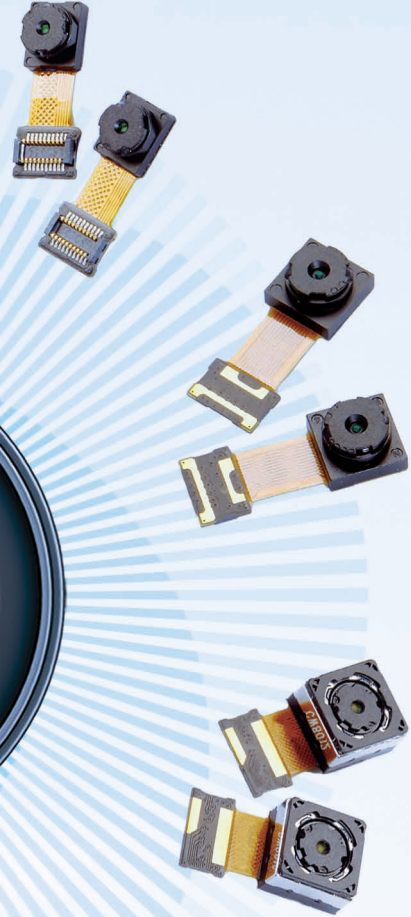


COWELL

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



2024
INTERIM REPORT



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Corporate Information

COMPANY NAME

Cowell e Holdings Inc.

PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited

STOCK CODE

1415

STOCK NAME

Cowell

BOARD OF DIRECTORS

Executive Directors

Mr. Meng Yan (*Chairman*)
Mr. Wu Ying-Cheng

Non-executive Directors

Mr. Chen Han-Yang
Mr. Yang Li

Independent Non-executive Directors

Ms. Su Yen-Hsueh
Mr. Tsai Chen-Lung
Ms. Liu Xia

COMPANY SECRETARY

Ms. Lam Wing Yan

AUTHORIZED REPRESENTATIVES

Mr. Chen Han-Yang
Ms. Lam Wing Yan

AUDIT COMMITTEE

Ms. Liu Xia (*Chairman*)
Ms. Su Yen-Hsueh
Mr. Tsai Chen-Lung

REMUNERATION COMMITTEE

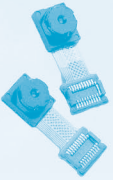
Ms. Su Yen-Hsueh (*Chairman*)
Mr. Tsai Chen-Lung
Ms. Liu Xia

NOMINATION COMMITTEE

Mr. Tsai Chen-Lung (*Chairman*)
Ms. Su Yen-Hsueh
Ms. Liu Xia

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman
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Cayman Islands



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Dongguan City
Guangdong Province
People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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AUDITOR

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Public Interest Entity Auditor
registered in accordance with the Accounting and
Financial Reporting Council Ordinance
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10 Chater Road
Central, Hong Kong

LEGAL ADVISOR

Reed Smith Richards Butler LLP
17/F, One Island East
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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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PO Box 1093
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Grand Cayman
KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
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183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Hong Kong and Shanghai Banking Corporation Limited
China Merchants Bank Co., Ltd.

COMPANY WEBSITE

www.cowelleholdings.com

PUBLIC RELATIONS CONSULTANT

Strategic Public Relations Group Limited
24/F, Admiralty Centre I
18 Harcourt Road, Hong Kong



Management Discussion and Analysis

BUSINESS REVIEW

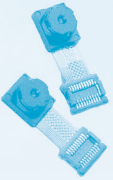
Cowell e Holdings Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) is a supplier of delicate optical modules for electronic mobile devices. It engages in the design, development, manufacture and sale of a variety of modules and systems integration products that are used in smartphones, multimedia tablets, smart driving and other mobile devices of internationally-renowned brands.

The Group has continuously explored the business of precision optical modules deeply, focusing on product improvement and technological innovation to meet the changing demands of customers and the market. Despite the spreading pessimism in the global economy, the Group has been dedicated to improving the products and technology capabilities, optimizing supply chain management and strengthening mutual trust with partners to ensure stable supply and quality of products and achieve a multi-win outcome.

In the fiscal year of 2024, the global recovery still falls short of expectations and remains sluggish. Despite the spreading pessimism on the global economy, we still optimized our supply chain management and strengthened the mutual trust with our partners through improving our products and technical prowess, in order to ensure stable supply and quality of our products. These measures allow the Group to maintain its stability and advantages in this competitive market, thereby achieving stable business growth. The effect of these initiatives is positively reflected on the relevant figure of the financial statements of the Group, recording an increase in revenue for the six months ended 30 June 2024 (the “**Reporting Period**”) as compared to the corresponding period of 2023.

The Group’s revenue amounted to approximately US\$585.9 million in the Reporting Period as compared with approximately US\$366.7 million in the first half of 2023. The Group’s revenue in the Reporting Period had increased by approximately 59.8% as compared with that in the same period of 2023, which was mainly due to increased orders from customers.

The Group’s net profit amounted to approximately US\$16.6 million in the Reporting Period as compared with the net profit of approximately US\$17.5 million in the first half of 2023.



OUTLOOK AND FUTURE STRATEGIES

According to the report “World Economic Situation and Prospects as of mid-2024” released by the United Nations, the global economic outlook has improved since January 2024, but cautious optimism is still required. The report states that the world economy is projected to grow by 2.7% in 2024, which is higher than the projection as of the end of 2023. However, overall speaking, global growth rate in the next few years will still fall below the average over the period from 2010 to 2019. The report also states that while the major economies of the world has avoided a severe downturn and inflation rate has declined without raising unemployment rate, persistently high interest rates, debt sustainability risks, geopolitical conflicts, climate risks and other adverse factors continued to pose great risks on global economic development.

