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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Cowell e Holdings Inc., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)**

- (1) REVISION OF EXISTING ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS**
- (2) NEW CONTINUING CONNECTED TRANSACTION**
- (3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee and the Independent Shareholders**



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A notice convening the extraordinary general meeting (the “EGM”) of Cowell e Holdings Inc. to be held by way of virtual meeting on 23 June, 2023 at 10 a.m. is set out on pages 79 to 80 of this circular. If you are not able to attend and/or vote at the EGM, you are strongly urged to complete and return the form of proxy, a copy of which is enclosed, in accordance with the instructions printed thereon as soon as possible and in any event not later than 21 June, 2023 at 10 a.m. (Hong Kong Time).

The Shareholders and/or their proxies will NOT be able to attend the extraordinary general meeting in person, and can only attend the extraordinary general meeting via visiting the website at <http://meetings.computershare.com/Cowelle2023FirstEGM> which enables audio live streaming of the extraordinary general meeting.

Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

8 June, 2023

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## GUIDANCE FOR THE EGM

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### ATTENDING THE EGM BY MEANS OF ELECTRONIC FACILITIES

**No Shareholder, proxy or corporate representative should attend the EGM in person.** The Company strongly encourages Shareholders to attend, participate and vote at the EGM through online access by visiting the website — <http://meetings.computershare.com/Cowelle2023FirstEGM> (the “**Online Platform**”). Shareholders participating in the EGM using the Online Platform will also be counted towards the quorum and they will be able to cast their vote and submit questions through the Online Platform.

The Online Platform permits a “split vote” on a resolution, in other words, a Shareholder casting his/her/its votes through the Online Platform does not have to vote all of his/her/its shares in the same way (“**For**” or “**Against**”). In the case of a proxy, he/she can vote such number of shares in respect of which he/she has been appointed as a proxy. Votes cast through the Online Platform are irrevocable once the voting session at the EGM ends.

The Online Platform will be open for registered Shareholders and non-registered Shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the EGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer. Shareholders should allow ample time to check into the Online Platform to complete the related procedures. Please refer to the Online User Guide for the EGM sent together with this circular for assistance. Any missed contents as a result of connection issues arisen from the Shareholders will not be repeated.

#### **Login details for registered Shareholders**

Details regarding the EGM arrangements including login details to access the Online Platform are included in the Company’s notification letter to registered Shareholders sent together with this circular.

#### **Login details for non-registered Shareholders**

Non-registered Shareholders who wish to attend, participate and vote at the EGM using the Online Platform should:

- (1) contact and instruct their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their shares are held (together, the “**Intermediary**”) to appoint themselves as proxy or corporate representative to attend the EGM; and
- (2) provide their email address to their Intermediary before the time limit required by the relevant Intermediary.

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## GUIDANCE FOR THE EGM

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Details regarding the EGM arrangements including login details to access the Online Platform will be sent by the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, to the email address of the non-registered Shareholders provided by the Intermediary. Any non-registered Shareholder who has provided an email address through the relevant Intermediary for this purpose but has not received the login details by email by 12:00 noon on Wednesday, 21 June, 2023 should reach out to the Hong Kong branch share registrar of the Company for assistance. Without the login details, non-registered Shareholders will not be able to participate and vote using the Online Platform. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (1) and (2) above.

### **Login details for proxies**

Details regarding the EGM arrangements including login details to access the Online Platform will be sent by the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, to the email address of the proxies provided to it in the relevant proxy forms.

**Registered and non-registered Shareholders should note that only one device is allowed in respect of each set of login details. Please also keep the login details in safe custody for use at the EGM and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise. For enquiries regarding the login details to access the Online EGM, please call Computershare Hong Kong Investor Services Limited on (852) 2862 8555 for assistance.**

If any Shareholder has any question relating to the EGM, please contact the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited as follows:

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East, Wanchai, Hong Kong

Website: [www.computershare.com/hk/contact](http://www.computershare.com/hk/contact)  
Tel: (852) 2862 8555  
Fax: (852) 2865 0990

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Articles”	the memorandum and article of association of the Company, as amended from time to time
“Board”	the board of Directors
“CCT Agreements”	the Supplemental Agreements and the ST Supply Framework Agreement
“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)”	director(s) of the Company
“EGM”	the extraordinary general meeting to be held by way of virtual meeting on 23 June, 2023 at 10 a.m. to consider, and if thought fit, approve, among others, the CCT Agreements and the respective proposed annual caps
“Existing Agreements”	the Existing Purchase Framework Agreement and the Existing Materials Procurement Framework Agreement
“Existing Continuing Connected Transactions” or “Existing Procurement Continuing Connected Transactions”	the transactions contemplated under the Existing Agreements

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## DEFINITIONS

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“Existing Materials Procurement Framework Agreement”	the materials procurement framework agreement dated 29 December 2022 entered into between the Company and GZ Luxvisions in relation to the purchase of the Materials by the Group from the GZ Luxvisions Group, as amended and supplemented by the Supplemental Materials Procurement Framework Agreement. For details of the Existing Materials Procurement Framework Agreement, please refer to the announcement of the Company dated 29 December 2022
“Existing Purchase Framework Agreement”	the product purchase framework agreement entered into between the Company and Luxshare Precision on 29 December 2022 in relation to the purchase of the Products by the Group from the Luxshare Precision Group, as amended and supplemented by the Supplemental Purchase Framework Agreement. For details of the Existing Purchase Framework Agreement, please refer to the announcement of the Company dated 29 December 2022
“Group”	the Company and its subsidiaries
“GZ Luxvisions Group”	GZ Luxvisions and its subsidiaries (for the purpose of this circular excluding, except where the context indicates otherwise, the Group)
“GZ Luxvisions”	Guangzhou Luxvisions Innovation Technology Limited (廣州立景創新科技有限公司), a company established under the laws of the PRC and a subsidiary of LIL
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board comprising Ms. Su Yen-Hsueh, Mr. Tsai Chen-Lung and Ms. Liu Xia, being the independent non-executive Directors

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## DEFINITIONS

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“Independent Financial Adviser” or “Honestum International Limited”	Honestum International Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the CCT Agreements, the transactions contemplated thereunder and the respective proposal annual cap(s)
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM
“Latest Practicable Date”	5 June, 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“LIL”	Luxvisions Innovation Limited (立景創新有限公司), a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, LIL is owned 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lite-On”	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)

