93)	(69)
	<u>(21,177)</u>	<u>(24,536)</u>



## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2021 \$'000	2020 \$'000
<b>(a) Finance costs</b>		
Interest on bank loans	181	—
Interest on lease liabilities	712	708
	<u>893</u>	<u>708</u>
<b>(b) Staff costs<sup>#*</sup></b>		
Contributions to defined contribution retirement plan	2,902	1,254
Expenses recognised in respect of defined benefit retirement plans	91	117
Equity settled share-based payment expenses	1,148	59
Salaries, wages and other benefits	47,752	44,621
	<u>51,893</u>	<u>46,051</u>
<b>(c) Other items</b>		
Amortisation	1,083	1,053
Depreciation <sup>#</sup>		
— owned property, plant and equipment	20,405	23,665
— right-of-use assets	2,131	2,165
Auditors' remuneration	327	322
Research and development costs other than depreciation and amortisation <sup>*</sup>	23,407	19,865
Cost of inventories <sup>#</sup>	<u>678,793</u>	<u>631,752</u>

<sup>#</sup> Cost of inventories includes \$41,193,000 (2020: \$39,933,000) relating to staff costs and depreciation expenses, which amounts are also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

\* Research and development costs other than depreciation and amortisation includes \$11,887,000 (2020:\$13,368,000) relating to staff costs, which amounts are also included in the respective total amounts disclosed separately in note 5(b).

## 6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

	2021 \$'000	2020 \$'000
<b>Current tax — Hong Kong Profits Tax</b>		
Provision for the year	4,196	3,830
Over-provision in respect of prior years	(1)	(23)
	<u>4,195</u>	<u>3,807</u>
<b>Current tax — Overseas</b>		
Provision for the year	5,207	6,767
Under/(over)-provision in respect of prior years	2,224	(104)
	<u>7,431</u>	<u>6,663</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(3,715)	(2,892)
Effect on deferred tax balance at 1 January resulting from a change in tax rate	—	2,671
	<u>(3,715)</u>	<u>(221)</u>
	<u><u>7,911</u></u>	<u><u>10,249</u></u>

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 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year, 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 Hong Kong dollars (“**HK\$**”) 2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% in 2021. 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. (“**Cowell DG**”), an indirect wholly owned subsidiary of the Company, was certified as a HNTE in 2021 and 2020. 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 2021 and 2020 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 Company of \$49,805,000 (2020: \$42,420,000) and the weighted average of 834,358,000 ordinary shares (2020: 832,067,000 shares) in issue during the year, calculated as follows:

#### *Weighted average number of ordinary shares*

	2021 '000	2020 '000
Issued ordinary shares at 1 January	834,219	831,519
Effect of share options exercised	<u>139</u>	<u>548</u>
Weighted average number of ordinary shares at 31 December	<u><u>834,358</u></u>	<u><u>832,067</u></u>

**(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 \$49,805,000 (2020: \$42,420,000) and the weighted average number of ordinary shares of 844,824,000 shares (2020: 832,845,000 shares), calculated as follows:

**(i) Profit attributable to ordinary equity shareholders of the Company (diluted)**

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Profit attributable to ordinary equity shareholders (diluted)	<b>49,805</b>	42,420

**(ii) Weighted average number of ordinary shares (diluted)**

	<b>2021</b>	2020
	<b>'000</b>	'000
Weighted average number of ordinary shares at 31 December	<b>834,358</b>	832,067
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<b>10,466</b>	778
Weighted average number of ordinary shares (diluted) at 31 December	<b>844,824</b>	832,845

## 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 loss allowance is as follows:

	<b>2021</b> <i>\$'000</i>	2020 <i>\$'000</i>
Within 1 month	<b>108,507</b>	62,510
Over 1 to 2 months	—	35,288
Over 2 to 3 months	—	2,952
Over 3 months	<b>25</b>	932
	<b><u>108,532</u></b>	<b><u>101,682</u></b>