Looking ahead, we are well aware that the uncertainty of the global macro-economy is still at a high level and the pressure for business expansion will continue, but we remain optimistic about the business opportunities brought by the innovative technologies and new applications in the optical industry. In addition to the traditional smartphones and tablet PCs, we are particularly bullish about the development potential of emerging areas such as smart driving, Augmented Reality (“**AR**”), Virtual Reality (“**VR**”), Mixed Reality (“**MR**”) and micro-display.

Currently, the penetration of Artificial Intelligence (“**AI**”) technology has accelerated, empowering various industries, with multiple new achievements put into use in new segments and new scenarios. It continues to remain an important driving force for the development of many fields and industries, and is recognized as a significant impetus for the new generation of technological revolution and industrial change.

The combination of AI technology with AR and VR technology is expected to address a series of problems, including expensive, time-consuming and high technological barrier of current content production. With the support of AI models, AR and VR devices can provide more powerful features and better user experience. Integrated development and continuous exploration of new application scenarios is and will be a main theme in the near future. Whether it is healthcare, education, entertainment, tourism and culture, or direct productivity, they can empower each other to generate unexpected potential, which will undoubtedly bring new guidance for the Group’s business development.

With the rapid development of automated driving, biomedicine, smart city and other applications, the market demand for high-precision optical sensors is growing, and the future application scenarios of the products will become more diversified. In terms of the current efficiency of market application, precision optics is becoming a critical component of many cutting-edge technological fields, which not only brings new market and business opportunities to the Group, but also requires us to continuously innovate to maintain our technological leadership.

According to the latest forecast of International Data Corporation (“**IDC**”), the global market size of head-mounted device will continue to grow in 2024, with an expected growth rate of 7.5% as compared to 2023. The five-year Compound Annual Growth Rate of the shipment volume of head-mounted device from 2024 to 2028 is expected to reach 43.9%. With the market effect of new products from leading manufacturers, it is expected that the shipment volume will continue to grow at a high rate in 2024.

Light Detection And Ranging (“**LiDAR**”) has a wide range of application scenarios, covering automotive, robotic and smart city, of which the automotive field is the largest application market for LiDAR. Application of LiDAR is currently in a period of rapid development. Due to its advantages in visibility, precision and reliability, LiDAR continues to be an important part of automated driving technology, and is expected to see rapid growth and become a core driver of the development of automated driving technology in the coming years. Given the increased application scenario, expanded procurement and decreased in device unit price, more automated driving solutions are integrated into sensors.



Management Discussion and Analysis

Marked by the rapid development and implementation of Robotaxi, which has become a hot topic in the market, the development of LiDAR market is extended to more segments. The integration of LiDAR and vision sensors will undoubtedly play an important role in the future commercialization of automated driving and autonomous driving.

In view of the rapid growth in the aforementioned new areas, we will constantly be committed to enhancing cooperation with existing customers, expanding new customer base, enriching product categories, accelerating process automation, improving process capabilities, optimizing internal efficiency, and fully exploring the team's comprehensive potential, improve services and add value for customers while focusing on long-term products and business planning. We will constantly increase resources invested in R&D boost market development, and set up a team that is adaptive to the market changes, to deliver maximum value for all shareholders.

Talent is the most important core asset of the Group, and it is essential to have an excellent team to promote and implement the Group's strategies and policies in the course of growth. With the expansion of business, we must continue to invest in the training and building of a key high-caliber talent team to meet the requirements of each business, and only in this way can we withstand the market fluctuations and continuously provide the best service to our customers.

In terms of the development of corporate culture, it is important to create an innovative, open and collaborative corporate culture. We encourage employees to fully leverage on their own strengths and individual creativity, and try new ideas and technologies to cope with the opportunities and challenges encountered in the work through team cooperation, which will provide a strong impetus for the Group's continuous innovation and development. At the same time, we will enhance the awareness of customer-centered service to help the Group better understand market demands and provide products and services that beat expectations.

In the face of fierce market competition and technological transformation, we will proactively embrace the changes, consolidate and expand our continued influence in the field of optics through continuous technological innovation, talent training and cultural development, and lay a solid and sustainable foundation for future development. The management team is confident to lead the Group to achieve new heights in the future, and seek stable benefits for stakeholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

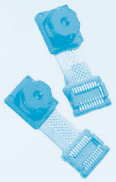
As at 30 June 2024, the Group had total assets of approximately US\$1,013.2 million (31 December 2023: US\$943.3 million); net current assets of approximately US\$191.9 million (31 December 2023: US\$232.1 million) and total equity of approximately US\$429.9 million (31 December 2023: US\$415.2 million).

The Group continued to maintain a strong and solid financial position as at 30 June 2024, the Group reported approximately US\$182.1 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.

BORROWINGS

As at 30 June 2024, the Group had aggregate banking facilities of approximately US\$836.1 million (31 December 2023: US\$361.2 million), of which US\$306.4 million were utilized. Other than the aforementioned banking facilities, the Group did not have any outstanding loan, debt securities, charges, mortgages or other similar indebtedness, hire purchase, or guarantees or other material contingent liabilities as at 30 June 2024.