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## DEFINITIONS

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“LITL”	Luxvisions Innovation Technology Limited, a limited liability company incorporation in Hong Kong, is a wholly-owned subsidiary of GZ Luxvisions
“LS Products”	the equipment primarily comprising modules and light detection and ranging (LiDAR) machines to be supplied by Luxsense to Suteng in accordance with the terms and conditions of the ST Supply Framework Agreement
“Luxsense”	東莞立騰創新電子有限公司 (Dongguan Luxsense Innovation Electronics Limited)*, a limited liability company established under the law of the PRC and is a subsidiary of the Company owned as to 51% by the Company and 49% by Suteng as at the Latest Practicable Date
“Luxshare Limited”	Luxshare Limited (立訊有限公司), a company incorporated in Hong Kong with limited liability
“Luxshare Precision Group”	Luxshare Precision and its subsidiaries
“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). 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 Latest Practicable Date, approximately 38.3% of the equity interest of Luxshare Precision is directly held by Luxshare Limited (立訊有限公司) 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



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## DEFINITIONS

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“Materials”	the materials to be supplied by the GZ Luxvisions Group to the Group under the New Materials Procurement Framework Agreement according to the specifications as requested by the Group, including but not limited to circuit board assembly (including LiDAR printed circuit board assembly (LiDAR PCBA)) and related raw materials, stores, consumables and other materials in relation to the production of the Group
“PRC”	the People’s Republic of China, for the purpose of this circular, 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 under the Supplemental Purchase Framework Agreement 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 for the production of the Group
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to a resolution passed by the shareholders of the Company on 5 May, 2021
“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
“Shareholder(s)”	holders of the Shares of the Company

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## DEFINITIONS

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“ST Supply Framework Agreement”	the supply framework agreement dated 19 April 2023 entered into between Luxsense and Suteng in relation to the supply of the LS Products by Luxsense to Suteng
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreements”	the Supplemental Purchase Framework Agreement and the Supplemental Materials Procurement Framework Agreement
“Supplemental Materials Procurement Framework Agreement”	the supplemental materials procurement framework agreement dated 19 April 2023 entered into between the Company and GZ Luxvisions in relation to the purchase of the Materials by the Group from the GZ Luxvisions Group
“Supplemental Purchase Framework Agreement”	the supplemental product purchase framework agreement dated 19 April 2023 entered between the Company and Luxshare Precision in relation to the supply of the Products by the Luxshare Precision Group to the Group
“Suteng”	深圳市速騰聚創科技有限公司 (Suteng Innovation Technology Company Limited), a limited liability company established under the law of the PRC. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the ultimate beneficial owner of Suteng has a diverse shareholder base, including Luxshare Limited (which in turn is owned by Ms. Wang Laichun and Mr. Wang Laisheng who are the controlling Shareholders indirectly interested in approximately 72.89% of the issued share capital of the Company through LITL as at the Latest Practicable Date) interested in approximately 2.3458%, and a single largest shareholder being Mr. Qiu Bo, an independent third party of the Company and its connected person, interested in approximately 12%, of its total issued share capital as at the Latest Practicable Date

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## DEFINITIONS

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“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission of Hong Kong, as amended or supplemented from time to time
“US\$”	U.S. dollars, the lawful currency of the United States of America
“%”	per cent.

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LETTER FROM THE BOARD

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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)**

*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

*Registered Office*

PO Box 309

Ugland House

Grand Cayman KY1-1104

Cayman Islands

*Headquarter and Principal Place of Business  
in the PRC*

No. 1 Songbai Road

Huanan Industrial Zone

Liaobu Town

Dongguan City

Guangdong Province, PRC

*Principal Place of Business in Hong Kong*

Suite 1620

16/F, Ocean Centre

5 Canton Road

Tsimshatsui

Kowloon

Hong Kong

8 June, 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) REVISION OF EXISTING ANNUAL CAPS FOR EXISTING  
CONTINUING CONNECTED TRANSACTIONS**

**(2) NEW CONTINUING CONNECTED TRANSACTION**

**(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

Reference is made to the announcement of the Company dated 19 April 2023 in relation to, among others, the entering of the CCT Agreements by the Group and the transactions contemplated thereunder which constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with further information in relation to (i) the revision of the existing annual caps for the Existing Procurement Continuing Connected Transactions; and (ii) the ST Supply Framework Agreement, and contains the recommendations of the Independent Board Committee in relation to the CCT Agreements, the transactions contemplated thereunder and the respective proposal annual cap(s), and the advice from the Independent Financial Adviser to the Independent Board Committee.

### 2. REVISION OF EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 29 December 2022 in relation to (i) the Existing Purchase Framework Agreement and (ii) the Existing Materials Procurement Framework Agreement.

As a result of the expansion of the Group's business operations and production capacity, and the continuous increase in demand of the Group's products, on 19 April 2023, the Company entered into (i) the Supplemental Purchase Framework Agreement with Luxshare Precision; and (ii) the Supplemental Materials Procurement Framework Agreement with GZ Luxvisions, respectively to revise the existing annual cap(s) and extend the term of the Existing Agreements.

#### A. Supplemental Purchase Framework Agreement

Pursuant to the Existing Purchase Framework Agreement, the Group shall purchase certain Products from the Luxshare Precision Group according to the specifications as requested by the Group from time to time in relation to its production from 1 January 2023 to 31 December 2023, unless otherwise terminated earlier in accordance with the terms of the Existing Purchase Framework Agreement.

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## LETTER FROM THE BOARD

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Details of the Supplemental Purchase Framework Agreement are set out below:

### *Parties*

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

### *Date*

19 April 2023 (after trading hours)

### *Duration*

From 20 April 2023 to 31 December 2025, unless terminated earlier in accordance with the terms of the Existing Purchase Framework Agreement (as supplemented and amended by the Supplemental Purchase Framework Agreement).

### *Subject matter*

Pursuant to the Supplemental Purchase Framework Agreement,

- (i) the existing annual cap for the transactions contemplated under the Existing Purchase Framework Agreement for the year ending 31 December 2023 is revised from US\$20,000,000 to US\$45,000,000; and
- (ii) the term of the agreement is extended to include the two years ending 31 December 2025, with a proposed annual cap of US\$61,776,000 for the year ending 31 December 2024 and US\$80,352,000 for the year ending 31 December 2025, respectively.

Save for the aforesaid changes, all other terms and conditions under the Existing Purchase Framework Agreement remain the same.

For details of the terms and price determination under the Existing Purchase Framework Agreement, please refer to the announcements of the Company dated 20 May 2022 and 29 December 2022.