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 payables (which are included in trade and other payables), based on the invoice date, is as follows:

	<b>2021</b> <i>\$'000</i>	2020 <i>\$'000</i>
Within 1 month	<b>112,434</b>	64,037
Over 1 to 3 months	<b>16,089</b>	33,173
Over 3 to 6 months	<b>635</b>	71
	<b><u>129,158</u></b>	<b><u>97,281</u></b>

## **10 DIVIDENDS**

No dividend was paid during the year (2020: HK93.2060 cents per ordinary share). The Directors do not recommend the payment of a final dividend after the end of the reporting period (2020: Nil).

### **Scope of work of KPMG**

The financial figures in respect of Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been compared by the Group'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 Group is a major supplier of delicate optical modules and components for electronic mobile devices. It engages in the design, development, manufacture and sale of a variety of optical modules and parts that are used in smartphones, multimedia tablets and other mobile devices of internationally-renowned brands.

In the fiscal year of 2021, trade conflict between the United States and China, global outbreak of COVID-19 and intensifying competition within the consumer electronics and optical industry, compounded with frequent extreme climate and regional wars, have brought significant damage to the supply chain and has led to the sluggish market sentiment, and the Group has faced greater operational pressure than of the fiscal year of 2020.

Under the leadership of the management team, the Group continuously enhanced its core competitiveness, increased its investment in the research and development of new products and new technologies and fulfilled the multidimensional demands of the clients. As such, the Group's sales and net profit performance for the fiscal year of 2021 is greater than that for the fiscal year of 2020.

For the year ended 31 December 2021, the Group recorded an increase in revenue from US\$750.2 million in 2020 to US\$799.3 million in 2021 and recorded an increase in profit from US\$42.4 million in 2020 to US\$49.8 million in 2021. The Group had total assets of US\$552.1 million and total equity of US\$308.7 million as of 31 December 2021 as compared to total assets of US\$381.6 million and total equity of US\$250.1 million as of 31 December 2020, respectively.

In order to accommodate for future expansion via vertical integration and horizontal integration, including capital expenditure and capital requirements after the expansion in the scale of operations, as well as effective capital management, the Board does not recommend the payment of a dividend for the year ended 31 December 2021.

### **OUTLOOK AND FUTURE STRATEGIES**

Looking forward to the fiscal year of 2022, unfavourable factors such as trade conflict between the United States and China, outbreak of COVID-19, regional wars and various economic sanctions persist for the overall economy, which may lead to continued turmoil in the global economy and pressure on the smart mobile device market. However, for opportunities in the optical industry brought about by new technology and application such as the new racetracks of intelligent driving, augmented reality (“AR”) and virtual reality (“VR”), the demand for relevant optical components and optical modules has been improving, while the impact from global economy adversity will be relatively limited.

Regarding intelligent driving applications worldwide, with the development of technology and the improvement of relevant laws and regulations in various countries, the market is expected to grow greatly, among which the market scale of Light Detection And Ranging (LiDAR) has been expanding as well, and it is expected to become a standard equipment in the industry in the future. According to a report of the market research firm MarketsandMarkets, the market scale of advanced driver-assistance systems (ADAS) will increase from US\$27.2 billion in 2021 to US\$74.9 billion in 2030 at a compound annual growth rate (CAGR) of 12%; meanwhile, the market scale of LiDAR will increase from US\$2.1 billion in 2021 to US\$3.4 billion in 2026 at a CAGR of approximately 22%. The Group will prepare its layout on this new racetrack in order to grasp the market opportunity, which will serve as an important momentum for the next stage of growth.