The calculation of gearing ratio is based on net debt (defined as bank loans and lease liabilities less cash and cash equivalents, bank deposits and pledged bank deposits) divided by the sum of net debt and total equity, and multiplied by 100%. As at 30 June 2024, the gearing ratio of the Group was 0.29% (31 December 2023: -55.0%) which was primarily due to an increase in its bank loans.



PLEDGE OF THE GROUP'S ASSETS

As at 30 June 2024, the Group's pledged deposits of approximately US\$73.9 million represented deposits provided to secure certain bank loans in the PRC (31 December 2023: US\$74.3 million).

CAPITAL EXPENDITURES AND COMMITMENTS

The Group's capital expenditures (equivalent to the cash which the Group spent for purchasing property, plant and equipment) for the Reporting Period amounted to approximately US\$105.3 million, compared with US\$44.0 million for the six months ended 30 June 2023. The Group's capital expenditures in the Reporting Period 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, bank loans and possible fund raising exercise.

The Group's capital commitments that were contracted but not provided as at 30 June 2024, amounted to approximately US\$119.7 million, compared with approximately US\$26.1 million as of 31 December, 2023. Such capital commitments represent commitments mainly arising out of contracts where the relevant property, plant and equipment were not delivered as of the relevant dates.

CURRENCY RISK

The Group's exposure to currency risk arises primarily through sales and purchases giving rise to receivables, payables and cash balances that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Hong Kong dollars (pegged to the U.S. dollar), Renminbi and Korean Won.

The functional currency of the Company and its subsidiaries operating in Hong Kong, the PRC and Korea are U.S. dollars, Hong Kong dollars, Renminbi and Korean Won, respectively. While both the Group's sales of products and purchases of components, materials and equipment are denominated mainly in U.S. dollars, a portion of its purchases, as well as its labor and other operating costs, are denominated in other currencies, including Renminbi and Korean Won. For the six months ended 30 June 2024, the Group did not use any forward exchange contracts or other derivative instruments to hedge against fluctuations in currency exchange rates applicable to us.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

There were no significant investments held, material acquisitions and disposals of subsidiaries, associated companies and joint ventures of the Company performed by the Group for the six months ended 30 June 2024.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no significant contingent liabilities except for the guarantee provided by Company and ultimate controlling party to secure the bank facilities granted by banks to certain subsidiaries of the Company amounting to approximately US\$631.1 million (30 June 2023: US\$131.5 million).

Management Discussion and Analysis



FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have plans for material investments and capital assets as at 30 June 2024.

HUMAN RESOURCES

The Group employed a total of approximately 6,869 full-time employees as at 30 June 2024 (31 December 2023: 5,764). Total staff costs for the Reporting Period, excluding directors (“**Directors**”) of the Company’s remuneration, was approximately US\$52.0 million (six months ended 30 June 2023: US\$23.7 million).

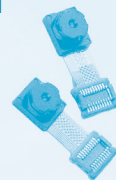
In particular, professional employment agencies located in Dongguan, the PRC, have been involved for purpose of hiring most of the Group’s factory workers. The Group also provides living, entertainment, dining and training facilities for its employees. The scope of the training covers introduction of our 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 Group’s operating results, individual performance and comparable market statistics. Furthermore, the board (the “**Board**”) of Directors has delegated the remuneration committee (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, 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 (the “**Share Option Scheme**” or the “**Scheme**”). For the Reporting Period, 5,059,000 options had been exercised, 149,000 options had been cancelled, and 150,000 options had been lapsed. During the six months ended 30 June 2023, 10,302,000 options were exercised, 80,000 options were cancelled and 440,000 options were lapsed. As at 30 June 2024, based on the number of options granted and which had not been exercised, cancelled and/or lapsed, the total number of Shares available for issue under the Share Option Scheme was 51,662,880, representing approximately 6.0% of the issued shares of the Company. For details of the Share Option Scheme, please refer to the circular of the Company dated 20 April 2021 and the subsection headed “Share Option Scheme” in this report.

The Board also approved the adoption of a share award scheme for the Company (the “**Share Award Scheme**”) on 21 March 2024. The Share Award Scheme is a share award scheme pursuant to which existing ordinary shares of the Company will be purchased by the trustee of the scheme from the secondary market out of cash contributed by the Company and be held on trust for the selected employees until such shares are vested with the selected employees in accordance with the rules of the Share Award Scheme. The Share Award Scheme does not constitute a scheme involving issue of new shares as referred to in Chapter 17 of the Listing Rules and the adoption of the Share Award Scheme is not subject to the approval by the shareholders of the Company. For details of the Share Award Scheme, please refer to the financial report of the Company for the year ended 31 December 2023. During the Reporting Period, the Company did not grant any awarded share to any eligible persons under the Share Award Scheme.

Supplementary Information



DIRECTORS' AND CHIEF EXECUTIVE OFFICERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debenture of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) which were (i) required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept under section 352 of the SFO, or (iii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange were as follows:

Long position in the shares and underlying shares of the Company

Name	Title	Nature of interest	Number of shares or underlying shares	Percentage of aggregate interests to the total number of share in issue
Mr. Meng Yan	Executive Director, Chairman	Beneficial interest (Note)	2,197,000	0.26%
Mr. Wu Ying-Cheng	Executive Director, Chief executive officer and Chief financial officer	Beneficial interest (Note)	1,980,000	0.23%
Mr. Chen Han-Yang	Non-executive Director	Beneficial interest (Note)	1,480,000	0.17%
Mr. Yang Li	Non-executive Director	Beneficial interest (Note)	1,120,000	0.13%

Note:

These interests represented the interests in underlying shares in respect of the share options granted by the Company under the Share Option Scheme (as defined below). For further details, please refer to the subsection headed “Share Option Scheme” in this report.