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## LETTER FROM THE BOARD

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### *Existing annual cap and historical transaction amount*

The existing annual cap for the transactions contemplated under the Existing Purchase Framework Agreement for the year ending 31 December 2023 and the actual transaction amount incurred for the year ended 31 December 2022 and during the two months ended 28 February 2023 under the Existing Purchase Framework Agreement are set out below:

		<b>For the year ending 31 December 2023</b>
Existing annual cap		US\$20,000,000
	<b>For the year ended 31 December 2022</b>	<b>For the two months ended 28 February 2023</b>
Actual transaction amount incurred	US\$17,710,716	US\$4,054,682

### *Proposed annual caps*

Pursuant to the Supplemental Purchase Framework Agreement, the proposed annual caps are as follows:

	<b>For the year ending 31 December 2023 (US\$)</b>	<b>For the year ending 31 December 2024 (US\$)</b>	<b>For the year ending 31 December 2025 (US\$)</b>
Proposed annual caps	45,000,000	61,776,000	80,352,000

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## LETTER FROM THE BOARD

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The proposed annual caps are determined based on arm's length negotiations between the Company and Luxshare Precision having considered, among others, the following factors and assumptions:

- (a) the historical transaction amounts incurred under the Existing Purchase Framework Agreement. Given that (i) in particular for 2023, the historical transaction amount taken into account only covered the two months ended 28 February 2023 (when the Chinese New Year and Spring Festival fell and when the sales and production volume of the Group are usually the lowest); and (ii) the fact that the historical transaction amounts were also materially affected by seasonality, the parties had also taken into account the growth trend in the historical transaction amounts, and the actual business and production cycle of the Group and the Luxshare Precision Group when formulating the actual and expected demand of the Products. The historical transaction amounts illustrated a growing trend of the business dealings among the parties with an increase of more than 33% in the average monthly transaction amount from approximately US\$1.5 million per month for the year ended 31 December 2022 to approximately US\$2.0 million per month for the two months 28 February 2023;
- (b) 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 Supplemental Purchase Framework Agreement.

In particular, the proposed annual cap(s) were primarily formulated based on the expected demand of the Products for production of smartphone camera modules to the largest customer of the Group, and over 90% of each of the proposed annual cap(s) was represented by the expected purchase amount of voice coil motor products (“VCM”), which are the primary raw materials for production of camera modules of the new and upcoming models and generations of the smartphones, as well as one of the major constituents of the Products, to be purchased by the Group. Based on the recent discussion with, and the latest development and production plan of, the aforesaid largest customer of the Group, the Group expected that there will be a substantial increase in the expected demand of the Products considering: (i) there might potentially be an increase in the contract and/or order amount that might be awarded to the Group during the term of the Supplemental Purchase Framework Agreement (especially for the year ending 31 December 2023); and (ii) the demand of VCM is expected to raise significantly for the year ending 31 December 2023 of approximately 1.5 times of the volume of the VCM purchased by the Group from the Luxshare Precision Group during the year ended 31 December 2022, and will continue to grow relatively steady of



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## LETTER FROM THE BOARD

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approximately 36% and 32% for the financial year ending 31 December 2024 and 31 December 2025, respectively, to cope with the production and product launch plan of our largest customer and the Group;

- (c) the expected increase in the market share of the products to be sold by the Group, based on the discussion with the major customers of the Group, the increase of research and development and production capabilities of the Group, and the potential decrease in the numbers of and/or the production scale of the competitors of the Group;
- (d) the estimated costs of production of the required Products on a per unit cost basis which the Group did not expect to have material fluctuation with reference to the historical trend and market research; and
- (e) the estimate market price of the required Products, which the Group had assumed to be in line with the estimated costs of production of the required Products and did not expect to have material price fluctuation, with reference to the historical trend and market research.

Such projection is assumed solely based on the information currently available to the Group for determining the proposed annual caps 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 Supplemental Purchase Framework Agreement are expected to exceed the proposed annual caps, the Company will re-comply with the relevant requirements in accordance with the Listing Rules such as by publishing a further announcement and to seek approval from Independent Shareholders, if applicable.

As the transactions contemplated under the Supplemental Purchase Framework Agreement constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and the proposed annual caps are subject to the approval of the Independent Shareholders, the Supplemental Purchase Framework Agreement is conditional upon resolution no. 1 being passed at the EGM.

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## LETTER FROM THE BOARD

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### **B. Supplemental Materials Procurement Framework Agreement**

Pursuant to the Existing Materials Procurement Framework Agreement, the Group shall purchase from the GZ Luxvisions Group certain Materials according to the specifications as requested by the Group from time to time in relation to its production from 1 January 2023 to 31 December 2023, unless otherwise terminated earlier in accordance with the terms of the Existing Materials Procurement Framework Agreement.

Details of the Supplemental Materials Procurement Framework Agreement are set out below:

#### ***Parties***

- (a) Company; and
- (b) GZ Luxvisions

#### ***Date***

19 April 2023 (after trading hours)

#### ***Duration***

From 20 April 2023 to 31 December 2025, unless terminated earlier in accordance with the terms of the Existing Materials Procurement Framework Agreement (as amended and supplemented by the Supplemental Materials Procurement Framework Agreement).

#### ***Subject matter***

Pursuant to the Supplemental Materials Procurement Framework Agreement,

- (i) the existing annual cap for the transactions contemplated under the Existing Materials Procurement Framework Agreement for the year ending 31 December 2023 is revised from RMB70,000,000 to RMB73,000,000; and
- (ii) the term of the agreement is extended to include the two years ending 31 December 2025, with a proposed annual cap of RMB133,000,000 for the year ending 31 December 2024 and RMB199,000,000 for the year ending 31 December 2025, respectively.

Save for the aforesaid changes, all other terms and conditions under the Existing Materials Procurement Framework Agreement remain the same.

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## LETTER FROM THE BOARD

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For details of the terms and price determination under the Existing Materials Procurement Framework Agreement, please refer to the announcements of the Company dated 2 September 2022 and 29 December 2022.