Driven by AR/VR, the topic of metaverse has been heating up in the fiscal year of 2021. According to a market research by the market research firm Trendforce, the global virtual reality application content market is predicted to have reached US\$2.16 billion in 2021 and will reach US\$8.31 billion by 2025 at a CAGR of over 40%. Regarding AR/VR devices, Trendforce expected shipment for 2022 to reach 12.02 million units with a year-on-year increase of 26.4%. With the expansion in complementary games and content applications, the number of metaverse user will gradually increase and drive market growth. The group collaborates with leading firms in the AR/VR core optical devices industry through strategic alliances, in order to leverage the respective advantages and gain the first mover advantage in this new racetrack.

In the fiscal year of 2022, the Group will continue to increase resource investment in research and development, promote technological innovation in production, accelerate the introduction of automated equipment, expand the automation team, in order to further enhance added value for customers and maintain a more stable cooperative relationship to create a win-win outcome. The management team is confident to lead the Company to greater successes.

## **RESULTS OF OPERATIONS**

The Group manages its businesses by division, which recognised by geography. As illustrated in the annual report of the Company for the year ended 31 December 2019 and 2020, the revenue contributed by the camera module segment and the optical components segment account for approximately 99.86% and 0.14% of the total revenue of the Group for the financial year ended 31 December 2019 respectively, and approximately 99.96% and 0.04% of the total revenue of the Group for the financial year ended 31 December 2020 respectively. 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 aggregated the camera module segment (in relation to the design, development, manufacture and sale of camera modules for mobile devices and home appliances) and optical components segment (in relation to the design,



development, manufacture and sale of optical components for optical disk drivers) into a single reportable segment starting from 2021. The Directors consider a standalone optical components segment is no longer significant to the Group and the change in segment reporting can clearly reflect the business development and operating structure of the Group.

The Group reported a total revenue of approximately US\$799.3 million in 2021, representing an approximately 6.5% increase compared with that of 2020 which was mainly due to increased orders from customers.

For the year ended 31 December 2021, the Group has reported gross profit, operating profit and net profit of approximately US\$120.5 million, US\$58.6 million and US\$49.8 million, respectively, as compared with approximately US\$118.5 million, US\$53.4 million and US\$42.4 million, respectively, in the fiscal year of 2020. In terms of margins, the Group's gross margin, operating margin and net margin for the year ended 31 December 2021 were approximately 15.1%, 7.3% and 6.2%, respectively, as compared to approximately 15.8%, 7.1% and 5.7%, respectively, in 2020.

During the year ended 31 December 2021, the Group did not experience any significant change of pricing policy for its products and there was no material change in the unit cost of raw materials.

The other net loss decreased by approximately 13.7% from approximately US\$24.5 million in 2020 to approximately US\$21.2 million in 2021. The decrease was mainly attributable to a decrease in exchange loss of approximately US\$7.5 million and offset by an increase in loss on asset disposal of approximately US\$4.1 million.

The selling and distribution expenses decreased by approximately 35.1% from approximately US\$3.1 million in 2020 to approximately US\$2.0 million in 2021. This decrease was mainly attributable to a decrease of approximately US\$1.0 million in the transportation expenses.

Administrative expenses increased by approximately 9.3% from approximately US\$40.8 million in 2020 to approximately US\$44.6 million in 2021. This increase was mainly attributable to increase in the research and development expense of approximately US\$4.4 million.

Finance costs increased by approximately 26.1% from approximately US\$0.7 million in 2020 to approximately US\$0.9 million in 2021, such increase was resulted from increase in interest expenses on bank loans.

The Group's income tax expense decreased by approximately 22.8% from approximately US\$10.2 million in 2020 to US\$7.9 million in 2021. The decrease was mainly attributable to the one-off deferred tax impact due to the change in tax rate in last year amounting US\$2.7 million.

As a result, the Group's effective tax rate decreased by approximately 29.6% from approximately 19.5% in 2020 to approximately 13.7% in 2021.

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

As at 31 December 2021, the Group had total assets of approximately US\$552.1 million (31 December 2020: US\$381.6 million); net current assets of approximately US\$230.2 million (31 December 2020: US\$162.8 million) and total equity of approximately US\$308.7 million (31 December 2020: US\$250.1 million).