Saved as disclosed above, as of 30 June 2024, so far as is known to the Directors or chief executive of the Company, none of the Directors or the chief executive of the Company had any others interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Supplementary Information



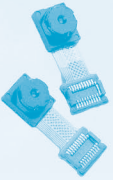
SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares (the “**Share(s)**”) of the Company and underlying shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interest of substantial shareholders

Name of shareholder	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest⁽²⁾
Luxvisions Innovation Technology Limited ⁽¹⁾	Beneficial interest	607,455,760 551,229,760	70.79% (L) 64.24% (S) ⁽³⁾
Mr. Wang Laichun ⁽¹⁾	Interest in a controlled corporation	607,455,760 551,229,760	70.79% (L) 64.24% (S) ⁽³⁾
Mr. Wang Laisheng ⁽¹⁾	Interest in a controlled corporation	607,455,760 551,229,760	70.79% (L) 64.24% (S) ⁽³⁾
Ms. Wang Laijiao ⁽¹⁾	Interest in a controlled corporation	607,455,760 551,229,760	70.79% (L) 64.24% (S) ⁽³⁾
Mr. Wang Laixi ⁽¹⁾	Interest in a controlled corporation	607,455,760 551,229,760	70.79% (L) 64.24% (S) ⁽³⁾
Luxsan ⁽¹⁾	Interest in a controlled corporation	607,455,760 551,229,760	70.79% (L) 64.24% (S) ⁽³⁾
LIL ⁽¹⁾	Interest in a controlled corporation	607,455,760 551,229,760	70.79% (L) 64.24% (S) ⁽³⁾
GLITL ⁽¹⁾	Interest in a controlled corporation	607,455,760 551,229,760	70.79% (L) 64.24% (S) ⁽³⁾

Supplementary Information



- (1) Luxvisions Innovation Technology Limited ("**LITL**"), a limited liability company incorporated in Hong Kong which is a wholly-owned subsidiary of Guangzhou Luxvisions Innovation Technology Limited ("**GLITL**"), a company incorporated in the PRC. GLITL is owned as to approximately 48.06% by Luxvisions Innovation Limited ("**LIL**"), a company incorporated in Hong Kong with limited liability, which is own as to approximately 56.342% by Mr. Wang Laixi, and 43.659% by Luxsan Limited ("**Luxsan**"). Luxsan is a company incorporated in Hong Kong with limited liability and owned as to by Ms. Wang Laichun (an elder sister of Mr. Wang Laixi), Mr. Wang Laisheng (an elder brother of Mr. Wang Laixi) and Ms. Wang Laijiao (an elder sister of Mr. Wang Laixi) as to 34%, 33% and 33% respectively. Each of Ms. Wang Laichun, Mr. Wang Laisheng, Ms. Wang Laijiao, Mr. Wang Laixi, Luxsan, LIL and GLITL is deemed, or taken to be, interested in the Shares held by LITL for the purposes of the SFO.
- (2) At as 30 June 2024, the total number of issued shares of the Company was 858,104,800 ordinary shares. (L) denotes long position, and (S) denotes short position.
- (3) LITL has pledged an aggregate of 551,229,760 Shares in favour of a licensed bank in Hong Kong as security for its banking facilities granted by said bank, representing approximately 64.24% of the total issued share capital of the Company as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any person (other than the Directors or chief executive and substantial shareholders of the Company the interests of which were disclosed above) who had an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 30 June 2024.

SHARE OPTION SCHEME

The Company has adopted a share option scheme by a resolution of its Shareholder on 4 February 2015 (the "**Old Share Option Scheme**"). The termination of the Old Share Option Scheme was approved pursuant to an ordinary resolution of Shareholders passed on 5 May 2021. No options were granted under the Old Share Option Scheme since its termination, and no further options will be granted under the Old Share Option Scheme.

The Company adopted a new Share Option Scheme pursuant to the shareholders' approval on 5 May 2021 to provide greater flexibility for the Company to grant share options and provide incentives and/or rewards to eligible persons for their contribution and continuing efforts to promote the interests of the Group.

During the Reporting Period, the Company did not grant any share options (the "**Options**") (six months ended 30 June 2023: Nil) to any eligible persons (the "**Grantees**") under the Share Option Scheme. The total number of Shares for issue under the Scheme is 83,436,880 representing 9.72% of the total number of issued shares of the Company as at the date of this Report.



Supplementary Information

Movement of the Options under the Share Option Scheme during the Reporting Period are listed below:

MOVEMENT OF THE OPTIONS

	Number of Options				As at 30 June 2024	Exercise Price (HK\$)	Closing price of the Shares before the date of grant (HK\$)	Date of grant ⁽³⁾	Vesting Period
	Outstanding as at 1 January 2024	Exercised	Cancelled	Lapsed					
Director of the Company									
Meng Yan ⁽¹⁾	3,150,000	953,000	—	—	2,197,000	4.144	4.09	25 May 2021	25 May 2021 to 24 May 2026
Wu Ying-Cheng ⁽¹⁾	1,980,000	—	—	—	1,980,000	4.144	4.09	25 May 2021	25 May 2021 to 24 May 2026
Chen Han-Yang ⁽¹⁾	1,680,000	200,000	—	—	1,480,000	4.144	4.09	25 May 2021	25 May 2021 to 24 May 2026
Yang Li ⁽¹⁾	1,680,000	560,000	—	—	1,120,000	4.144	4.09	25 May 2021	25 May 2021 to 24 May 2026
Employee participants									
Continuous contract employee ⁽¹⁾	17,256,000	2,797,000	149,000	—	14,310,000	4.144	4.09	25 May 2021	25 May 2021 to 24 May 2026
Continuous contract employee ⁽²⁾	10,488,000	549,000	—	150,000	9,789,000	4.84	4.758	15 October 2021	15 October 2021 to 14 October 2026
Total	36,234,000	5,059,000	149,000	150,000	30,876,000				