### *Existing annual cap and historical transaction amount*

The existing annual cap for the year ending 31 December 2023 and the actual transaction amount incurred during the two months ended 28 February 2023 under the Existing Materials Procurement Framework Agreement are set out below:

	<b>For the year ending 31 December 2023</b>	
Existing annual cap	RMB70,000,000	
	<b>For the year ended 31 December 2022</b>	<b>For the two months ended 28 February 2023</b>
Actual transaction amount incurred	RMB21,974,083	RMB3,634,588

### *Proposed annual caps*

Pursuant to the Supplemental Materials Procurement Framework Agreement, the proposed annual caps are as follows:

	<b>For the year ending 31 December 2023 (RMB)</b>	<b>For the year ending 31 December 2024 (RMB)</b>	<b>For the year ending 31 December 2025 (RMB)</b>
Proposed annual caps	73,000,000	133,000,000	199,000,000

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## LETTER FROM THE BOARD

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The proposed annual caps are determined based on arm's length negotiations between the Company and GZ Luxvisions having considered, among others, the following factors and assumptions:

- (a) the historical transaction amounts incurred under the Existing Materials Procurement Framework Agreement. In particular, given for 2023, the historical transaction amount taken into account only covers the two months ended 28 February 2023 (when the Chinese New Year and Spring Festival fell and when the sales and production volume are usually the lowest in the yearly production and sale cycle of the Group), the aforementioned historical transaction amount was significantly obscured by seasonality to fully reflect the actual and potential demand of the Materials. In this connection, the Company utilized the historical transaction amounts as a starting point to formulate the proposed annual caps, and gave greater emphasis on the actual business and production cycle of the Group, and expected increase in the demand of the Materials as illustrated below;
- (b) the expected demand of the Materials 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 Supplemental Materials Procurement Framework Agreement.

In particular, the proposed annual cap(s) were primarily formulated based on the expected demand of the Materials for production of the LS Products of the Group which will in turn be sold to Suteng for its production of the Light Detection And Ranging (LiDAR) sensors. LiDAR sensors products were used to detect objects and estimate distances and such sensors have been gaining its popularity in different kinds of commercial and passenger vehicles and robots and becoming not only a standard but also an irreplaceable component for the recent and future development of automated driving as well as other fields and industries. As disclosed in the annual report of the Company for the year ended 31 December 2022, according to a report by the research firm MarketsandMarkets, the market scale of LiDAR is expected to increase from US\$1.4 billion in 2023 to US\$3.7 billion in 2028 at a CAGR of approximately 19.4%, which represents one of the few fast-growing industries. The Company had already invested resources and commenced production of the LS Products since March 2022 to gain competitive advantages in the field. The expected demand of the Materials of the Group largely represents the corresponding growth of the demand of the LS Products by Suteng under the ST Supply Framework Agreement which its detail are further disclosed in the sub-paragraphs headed "3. NEW CONTINUING CONNECTED TRANSACTION — Historical transaction amount and proposed annual caps" below in this circular.

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## LETTER FROM THE BOARD

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As far as quantitative measures are concerned, over 90% of each of the proposed annual cap(s) under the Supplemental Materials Procurement Framework Agreement was represented by the expected purchase amount of Printed Circuit Board Assembly materials (“**LiDAR PCBA**”), which are the primary raw materials for production of different radar modules of the LS Products, as well as one of the major constituents of the Materials, to be purchased by the Group. Considering the fact that production of one unit of radar modules and/or radar systems of the LS Products by the Group requires at least two to five units of LiDAR PCBA, the corresponding expected volume of the LiDAR PCBA required by the Group from the GZ Luxvisions Group (and therefore as reflected in the proposed annual caps under the Supplemental Materials Procurement Framework Agreement) increased drastically. Based on the recent discussion with, and the latest development and production plan of, Suteng which is the largest customer of the Group in terms our sales of radar modules and systems as at the Latest Practicable Date, the Group expected that there will be an exponential increase in the expected demand of the Products considering: (i) there might potentially be a substantial increase in the contract and/or order amount that might be awarded to the Group from Suteng during the term of the Supplemental Materials Procurement Framework Agreement (especially for the year ending 31 December 2023); and (ii) the demand of LiDAR PCBA is expected to raise significantly for the year ending 31 December 2023 of approximately 2.8 times of the volume of the LiDAR PCBA purchased by the Group from the GZ Luxvisions Group during the year ended 31 December 2022, and will continue to grow with an annual rate of over 87% and 50% for each of the two financial years ending 31 December 2025, to cope with the production and product launch plan of each of Suteng and the Group as well as the growth of the market scale of LiDAR;

- (c) the expected increase in the market share of the relevant products (principally the LS Products) to be sold by the Group based on market research, and taken into account the research and development as well as production capabilities of the Group to provide seamless development and production solutions in relation to the production of various radar modules and/or systems in the LiDAR field;
- (d) the estimated costs of production of the required Materials on a per unit cost basis which the Group did not expect to have material fluctuation with reference to the historical trend and market research; and
- (e) the estimate market price of the required Materials, which the Group had assumed to be in line with the estimated costs of production of the required Materials and did not expect to have material fluctuation, with reference to the historical trend and market research.

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## LETTER FROM THE BOARD

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Such projection is assumed solely based on the information currently available to the Group for determining the proposed annual caps 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 Supplemental Materials Procurement Framework Agreement are expected to exceed the proposed annual caps, the Company will re-comply with the relevant requirements in accordance with the Listing Rules such as by publishing a further announcement and to seek approval from Independent Shareholders, if applicable.

As the transactions contemplated under the Supplemental Materials Procurement Framework Agreement constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and the proposed annual caps are subject to the approval of the Independent Shareholders, the Supplemental Materials Procurement Framework Agreement is conditional upon resolution no. 2 being passed at the EGM.

### **3. NEW CONTINUING CONNECTED TRANSACTION**

On 19 April 2023 (after trading hours), Luxsense entered the ST Supply Framework Agreement with Suteng, pursuant to which Luxsense shall supply the LS Products to Suteng in accordance with the terms and conditions thereunder.

#### ***Parties***

- (a) Luxsense; and
- (b) Suteng

#### ***Date***

19 April 2023 (after trading hours)

#### ***Duration***

From 20 April 2023 to 31 December 2025, unless terminated earlier in accordance with the terms of the ST Supply Framework Agreement.

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## LETTER FROM THE BOARD

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### *Subject Matter*

Pursuant to the ST Supply Framework Agreement, Luxsense shall supply to Suteng certain LS Products according to the specifications as requested by Suteng from time to time in relation to its production from 20 April 2023 to 31 December 2025, unless terminated earlier in accordance with the terms of the ST Supply Framework Agreement.

### *Principal terms and price determination*

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

Luxsense will determine the selling prices of the LS Products with reference to, and generally shall not be lower than, prices charged by Luxsense to other independent third party customers of the LS Products of same or similar specifications, which represents the then prevailing market prices.