The Group has a solid financial position and continued to maintain a strong and steady inflow from operating activities. As at 31 December 2021, the Group had approximately US\$188.2 million of cash and cash equivalents. The Directors believe that the current cash and cash equivalents and expected cash flow from operations, will be sufficient to satisfy the current operational requirements of the Group.

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

As at 31 December 2021, the Group had no pledged assets (31 December 2020: Nil).

## **CAPITAL EXPENDITURES AND COMMITMENTS**

The Group's capital expenditures (equivalent to the cash spent for payment for purchases of property, plant and equipment and intangible assets) for the year ended 31 December 2021 amounted to approximately US\$26.3 million which was funded through cash flow from operation, compared to approximately US\$19.8 million for the year ended 31 December 2020. The Group's capital expenditures in 2021 mainly reflected purchases of additional machinery and 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 possible fund raising exercise.

## **CONTINGENT LIABILITIES**

As at 31 December, 2021, the Group had no significant contingent liabilities except for the guarantee issued by Company to secure the banking facilities granted by banks to certain subsidiaries amounting to US\$60 million (31 December 2020: Nil)

## **HUMAN RESOURCES**

The Group employed a total of approximately 2,885 full-time employees as of 31 December 2021 (31 December 2020: 2,735). Total staff costs for the year ended 31 December 2021, excluding Directors' remuneration of approximately US\$51.0 million (2020: US\$44.6 million).

In particular, professional employment agencies located in Dongguan, the PRC, have been involved for purpose of hiring most of the Group's factory workers. The Group also provides living, entertainment, dining and training facilities for its employees. The scope of the training includes human resources policy, health and safety, management skills and machine and equipment manuals as well as other various topics.

The Group has an emolument policy with respect to its 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 Board has delegated the remuneration committee to review and make decisions in respect of 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 Board on the basis of their merit, qualifications and competence.

Furthermore, to provide incentive or reward to our employees for their contribution or potential contribution to, and continuing efforts to promote the interests of, the Group with greater flexibility, during the financial year ended 31 December 2021, the Group had terminated the share option scheme of the Company adopted on 4 February 2015 and adopted a new share option scheme on 5 May 2021. Details of the aforesaid new share option scheme is, and will be, available in the circular of the Company dated 20 April 2021 and the annual report of the Company for the year ended 31 December 2021.

## **SUPPLEMENTARY INFORMATION**

### **Final dividend**

No dividend was paid during the year (2020: special dividend HK\$93.2060 cents per ordinary share). The Directors do not recommend the payment of a final dividend after the end of the reporting period (2020: Nil).

### **Annual general meeting**

The annual general meeting of the Company (the "AGM") will be held on Thursday, 26 May 2022. The notice of the AGM will be published and dispatched to the Shareholders in due course.

## **Closure of register of members for the AGM**

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 23 May 2022 to Thursday, 26 May 2022, 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 Share Registrar, 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 Friday, 20 May 2022.

## **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 31 December 2021.

## **Corporate governance**

The Board has reviewed the corporate governance of the Group in accordance with the code provisions (the “**Code Provisions**”) of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “**CG Code**”) and considered that, during the financial year ended 31 December 2021 (the “**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 as set out in the CG Code during the Period.

## **Audit Committee**

The Audit Committee has reviewed with the management, the accounting principles and policies adopted by the Group and the consolidated financial results for the 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 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 of dealings as set out in the Model Code and the code of conduct regarding Director’s securities transactions adopted by the Company throughout the Period.

## **Events after the Period**

There were no significant events affecting the Company nor any of its subsidiaries after the Period requiring disclosure in this announcement.

## **Publication of 2021 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 Period will be dispatched to the Shareholders and available on the above websites in due course.

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

Hong Kong, 24 March 2022

*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-executive Directors; and Ms. Su Yen-Hsueh, Mr. Tsai Chen-Lung and Ms. Liu Xia as independent non-executive Directors.*