Supplementary Information



Notes:

- (1) On 25 May 2021, a total of 45,450,000 Options were granted to certain Directors, chief executive and certain employees of the Group, and the exercise period of the Options are as follows:
- 20% of the Options shall be vested on the date falling the first anniversary of the Date of Grant and exercisable from 25 May 2022 to 24 May 2031, both dates inclusive.
 - 20% of the Options shall be vested on the date falling the second anniversary of the Date of Grant and exercisable from 25 May 2023 to 24 May 2031, both dates inclusive.
 - 20% of the Options shall be vested on the date falling the third anniversary of the Date of Grant and exercisable from 25 May 2024 to 24 May 2031, both dates inclusive.
 - 20% of the Options shall be vested on the date falling the fourth anniversary of the Date of Grant and exercisable from 25 May 2025 to 24 May 2031, both dates inclusive.
 - 20% of the Options shall be vested on the date falling the fifth anniversary of the Date of Grant and exercisable from 25 May 2026 to 24 May 2031, both dates inclusive.
- For further details of the grant, please refer to the announcement of the Company dated 25 May 2021.
- (2) On 15 October 2021, a total of 17,200,000 Options were granted to certain continuous contract employees of the Group, and the exercise period of the Options are as follows:
- 20% of the Options shall be vested on the date falling the first anniversary of the Date of Grant and exercisable from 15 October 2022 to 14 October 2031, both dates inclusive.
 - 20% of the Options shall be vested on the date falling the second anniversary of the Date of Grant and exercisable from 15 October 2023 to 14 October 2031, both dates inclusive.
 - 20% of the Options shall be vested on the date falling the third anniversary of the Date of Grant and exercisable from 15 October 2024 to 14 October 2031, both dates inclusive.
 - 20% of the Options shall be vested on the date falling the fourth anniversary of the Date of Grant and exercisable from 15 October 2025 to 14 October 2031, both dates inclusive.
 - 20% of the Options shall be vested on the date falling the fifth anniversary of the Date of Grant and exercisable from 15 October 2026 to 14 October 2031, both dates inclusive.
- For further details of the grant, please refer to the announcement of the Company dated 15 October 2021.
- (3) Save as disclosed, no options had been granted to other chief executive, substantial shareholders of the Company, participants in excess of the individual limit and/or other related entity participants and/or service providers under the Share Option Scheme since its adoption.

For the vesting conditions, in each of the aforesaid exercise period, if a Grantee's performance appraisal result for the preceding calendar year before an exercise period is level B or C, the Board is entitled to cancel some Options exercisable in that exercise period of that Grantee; and if a Grantee's performance appraisal result for the preceding calendar year before an exercise period is level D, the Board is entitled to cancel all Options exercisable in that exercise period of that Grantee.

During the six months ended 30 June 2024, 5,059,000 options (six months ended 30 June 2023: 10,302,000 options) were exercised under the Share Option Scheme. For the 5,059,000 Options exercised during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the Options were exercised was HK\$21.7426 (six months ended 30 June 2023: HK\$17.7799).

Considering a total of 62,650,000 options were granted before the year ended 31 December 2023, and no options were granted during the Reporting Period, the number of options available for grant under the Scheme Mandates Limit as at 1 January 2024 and 30 June 2024 remained as 20,786,880.

Based on the Scheme Mandate Limit and subtracting the number of option exercised, cancelled and/or lapsed, the total number of Shares available for issue under the Share Option Scheme was 51,662,880, representing approximately 6.02% of the issued share of the Company as at the date of this report.

The number of shares that may be issued in respect of Options granted under the Share Option Scheme during the six months ended 30 June 2024 divided by the weighted average number of Shares in issue for the period is 6.05%.

Supplementary Information



SHARE AWARD SCHEME

The Board approved the adoption of a share award scheme for the Company (the “**Share Award Scheme**”) on 21 March 2024. The purpose of the Share Award Scheme is to motivate any employee of the Group employed under a contract of employment and shall include any person who has been an employee of the Company and/or our subsidiaries so employed (included without limitation any executive director of any member of the Group and non-executive director of any member of the Group), and to optimize their performance and efficiency for the benefit of the Group, and retain talents and attract suitable personnel for further development of the Group. The Share Award Scheme does not constitute a scheme involving issue of new shares as referred to in Chapter 17 of the Listing Rules and the adoption of the Share Award Scheme is not subject to the approval by the shareholders of the Company. For details of the Share Award Scheme, please refer to the financial report of the Company for the year ended 31 December 2023. During the Reporting Period, the Company did not grant any awarded share to any eligible persons under the Share Award Scheme.

INTERIM DIVIDEND

In response to future market changes and the investment required to develop new products, and in order to address the challenges posed by the growing multidimensional demands of customers and the changing market environment, the Board thus does not recommend any payment of an interim dividend for the Reporting Period (2023: Nil), so as to ensure that the Group can remain a leading position in business development in the field of optics.

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 (including sale of treasury shares) during the Reporting Period.