In accordance with the Company's internal policies, the transactions (including but not limited to prices determined and transaction amounts) under the ST Supply Framework Agreement will be properly recorded. If the Company is of the view that the rates charged and/or terms for the LS Products sold to Suteng are less favourable from the Group's perspective than the rates charged and terms for equivalent or similar LS Products sold by the Group to independent third parties, Luxsense and Suteng agree to use their best endeavour to adjust the rates and/or terms to ensure that the terms of the transactions are fair and reasonable. 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 ST Supply 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 LS Products.

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## LETTER FROM THE BOARD

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### *Historical transaction amount and proposed annual caps*

For the financial year ended 31 December 2022 and during the period from January 2023 to February 2023, Luxsense had provided the LS Products to Suteng, which was then an Independent Third Party and only became interested in 49% of Luxsense and thus a connected person at the subsidiary level of the Group since late February 2023, and the transaction amount incurred during the aforesaid periods was approximately RMB68,695,000, and RMB22,783,000, respectively.

Sets out below are the proposed annual caps agreed among Luxsense and Suteng for the transactions contemplated under the ST Supply Framework Agreement for each of the three financial years ending 31 December 2025:

	<b>For the year ending 31 December 2023 (RMB)</b>	<b>For the year ending 31 December 2024 (RMB)</b>	<b>For the year ending 31 December 2025 (RMB)</b>
Proposed annual caps	211,000,000	414,000,000	634,000,000

The proposed annual caps under the ST Supply Framework Agreement are determined based on arm's length negotiations between Luxsense and Suteng having considered, among others, the following factors and assumptions:

- (a) the historical transaction amounts incurred for the supply of the LS Products since March 2022 which demonstrated a growing trend. In particular, despite that the fact that the historical transaction amounts might be obscured by seasonality (which the production and sales levels of the Group also tend to be the lowest in the first and second quarters of each year), there was an increase in the average monthly transaction amount of approximately 65.2% based on the average monthly transaction amount of approximately RMB6.9 million and RMB11.4 million for the ten months ended 31 December 2022 and for the two months ended 28 February 2023, respectively;
- (b) the expected production plan of Luxsense in each of the three financial years ending 31 December 2025 taken into account primarily, among others, the production and product launch plan and cycle of and the expected demand of the LS Products by Suteng and the expected growth of the market demand and shipment of LiDAR.



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## LETTER FROM THE BOARD

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In particular, the proposed annual cap for each of the years ending 31 December 2024 and 2025 represents an annual growth rate of over 96% and 53%. The growth were primarily:

- (i) a corresponding increase of expected increase in the demand of a specific type of radar model by Suteng. Approximately 70% of each of the proposed annual caps are comprised of the expected sales of a specific type of radar model (“**Radar A**”) by the Group which is to be further manufactured and processed by the Suteng for its production of the LiDAR sensors. Based on the discussion with Suteng, the volume of Radar A is expected to increase significantly for the year ending 31 December 2023 of approximately 3.5 times of the volume of the Radar A supplied by the Group to Suteng during the year ended 31 December 2022, and will continue to grow with an annual rate of over 80% and 50% for each of the two financial years ending 31 December 2025, to cope with the production and product launch plan of Suteng; and
- (ii) in line with the expected growth rate of the market demand and shipment of LiDAR. According to a LiDAR industry market research report published by Citic Securities, the shipment volume of LiDAR in the global market is expected to grow by 3.77 times in 2023 and 1.53 times in 2024, based on the shipment volume in the global market in 2022. In particular, it is expected that the LiDAR industry in 2023 will undergo a rapid and comparatively higher growth, and the global shipment volume of LiDAR in 2024 will be a multiple of the global shipment volume of LiDAR in 2023.
- (c) the expected demand and market shares of the products to be sold by Suteng in each of the three financial years ending 31 December 2025. Based on the discussions with Suteng, it was expected that the demand of the LS Products by Suteng will be correspondingly increased in line with the expected growth of the market demand and shipment of LiDAR and the business growth and strategical cooperations of Suteng with other giant automobile manufacturers; and
- (d) the estimated market price of the required LS Products. With a view to increase the market shares of the LS Products, the Group had not factored in material price fluctuation on the estimated market price of the LS Products, assuming the estimated costs of production of the required LS Products will not experience material price fluctuation with reference to the historical trend and market research.

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## LETTER FROM THE BOARD

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Such projection is assumed solely based on the information currently available to the Group for determining the proposed annual caps 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 ST Supply Framework Agreement are expected to exceed the proposed annual caps, the Company will re-comply with the relevant requirements in accordance with the Listing Rules such as by publishing a further announcement and to seek approval from Independent Shareholders, if applicable.

As the transactions contemplated under the ST Supply Framework Agreement constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and the proposed annual caps are subject to the approval of the Independent Shareholders, the ST Supply Framework Agreement is conditional upon resolution no. 3 being passed at the EGM.

#### **4. REASONS FOR AND THE BENEFITS OF ENTERING INTO THE CCT AGREEMENTS**

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.

##### **A. Supplemental Agreements**

The GZ Luxvisions Group is principally engaged in the business of production of mass-produced mobile phone camera modules, tablet camera modules, notebook camera modules, car camera module, and display module, etc. and have a broad market presence and customer network.

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.

The Group actively enhances its research and development and manufacturing capability of various optical modules and parts for electronic devices. The Company believes that it is in the benefit of the Group to continue and increase the existing transactions of purchasing the relevant Products and Materials from Luxshare Precision and GZ Luxvisions, respectively under the

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## LETTER FROM THE BOARD

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Existing Purchase Framework Agreement and the Existing Materials Procurement Framework Agreement which can enable the Group to have a reliable source of supply of the Products and Materials for production.

Given the friendly business relationship already established among the Group and each of GZ Luxvisions and Luxshare Precision, by conducting the existing continuing connected transactions, time and costs can be saved in sourcing and negotiating with multiple purchasers or suppliers, which will significantly enhance the operational efficiency of the Group, as well as that of GZ Luxvisions and Luxshare Precision.

The Company believes that the entering of the Supplemental Purchase Framework Agreement and the Supplemental Materials Procurement Framework Agreement can increase the existing annual cap for the year ending 31 December 2023 and extend the term of the existing framework for the long-term supply of the Products and Materials by Luxshare Precision and GZ Luxvisions, respectively 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 after considering the advice of the Independent Financial Adviser) consider that each of the Supplemental Agreements 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 proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **B. ST Supply Framework Agreement**

Suteng is principally engaged in the production of LiDAR solutions which are supplied to various cities in the PRC, North America, Europe and Asia-Pacific.

