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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)

CONTINUING CONNECTED TRANSACTIONS

On 20 May 2022 (after trading hours), the Company entered into the Purchase Framework Agreement with Luxshare Precision, pursuant to which the Group shall purchase the Products from the Luxshare Precision Group in accordance with the terms and conditions thereunder.

As at the date of the Purchase Framework Agreement, Ms. Wang Laichun and Mr. Wang Laisheng are the controlling Shareholders indirectly interested in approximately 73.63% of the issued share capital of the Company. Ms. Wang Laichun and Mr. Wang Laisheng, together, are also indirectly interested in approximately 38.72% of the equity interests, and Mr. Wang Laisheng is also directly interested in approximately 0.17% equity interests, of Luxshare Precision. Hence, Luxshare Precision is an associate (as defined under Chapter 14A of the Listing Rules) of Ms. Wang Laichun and Mr. Wang Laisheng and a connected person of the Group. As such, the transactions contemplated under the Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Purchase Framework Agreement are more than 0.1% but less than 5%, the transactions under the Purchase Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement as set out under Chapter 14A of the Listing Rules.

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THE PURCHASE FRAMEWORK AGREEMENT

Details of the Purchase Framework Agreement are set out below:

Parties

- (a) Company; and
- (b) Luxshare Precision

Date

20 May 2022 (after trading hours)

Duration

23 May 2022 to 31 December 2022

Subject matter

Pursuant to the Purchase Framework Agreement, the Group shall purchase from the Luxshare Precision Group certain Products according to the specifications as requested by the Group from time to time in relation to its production from 23 May 2022 to 31 December 2022, unless terminated earlier in accordance with the terms of the Purchase Framework Agreement.

Principal terms and price determination

The parties shall execute separate orders in accordance with the terms of the Purchase Framework Agreement setting out, among others, the specifications and quantity of the Products required and delivery schedules, and must comply with the terms of the Listing Rules and applicable laws.

Selling prices of the Products shall be determined with reference to, and generally shall not be lower than, prices charged by the Luxshare Precision Group to other independent third party customers of the Products of same or similar specifications, which represents the then prevailing market prices.

In accordance with the Company's internal policies, the transactions under the Purchase Framework Agreement will be properly recorded, including but not limited to prices determined and transaction amounts. Depending on the specifications of the Products required, the Group will also conduct review and evaluation process by making reference with other independent third party/parties with similar procurement qualifications and capabilities for provision of similar Products (if available) to compare and determine if the prices and terms offered by the Luxshare Precision Group are better, and are fair and reasonable and comparable to those terms offered by independent third parties. The review and evaluation process will be conducted from both technical and commercial perspectives. If there are situations where the Company could not obtain quotation and/or only obtain one quotation due to the limitations on, among others, the technical specifications of the Products required and/or qualification of the suppliers expected by the Group, the Company will evaluate the price and terms offered by the Luxshare Precision Group by making reference to, if available, the recent purchase price of such Products and the market fluctuation of the costs of the materials. If the Company is able to secure the provision of any of the Products contemplated under the Purchase Framework Agreement from independent third parties on more favourable terms, the Group shall be entitled to terminate the transactions contemplated thereunder by giving the Luxshare Precision Group not less than 30 days' prior written notice. As the management of the Group will review the aforesaid pricing policy on a regular basis in every quarter, the Directors are of the view that the aforesaid method and procedures can ensure that the transactions contemplated under the Purchase Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

Payment terms

Specific payment terms will be stipulated in the relevant order forms, which is normally payable within 90 days after delivery of the Products.

Annual Cap

Pursuant to the Purchase Framework Agreement, the Annual Cap for the year ending 31 December 2022 is expected to be not more than US\$18,000,000.

The Annual Cap is determined based on arm's length negotiations between the Company and Luxshare Precision having considered, among others, the following factors and assumptions:

- (i) the expected demand of the Products with reference to, among others, the current discussion with the major customers of the Group and the business and production plan of the Group during the term of the Purchase Framework Agreement;
- (ii) the expected market share of the products to be sold by the Group;
- (iii) the estimated costs of production of the required Products; and
- (iv) the estimate market price of the required Products.

Such projection is assumed solely for determining the Annual Cap and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Company or the Group.

If the total transaction amounts under the Purchase Framework Agreement are expected to exceed the Annual Cap, the Company will re-comply with the relevant requirements in accordance with the Listing Rules such as by publishing a further announcement or to seek approval from independent Shareholders, if applicable.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE PURCHASE FRAMEWORK AGREEMENT

The Group is principally engaged 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.

Luxshare Precision is principally engaged in the research, development, manufacturing and sales of products in the fields of consumer electronics, communication, auto electronics and medical solutions. It is one of the top electronic component manufacturers in the PRC which concentrates its effort on the specialization in and optimization of the underlying technologies and product quality. The Board believes that the purchase of the Products from the Luxshare Precision Group can help create synergy of the parties as it can enable the Group to secure reliable supply of the Products for production, save time and costs in sourcing and negotiating with suppliers individually when acquiring up-to-standard products and/or materials, as well as facilitate the production of the Group and enhance the competitiveness of our products.

The Board believes that the Purchase Framework Agreement can provide a framework for the long-term supply of the Products by the Luxshare Precision Group to the Group on a non-exclusive basis and will help reduce negotiation time and costs among the parties.

The Directors (including the independent non-executive Directors) consider that the Purchase Framework Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations between the parties, and the terms thereof (including the Annual Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted certain measures in monitoring the transactions under the Purchase Framework Agreement.