During the Reporting Period and as at 30 June 2024, there were no treasury shares held by the Company.

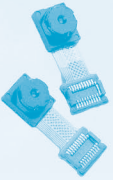
CORPORATE GOVERNANCE

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 C1 (formerly known as Appendix 14) to the Listing Rules (the “**CG Code**”) and considered that, during the Reporting 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 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 of the Company (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 with no disagreement. 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 C3 (formerly known as 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 Reporting Period.

SIGNIFICANT 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 requiring disclosure in this interim report.

DIRECTORS’ INFORMATION

To the best knowledge, information and belief of the Directors, there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules relating to the changes in Directors’ information for the Reporting Period.

THE BOARD OF DIRECTORS

Board Responsibilities

The Board is the core of the Company’s corporate governance structure, and is responsible for the overall strategic leadership and planning of the Company. All important matters of the Company are reserved for the Board’s decision and the Board retains the authority of deciding such matters, including formulating and monitoring the Company’s long term strategies and policy matters, reviewing financial performance, approving annual budgets, monitoring and reviewing internal control and risk management systems, assuming responsibility for the corporate governance of the Company, and upholding the core values of the Company.

Delegation by the Board

The Board relies on management for the day-to-day operation of the Company’s business, and has delegated the authority and responsibility for the daily management, administration and operation of the Group as well as the implementation of the Board’s policies and strategies to the senior management of the Group. The Board and senior management fully appreciate their respective responsibilities, and they complement each other in formulating and maintaining higher standards of corporate governance practices of the Company.

By order of the Board
Cowell e Holdings Inc.

Meng Yan
Chairman

Hong Kong, 15 August 2024

Review Report to the Board of Directors of Cowell e Holdings Inc.

(Incorporated in the Cayman Islands with limited liability)



Introduction

We have reviewed the interim financial report set out on pages 17 to 32 which comprises the consolidated statement of financial position of Cowell e Holdings Inc. (“**the Company**”) as of 30 June 2024 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the *International Accounting Standards Board*. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard 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. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

15 August 2024

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2024 — unaudited
(Expressed in United States dollars)

	Note	Six months ended 30 June	
		2024 \$'000	2023 \$'000
Revenue	3 & 4	585,934	366,725
Cost of sales		(514,400)	(315,872)
Gross profit		71,534	50,853
Other income		12,335	4,244
Selling and distribution expenses		(1,585)	(929)
Administrative expenses		(56,808)	(31,777)
Profit from operations		25,476	22,391
Finance costs	5(a)	(8,169)	(3,186)
Profit before taxation	5	17,307	19,205
Income tax	6	(698)	(1,673)
Profit for the period		16,609	17,532
Attributable to:			
Equity shareholders of the Company		16,039	18,034
Non-controlling interests		570	(502)
Profit for the period		16,609	17,532
Earnings per share	7		
Basic		\$0.019	\$0.021
Diluted		\$0.018	\$0.021

The notes on pages 24 to 32 form part of this interim financial report.



Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2024 — unaudited
(Expressed in United States dollars)

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Profit for the period	16,609	17,532
Other comprehensive income for the period (after tax adjustments):		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements	(4,706)	(17,887)
<i>Item that will not be reclassified to profit or loss:</i>		
Remeasurement of net defined benefit liability	(8)	(43)
Other comprehensive income for the period	(4,714)	(17,930)
Total comprehensive income for the period	11,895	(398)
Attributable to:		
Equity shareholders of the Company	11,369	599
Non-controlling interests	526	(997)
Total comprehensive income for the period	11,895	(398)

The notes on pages 24 to 32 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2024 — unaudited
(Expressed in United States dollars)

	Note	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Non-current assets			
Property, plant and equipment	8	270,504	176,819
Intangible assets		2,159	2,360
Interest in a joint venture		561	565
Net defined benefit retirement assets		67	—
Prepayments and other receivables		11,164	9,700
Deferred tax assets		5,925	5,967
		290,380	195,411
Current assets			
Inventories		209,097	133,895
Trade and other receivables	9	191,018	175,083
Current tax recoverable		3,111	2,410
Pledged bank deposits		73,876	74,336
Bank deposits with more than three months to maturity when placed	10	63,681	265,435
Cash and cash equivalents	10	182,057	96,726
		722,840	747,885
Current liabilities			
Trade and other payables	11	251,720	234,998
Bank loans		268,753	274,760
Lease liabilities		3,100	4,011
Current tax payable		7,334	2,051
		530,907	515,820
Net current assets		191,933	232,065
Total assets less current liabilities		482,313	427,476

Consolidated Statement of Financial Position

at 30 June 2024 — unaudited
(Expressed in United States dollars)



	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Non-current liabilities		
Bank loans	38,861	—
Lease liabilities	10,169	10,432
Net defined benefit retirement obligation	—	2
Deferred income	3,388	1,876
	52,418	12,310
NET ASSETS	429,895	415,166
CAPITAL AND RESERVES		
Share capital	3,432	3,412
Reserves	420,032	406,243
Total equity attributable to equity shareholders of the Company	423,464	409,655
Non-controlling interests	6,431	5,511
TOTAL EQUITY	429,895	415,166

The notes on pages 24 to 32 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2024 — unaudited
(Expressed in United States dollars)