The supply of the LS Products to Suteng can allow Luxsense to raise the profile of the LS Products, enhance the LS Products' penetration into new markets, expand the source of revenue and improve the profitability for Luxsense.

The Company believes that the ST Supply Framework Agreement can provide a framework for the strategic cooperation between the parties and long-term supply of LS Products to Suteng which will help reduce negotiation time and costs among the parties.

The Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser) consider that the ST Supply Framework Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business

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## LETTER FROM THE BOARD

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of the Group and on normal commercial terms after arm's length negotiations between the parties, and the terms thereof (including the proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### 5. 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 CCT Agreements.

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 CCT Agreements.

To ensure that transaction prices under the CCT Agreements will be fair and reasonable and on normal commercial terms before the transactions are entered into, our price control procedures which include the following major steps and features are complied with on an ongoing basis:

- when the Group receives a request for quotation from Suteng for the purchase of the LS Products and/or when the Group intends to procure the Products and/or Materials with new specifications, the project manager (or his authorised personnel) or the R&D department will be responsible for considering and updating the specifications required, as well as other potential consideration factors including not limited to, the quantity of goods required, the estimate cost of engineering work (if any) which are caused by any necessary product customisation and the estimated cost and expenses relating to, among others, packaging, shipping, temporary storage and/or insurance required;
- the strategic procurement team is responsible for collecting market information, and conducting price inquiries, price comparisons, and price negotiations (if applicable) to estimate the reference price(s) of the Products, Materials and the LS Products respectively, which will be subsequently referred to for the benchmarking and determination of the selling price(s) of the LS Products and/or the highest acceptable price for purchase of the Products and/or Materials (as the case may be);
- specifically, for the purchases made under the Supplemental Purchase Framework Agreement and the Supplemental Materials Procurement Framework Agreement, depending on the specifications of the Products and/or Materials required, the Group will conduct review and evaluation process by making reference with other independent third party/parties with similar procurement qualifications and capabilities for provision

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## LETTER FROM THE BOARD

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of similar Products and/or Materials (if available) to compare and determine if the prices and terms offered by the Luxshare Precision Group and/or GZ Luxvisions Group (as the case may be) are better, and are fair and reasonable and comparable to those terms offered by independent third parties. If there are situations where the Company could not obtain quotation and/or could only obtain one quotation due to the limitations on, among others, the technical specifications of the Products and/or Materials 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 and/or GZ Luxvisions Group (as the case may be) by making reference to, if available, the recent purchase price of such Products and/or Materials and the market fluctuation of the costs of the materials. The aforementioned review and evaluation process will be conducted from both technical and commercial perspectives.

For the transactions under the ST Supply Framework Agreement, considering the LS Products are highly customized goods, if the Company is of the view that the rates and/or the terms which could have been charged and/or offered by Luxsense for the LS Products sold to Suteng are less favourable (from the Group' perspective) than the rates and the terms for equivalent or similar LS Products sold by the Group to other potential independent third parties, Luxsense and Suteng agree to use their best endeavour to adjust the rates and/or terms to ensure that the terms of the transactions are fair and reasonable, and to the benefit of the Company and the Shareholders as a whole.

- the reference price(s) will then be reviewed and approved by the head of the strategic procurement team of the Group who is also responsible to ensure such prices are updated from time-to-time if necessary;
- the approved reference price(s) will then be updated to the enterprise resources planning (ERP) system of the Group; and
- by referring to the approved reference prices, the material control team is responsible for ensuring (assuming in the circumstances with same or comparable specifications, volume, delivery schedules and terms): (i) the selling price of the LS Products to be supplied to the Suteng will not be lower than those charged to independent third parties; and (ii) the purchase price(s) of the Products and Materials to be purchased by the Group will not be higher than those offered by other independent third parties suppliers.

In any event, during the period when there is no material price fluctuation or change of products specifications, the business department of the Group will, execute the aforementioned price control procedures at least semi-annually to (i) review and update the aforementioned reference price(s); (ii) review its prices charged to independent third parties customers for the

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## LETTER FROM THE BOARD

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supply of LS Products with same or similar specifications under the ST Supply Framework Agreement; and (iii) review and compare the purchase prices incurred and/or to be incurred under the Supplemental Purchase Framework Agreement and the Supplemental Materials Procurement Framework Agreement 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 or the Materials with the same or similar specifications.

Based on the aforementioned procedures and considering the fact that the approved reference prices are recorded in the ERP system of the Group, any quotations and/or orders bearing the selling prices and/or purchase prices which deviates from the approved reference prices will not be sent and/or processed without the final approval from the department head of the strategic procurement team. Furthermore, as there is no minimum supply and/or purchase commitment on the part of the Group under any of the CCT Agreements, the Group is not compelled to (i) supply the LS Products to Suteng at a price lower than the selling prices it may have offered to other independent third party customers; or (ii) purchase the Products or Materials from Luxshare Precision or GZ Luxvisions (as the case may be) at a price higher than the market prices offered by other independent third parties. The Group will not conduct any transactions under the CCT Agreements if the terms or the prices are not determined according to the pricing policies required under Chapter 14A of the Listing Rules or agreed in the CCT Agreements.

To ensure the transactions contemplated under the CCT Agreements do not exceed the respective proposed annual caps, 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 CCT Agreements for a financial year is expected to reach the relevant annual cap(s), 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(s) 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.

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## LETTER FROM THE BOARD

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### 6. INFORMATION ABOUT THE PARTIES

#### The Company and the 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 Latest Practicable Date, approximately 72.89% of the equity interests of the Company is directly held by LITL which is a subsidiary of LIL.

#### GZ Luxvisions

GZ Luxvisions, a company established under the laws of the PRC with limited liability, is a subsidiary of LIL. As at the Latest Practicable Date, 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. The GZ Luxvisions Group is principally engaged in the business of production of mass-produced mobile phone camera modules, tablet camera modules, notebook camera modules, car camera module, and display module, etc.

#### Luxshare Precision

Luxshare Precision a company incorporated in the PRC with limited liability and listed on the Shenzhen Stock Exchange (stock code: 002475). As at the Latest Practicable Date, approximately 38.3% 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. 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.