In addition to our compliance with the requirements on annual review by external auditors and independent non-executive Directors under the Listing Rules in respect of continuing connected transactions, the internal compliance review department of the Company is responsible for the review of individual orders on a regular basis to ensure that the terms thereunder are made in accordance with the terms and conditions of the Purchase Framework Agreement. To ensure that transaction prices under the Purchase Framework Agreement will be fair and reasonable and on normal commercial terms, on top of the mechanism and procedures as detailed in the paragraph headed "THE PURCHASE FRAMEWORK AGREEMENT — Principal terms and price determination" in this announcement, the business department of the Group will regularly review and compare the purchase prices incurred and/or to be incurred thereunder with those under the same type of transactions of the Company entered into with third parties who may or may not be connected to the Company for the purchase of the Products with same or similar specifications. To ensure the transactions contemplated under the Purchase Framework Agreement do not exceed the Annual Cap, the business department of the Group shall fill in and submit statistical charts

for the continuing connected transactions at least quarterly. In the event that the amount of the transactions incurred and/or to be incurred under the Purchase Framework Agreement for a financial year is expected to reach the relevant Annual Cap, the business department will follow up forthwith by reporting and proposing a response to the management of the Company, and in case that an amendment to the Annual Cap is required, report particulars to the Board and hold a Board meeting for considering the matters thereabout to ensure compliance of the requirements under the Listing Rules.

The Company also arranges compliance trainings for the Directors, senior management and staff from the relevant departments of the Company and its subsidiaries, primarily focusing on the rules relating to connected transactions under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE GROUP AND THE LUXSHARE PRECISION GROUP

The Company is incorporated in the Cayman Islands with limited liability whose Shares are listed on the Stock Exchange. The Group is principally engaged 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. As at the date of this announcement, approximately 73.63% of the equity interests of the Company is directly held by LITL which is a subsidiary of LIL.

Luxshare Precision a company incorporated in the PRC with limited liability and listed on the Shenzhen Stock Exchange (stock code: 002475). The Luxshare Precision Group is principally engaged in the research, development, manufacturing and sales of products in the fields of consumer electronics, communication, auto electronics and healthcare. As at the date of this announcement, approximately 38.72% of the equity interest of Luxshare Precision is directly held by Luxshare Limited which in turn is owned by Ms. Wang Laichun and Mr. Wang Laisheng, who are siblings of Mr. Wang Laixi, one of the controlling Shareholders.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of the Purchase Framework Agreement, Ms. Wang Laichun and Mr. Wang Laisheng are the controlling Shareholders indirectly interested in approximately 73.63% of the issued share capital of the Company. Ms. Wang Laichun and Mr. Wang Laisheng, together, are also indirectly interested in approximately 38.72% of the equity interests, and Mr. Wang Laisheng is also directly interested in approximately 0.17% equity interests, of Luxshare Precision. Hence, Luxshare Precision is an associate (as defined under Chapter 14A of the Listing Rules) of Ms. Wang Laichun and Mr. Wang Laisheng and a connected person of the Group. As such, the transactions contemplated under the Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Purchase Framework Agreement are more than 0.1% but less than 5%, the transactions under the Purchase Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement as set out under Chapter 14A of the Listing Rules.

None of the Directors have any material interest in the transactions under the Purchase Framework Agreement and none of them were required to abstain from voting on the resolution in relation to the transactions pursuant to the Articles.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context otherwise requires:

“Annual Cap”	the annual cap in relation to the transactions contemplated under the Purchase Framework Agreement
“Articles”	the memorandum and article of association of the Company, as amended from time to time
“Board”	the board of Directors
“Company”	Cowell e Holdings Inc. (高偉電子控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“LIL”	Luxvisions Innovation Limited (立景創新有限公司), a company incorporated in Hong Kong with limited liability. As at the date of this announcement, LIL is owed as to (i) approximately 53.415% by Mr. Wang Laixi (a controlling Shareholder); (ii) approximately 43.659% by Luxsan Limited (景汕有限公司), which 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; and (iii) approximately 2.927% by Lite-On Singapore Pte. Limited, a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of Lite-On Technology Corporation (光寶科技股份有限公司) which is a company incorporated in Taiwan with limited liability and listed on the Taiwan Stock Exchange (stock code 2301).
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LITL”	Luxvisions Innovation Technology Limited (立景創新科技有限公司), a company incorporated in Hong Kong with limited company and a subsidiary of LIL
“Luxshare Limited”	Luxshare Limited (立訊有限公司), a company incorporated in Hong Kong with limited liability
“Luxshare Precision”	Luxshare Precision Industry Co., Limited (立訊精密工業股份有限公司), a company incorporated in the PRC with limited liability and listed on the Shenzhen Stock Exchange (stock code: 002475)
“Luxshare Precision Group”	Luxshare Precision and its subsidiaries
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Products”	the products to be supplied by the Luxshare Precision Group to the Group according to the specifications as requested by the Group, including but not limited to front and rear facing cameras of smartphones and cameras of tablets in relation to the production of the Group
“Purchase Framework Agreement”	the product purchase framework agreement dated 20 May 2022 entered into between the Company and Luxshare Precision in relation to the supply of the Products by the Luxshare Precision Group to the Group
“Shareholder(s)”	holders of the Shares of the Company
“Share(s)”	ordinary share(s) of US\$0.004 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“US\$”	U.S. dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 20 May 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.