	Attributable to equity shareholders of the Company											
	Note	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Capital redemption reserve \$'000	Other reserve \$'000	General reserve fund \$'000	Exchange reserve \$'000	Retained profits \$'000	Total \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 January 2023		3,357	62,433	4,507	7	762	25,741	(35,102)	298,284	359,989	608	360,597
Changes in equity for the six months ended 30 June 2023:												
Profit for the period		—	—	—	—	—	—	—	18,034	18,034	(502)	17,532
Other comprehensive income		—	—	—	—	—	—	(17,392)	(43)	(17,435)	(495)	(17,930)
Total comprehensive income		—	—	—	—	—	—	(17,392)	17,991	599	(997)	(398)
Transfer from retained profits		—	—	—	—	—	2,289	—	(2,289)	—	—	—
Shares issued under share option scheme	12	41	6,129	(772)	—	—	—	—	—	5,398	—	5,398
Equity settled share-based transactions		—	—	789	—	—	—	—	—	789	—	789
Share options lapsed/cancelled		—	—	(15)	—	—	—	—	15	—	—	—
Capital contributions from non-controlling interest		—	—	—	—	1,553	—	—	—	1,553	5,327	6,880
Balance at 30 June 2023		3,398	68,562	4,509	7	2,315	28,030	(52,494)	314,001	368,328	4,938	373,266



Consolidated Statement of Changes in Equity

for the six months ended 30 June 2024 — unaudited
(Expressed in United States dollars)

Attributable to equity shareholders of the Company

Note	Share capital	Share premium	Capital reserve	Capital redemption reserve	Other reserve	General reserve fund	Exchange reserve	Retained profits	Total	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2024	3,412	70,930	4,347	7	2,315	31,217	(41,989)	339,416	409,655	5,511	415,166
Changes in equity for the six months ended 30 June 2024:											
Profit for the period	-	-	-	-	-	-	-	16,039	16,039	570	16,609
Other comprehensive income	-	-	-	-	-	-	(4,662)	(8)	(4,670)	(44)	(4,714)
Total comprehensive income	-	-	-	-	-	-	(4,662)	16,031	11,369	526	11,895
Transfer from retained profits	-	-	-	-	-	1,111	-	(1,111)	-	-	-
Shares issued under share option scheme	12	20	3,080	(370)	-	-	-	-	2,730	-	2,730
Equity settled share-based transactions	-	-	385	-	-	-	-	-	385	-	385
Share options lapsed/cancelled	-	-	(11)	-	-	-	-	11	-	-	-
Acquisition of non-controlling interests	-	-	-	-	(675)	-	-	-	(675)	394	(281)
Balance at 30 June 2024	3,432	74,010	4,351	7	1,640	32,328	(46,651)	354,347	423,464	6,431	429,895

The notes on pages 24 to 32 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2024 — unaudited
(Expressed in United States dollars)



	Note	Six months ended 30 June	
		2024 \$'000	2023 \$'000
Operating activities			
Cash (used in)/generated from operations		(48,610)	96,666
Tax refunded, net		4,011	1,857
Net cash (used in)/generated from operating activities		(44,599)	98,523
Investing activities			
Payment for purchase of property, plant and equipment		(105,301)	(43,962)
Proceeds from sale of property, plant and equipment		146	—
Proceeds from matured bank deposits		321,254	33,238
Placement of new bank deposits		(120,624)	(79,481)
Other cash flows arising from investing activities		11,114	3,870
Net cash generated from/(used in) investing activities		106,589	(86,335)
Financing activities			
Proceeds from new bank loans		671,533	209,271
Repayment of bank loans		(638,613)	(15,896)
Capital element of lease rentals paid		(2,639)	(2,481)
Interest element of lease rentals paid		(333)	(532)
Proceeds from shares issued under share option scheme		2,730	5,398
Other cash flows arising from financing activities		(7,836)	(2,654)
Net cash generated from financing activities		24,842	193,106
Net increase in cash and cash equivalents		86,832	205,294
Cash and cash equivalents at 1 January	10	96,726	44,508
Effect of foreign exchange rates changes		(1,501)	(3,916)
Cash and cash equivalents at 30 June	10	182,057	245,886

The notes on pages 24 to 32 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in United States dollars unless otherwise indicated)



1 Basis of preparation

This interim financial report 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, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 15 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Cowell e Holdings Inc. (the “**Company**”) and its subsidiaries (the “**Group**”) since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard 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. KPMG’s independent review report to the Board of Directors is included on page 16.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report 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.

Notes to the Unaudited Interim Financial Report

(Expressed in United States dollars unless otherwise indicated)



2 Changes in accounting policies

The IASB has issued several new and amended 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 report.

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

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 with whom transactions have exceeded 10% of the Group's revenue for the six months ended 30 June 2024 includes one customer (2023: one customer). Revenues from sales to this customer during the reporting period are set out below.

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Largest customer	547,773	353,925
— Percentage of total revenue	93.5%	96.5%

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 only has a single reportable segment.

Notes to the Unaudited Interim Financial Report

(Expressed in United States dollars unless otherwise indicated)



3 Revenue and segment reporting (continued)

Disaggregation of revenue by geographical location of customers is as follows:

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
The People's Republic of China ("PRC") (including Hong Kong)	502,951	340,222
The Republic of Korea ("Korea")	1,239	282
India	56,205	21,414
Vietnam	25,539	4,807
	585,934	366,725

4 Seasonality of operations

The Group 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, 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 2024, the Group recorded a revenue of \$1,143,055,000 (twelve months ended 30 June 2023: \$1,078,383,000), and gross profit of \$148,447,000 (twelve months ended 30 June 2023: \$165,216,000).