#### Luxsense

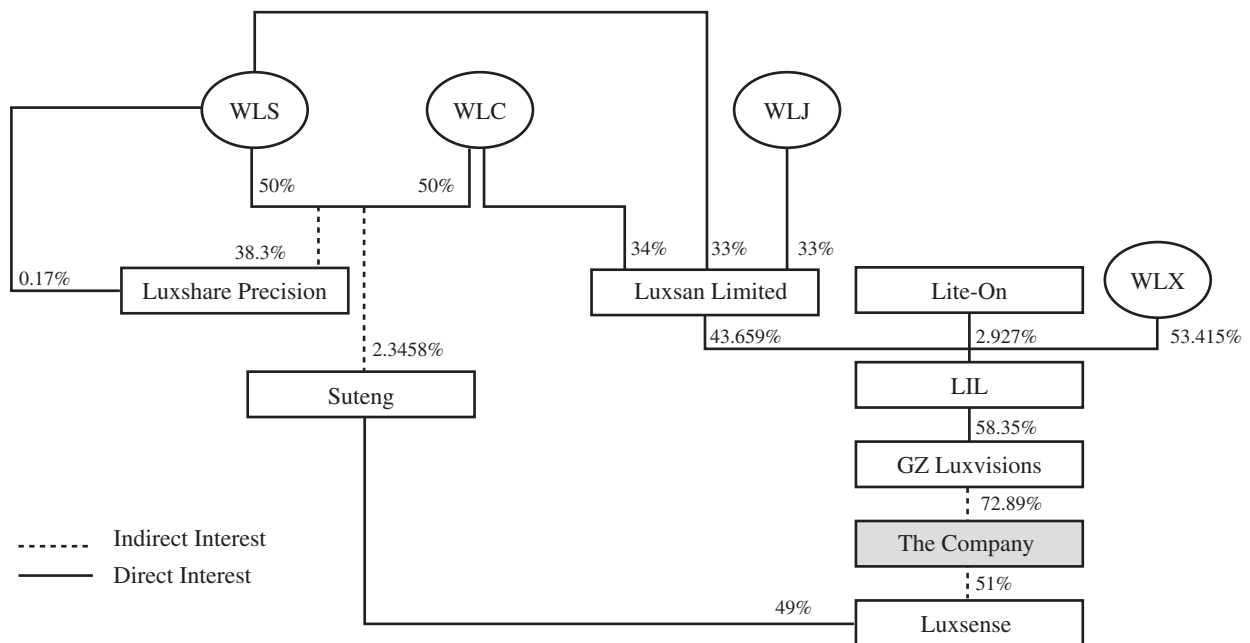
Luxsense is a limited liability company established under the law of the PRC and is a non-wholly owned subsidiary which is owned as to 51% by the Group and 49% by Suteng as at the Latest Practicable Date. Luxsense is principally engaged in the production of modules and light detection and ranging machines.

## LETTER FROM THE BOARD

### Suteng

Suteng is a limited liability company established under the law of the PRC and is principally engaged in the production of LiDAR solutions which are sold to various geographical locations such as North America, Europe and Asia-Pacific. Suteng is interested in 49% of the equity interest of Luxsense since February 2023 and is therefore a connected person at the subsidiary level of the Group. It is wholly-owned by RoboSense HongKong Limited as at the Latest Practicable Date. Save as disclosed above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the ultimate beneficial owner of Suteng has a diverse shareholder base, including Luxshare Limited (which in turn is owned by Ms. Wang Laichun and Mr. Wang Laisheng who are the controlling Shareholders indirectly interested in approximately 72.89% of the issued share capital of the Company through LITL as at the Latest Practicable Date) interested in approximately 2.3458%, and a single largest shareholder being Mr. Qiu Bo, an independent third party of the Company and its connected person, interested in approximately 12%, of its total issued share capital as at the Latest Practicable Date.

Below is a simplified organisational chart disclosing the shareholding structure of the relevant connected persons of the Company as at the Latest Practicable Date:



*Note:* WLS, WLC, WLJ and WLX denotes Wang Laisheng, Wang Laichun, Wang Laijiao and Wang Laixi, who are siblings and the controlling shareholders of the Company, respectively.



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## LETTER FROM THE BOARD

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### 7. IMPLICATIONS UNDER THE LISTING RULES

As GZ Luxvisions is a controlling Shareholder indirectly interested in approximately 72.89% of the entire issued share capital of the Company through LITL as at the Latest Practicable Date, it is a connected person of the Company. As such, the transactions contemplated under the Supplemental Materials Procurement Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Ms. Wang Laichun and Mr. Wang Laisheng, who are the controlling Shareholders and indirectly interested in approximately 72.89% of the issued share capital of the Company, together are also indirectly interested in approximately 38.3% 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 Supplemental Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Luxsense is a subsidiary of the Group which is jointly owned by the Group and Suteng as to 51% and 49% respectively. Therefore, Suteng is a substantial shareholder of Luxsense and a connected person at the subsidiary level of the Group. As such, the transactions contemplated under the ST Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise annual caps for existing continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions shall be treated as if they were one transaction if they were all entered into or completed within a 12-month period or are otherwise related. Given that (i) the Supplemental Purchase Framework Agreement and the Supplemental Materials Procurement Framework Agreement were entered into at the same time (within a 12-month period) and the transactions contemplated thereunder are of similar nature in relation to the purchases by the Group of similar materials for its production; and (ii) Luxshare Precision, is ultimately controlled by Ms. Wang Laichun and Mr. Wang Laisheng, who are controlling Shareholders indirectly interested in approximately 72.89% of the issued share capital of the Company and have indirect control interest in GZ Luxvisions, both GZ Luxvisions and Luxshare Precision are associates of Ms. Wang Laichun and Mr. Wang Laisheng and the

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## LETTER FROM THE BOARD

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transactions contemplated under the Supplemental Purchase Framework Agreement and the Supplemental Materials Procurement Framework Agreement shall be aggregated as if they were one transaction.

As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the highest proposed annual cap(s) of each of the CCT Agreements are more than 5%, the transactions contemplated thereunder constitute non-exempt continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirement as set out under Chapter 14A of the Listing Rules.

As Ms. Wang Laichun and Mr. Wang Laisheng, who are controlling Shareholders indirectly interested in approximately 72.89% of the issued share capital of the Company and have indirect control interest in GZ Luxvisions which in turn is interested in approximately 72.89% of the entire issued share capital of the Company through LITL as at the Latest Practicable Date, LITL has a material interests in the Supplemental Agreements, and is required to abstain from voting at the EGM on the resolutions approving the Supplemental Agreements. As Ms. Wang Laichun and Mr. Wang Laisheng are also indirectly interested in Suteng through their interest in Luxshare Limited, LITL will also voluntarily abstain from voting of the resolution in respect of the ST Supply Framework Agreement at the EGM.