Notes to the Unaudited Interim Financial Report

(Expressed in United States dollars unless otherwise indicated)

**5 Profit before taxation**

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

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
(a) Finance costs		
Interest on bank loans	7,836	2,654
Interest on lease liabilities	333	532
	8,169	3,186
(b) Other items		
Amortisation	364	359
Depreciation	16,057	14,310
Research and development costs (other than depreciation and amortisation)	36,361	20,323
Interest income	(5,872)	(3,870)
Net (gain)/loss on disposal of property, plant and equipment	(21)	90
Loss allowance for expected credit loss	109	—

6 Income tax

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Current tax — Hong Kong Profits Tax	234	17
Current tax — Outside Hong Kong	422	824
Deferred taxation	42	832
Income tax	698	1,673

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

Notes to the Unaudited Interim Financial Report

(Expressed in United States dollars unless otherwise indicated)



6 Income tax (continued)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2023: 16.5%) to the six months ended 30 June 2024, 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 2023.

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. 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 2024 and 2023 was subject to a reduced tax rate of 15%. Other PRC subsidiaries were subject to statutory tax rate of 25%.

Under the tax law in Korea, the statutory corporate tax rate applicable to the subsidiary in Korea is 9% for assessable income below Korean Won (“**KRW**”) 200 million, 19% for assessable income between KRW200 million and KRW20 billion, 21% for assessable income between KRW20 billion and KRW30 billion, and 24% for assessable income above KRW30 billion for the current period (six months ended 30 June 2023: 9% for assessable income below KRW200 million, 19% for assessable income between KRW200 million and KRW20 billion, 21% for assessable income between KRW20 billion and KRW30 billion, and 24% for assessable income above KRW30 billion).

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 \$16,039,000 (six months ended 30 June 2023: \$18,034,000) and weighted average of 853,836,000 ordinary shares (six months ended 30 June 2023: weighted average of 842,680,000 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 Company of \$16,039,000 (six months ended 30 June 2023: \$18,034,000) and the weighted average number of ordinary shares of 881,183,000 (six months ended 30 June 2023: 877,205,000 shares).

Notes to the Unaudited Interim Financial Report

(Expressed in United States dollars unless otherwise indicated)

**8 Property, plant and equipment****(a) Right-of-use assets**

During the six months ended 30 June 2024, the Group renewed and entered into a number of lease agreements for use of factories and warehouses, and therefore recognised additions to right-of-use assets of \$1,574,000 (six months ended 30 June 2023: \$Nil). In addition, the Group did not have any disposal of right-of-use assets (six months ended 30 June 2023: \$3,066,000).

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2024, the Group acquired items of plant and equipment with a cost of \$112,090,000 (six months ended 30 June 2023: \$45,804,000). Items of plant and equipment with a net book value of \$157,000 were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: \$90,000), resulting in a gain on disposal of \$21,000 (six months ended 30 June 2023: loss on disposal of \$90,000).

(c) 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 \$111,382,000 (31 December 2023: \$111,382,000) 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.



Notes to the Unaudited Interim Financial Report

(Expressed in United States dollars unless otherwise indicated)

9 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 30 June 2024 \$'000	At 31 December 2023 \$'000
Within 1 month	171,984	101,162
Over 1 to 2 months	22	51,078
Over 2 to 3 months	53	128
Over 3 months	58	445
Trade receivables, net of loss allowance	172,117	152,813
Other receivables and prepayments	18,901	22,270
	191,018	175,083

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

10 Bank deposits and cash and cash equivalents

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Bank deposits within three months to maturity when placed	94,011	—
Cash at bank and on hand	88,046	96,726
Cash and cash equivalents in the consolidated statement of financial position and the condensed consolidated cash flow statement	182,057	96,726
Bank deposits with more than three months to maturity when placed	63,681	265,435

Notes to the Unaudited Interim Financial Report

(Expressed in United States dollars unless otherwise indicated)

**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 30 June 2024 \$'000	At 31 December 2023 \$'000
Within 1 month	210,330	125,172
Over 1 to 3 months	376	82,300
Over 3 to 6 months	1,892	1,723
Trade payables	212,598	209,195
Accrued charges and other payables	39,122	25,803
	251,720	234,998

12 Equity settled share-based transactions

The Company has adopted a share option scheme on 5 May 2021 (the “**Share Option Scheme**”) pursuant to which the Directors and employees of the Group are entitled to participate.

During the six months ended 30 June 2024, no share options (six months ended 30 June 2023: no share options) were granted, 299,000 options (six months ended 30 June 2023: 520,000 options) were lapsed/cancelled and 5,059,000 options (six months ended 30 June 2023: 10,302,000 options) were exercised under the Share Option Scheme.

13 Commitments**Capital commitments outstanding at 30 June 2024 not provided for in the interim financial report**

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Contracted for	119,673	26,081

Notes to the Unaudited Interim Financial Report

(Expressed in United States dollars unless otherwise indicated)



14 Material related party transactions

The Group entered into the following material related party transactions.

(a) Key management personnel remuneration

All members of key management personnel are the directors of the Company, and their salaries and other short-term benefits for the period are \$346,000 (six months ended 30 June 2023: \$334,000).

(b) Material transactions with related parties

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Sales of goods		
– an intermediate holding company and its subsidiaries	1,420	786
– non-controlling interest	35,394	10,962
Purchase of raw materials		
– an intermediate holding company and its subsidiaries	9,418	3,058
– related companies*	4,061	6,526
– non-controlling interest	2,527	976
Purchase of equipment from related companies*	4,033	1,529

* The controlling shareholders of the Company have significant influence over these related companies.