None of the Directors have any material interest in the transactions under each of the CCT Agreements and none of them had abstained from voting on the resolution(s) of the Board in relation to the transactions pursuant to the Articles.

### **8. THE EGM**

A notice convening the EGM to be held by way of virtual meeting on 23 June, 2023 at 10 a.m. is set out in on pages 79 to 80 of this circular. At the EGM, ordinary resolutions will be proposed for Independent Shareholders to consider and, if thought fit, to approve, inter alia, (i) the Supplemental Purchase Framework Agreement, the transactions contemplated thereunder and the revised annual caps thereunder; (ii) the Supplemental Materials Procurement Framework, the transactions contemplated thereunder and the revised annual caps thereunder; (iii) the ST Supply Framework Agreement, the transactions contemplated thereunder and the revised annual caps thereunder by way of poll. As Ms. Wang Laichun and Mr. Wang Laisheng, who are controlling Shareholders indirectly interested in approximately 72.89% of the issued share capital of the Company and have indirect control interest in GZ Luxvisions which in turn is interested in approximately 72.89% of the entire issued share capital of the Company through LITL as at the Latest Practicable Date, LITL has a material interests in the Supplemental Agreements, and is required to abstain from voting at the EGM on the resolutions approving the Supplemental

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## LETTER FROM THE BOARD

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Agreements. As Ms. Wang Laichun and Mr. Wang Laisheng are also indirectly interested in Suteng through their interest in Luxshare Limited, LITL will also voluntarily abstain from voting of the resolution in respect of the ST Supply Framework Agreement at the EGM.

If you are not able to attend and/or vote at the EGM, you are strongly urged to complete and return the form of proxy, a copy of which is enclosed, in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 21 June, 2023 at 10:00 a.m. (Hong Kong Time).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

All the resolutions proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company on the poll results of the EGM as soon as possible after the conclusion of the EGM.

### **9. CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 20 June, 2023 to Friday, 23 June, 2023, 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 EGM, 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 Monday, 19 June, 2023.

### **10. RECOMMENDATIONS**

The Independent Board Committee, after taking into account the advice from the Independent Financial Adviser, considers that the terms of each of the CCT Agreements, the transactions contemplated thereunder and respective proposed annual caps 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 proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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Accordingly, the Board (including the independent non-executive Directors) recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the CCT Agreements, the transactions contemplated thereunder and respective proposed annual caps.

The text of the letter from the Independent Board Committee is set out on pages 35 to 36 of this circular. The text of the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders and the principal factors and reasons which it has taken into account in arriving at its advice is set out on pages 37 to 72 of this circular. Independent Shareholders are strongly recommended to read carefully these two letters for details of the advice.

### 11. ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendix to this circular and the notice of the EGM

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the full text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the CCT Agreements, the transactions contemplated thereunder and the respective proposed annual caps.*

**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)**

8 June, 2023

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) REVISION OF EXISTING ANNUAL CAPS FOR EXISTING  
CONTINUING CONNECTED TRANSACTIONS  
(2) NEW CONTINUING CONNECTED TRANSACTION  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated 8 June, 2023 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to consider the CCT Agreements, the transactions contemplated thereunder and the respective proposed annual caps and to advise the Independent Shareholders as to the fairness and reasonableness of the same. Honestum International Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **RECOMMENDATIONS**

We wish to draw your attention to the letter from the Board, as set out on pages 10 to 34 of the Circular, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the CCT Agreements, the transactions contemplated thereunder and the respective proposal annual caps as set out on pages 37 to 72 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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After taking into consideration the advice from the Independent Financial Adviser, we concur with the views of the Independent Financial Adviser and consider that the terms of each of the CCT Agreements, the transactions contemplated thereunder and respective proposed annual caps 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 proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the CCT Agreements, the transactions contemplated thereunder and respective proposed annual caps.

Yours faithfully,  
Independent Board Committee

**Su Yen-Hsueh**

*Independent non-executive  
Director*

**Tsai Chen-Lung**

*Independent non-executive  
Director*

**Liu Xia**

*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Honestum International Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.*



8 June 2023

*To the Independent Board Committee and the Independent Shareholders*

Dear Sir or Madam,

### **NEW CONTINUING CONNECTED TRANSACTIONS AND REVISION OF THE EXISTING ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS**

#### **INTRODUCTION**

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the entering into of the ST Supply Framework Agreement with Suteng for the supply of the LS Products by the Group; and (ii) the entering into of the Supplemental Agreements for revision of existing annual caps and extension of terms under the Existing Agreements respectively, the details of which are set out in the circular of the Company to the Shareholders dated 8 June 2023 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

On 19 April 2023 (after trading hours), Luxsense entered into the ST Supply Framework Agreement with Suteng, pursuant to which Luxsense shall supply the LS Products to Suteng in accordance with the terms and conditions thereunder.

Reference is made to the announcement of the Company dated 29 December 2022 in respect of (i) the Existing Purchase Framework Agreement; and (ii) the Existing Materials Procurement Framework Agreement for the period from 1 January 2023 to 31 December 2023. The Existing Purchase Framework Agreement relates to the purchase of products by the Group from the Luxshare Precision Group. The Existing Materials Procurement Framework Agreement relates to the purchase of materials by the Group from the GZ Luxvisions Group. As stated in the Letter

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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from the Board, due to increased demand from customers and the expansion of the Group's business operations and production capacity, the Board anticipated that the existing annual cap(s) under the Existing Purchase Framework Agreement and the Existing Materials Procurement Framework Agreement for the year ending 31 December 2023 will be exceeded. As such, the Directors propose to revise the existing annual cap(s) and extend the term of each of the Existing Purchase Framework Agreement and the Existing Materials Procurement Framework Agreement respectively. On 19 April 2023 (after trading hours), the Company entered into (i) the Supplemental Purchase Framework Agreement with the Luxshare Precision Group; and (ii) the Supplemental Materials Procurement Framework Agreement with the GZ Luxvisions Group, respectively to revise the existing annual cap(s) and extend the terms of the Existing Agreements.

### LISTING RULE IMPLICATION

Luxsense is a subsidiary of the Company, which is jointly owned by the Group and Suteng as to 51% and 49% respectively. Therefore, Suteng is a substantial shareholder of Luxsense and a connected person at the subsidiary level of the Group. As such, the transactions contemplated under the ST Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Ms. Wang Laichun and Mr. Wang Laisheng, who are the controlling Shareholders and indirectly interested in approximately 72.89% of the issued share capital of the Company, together are also indirectly interested in approximately 38.3% of the equity interests, and Mr. Wang Laisheng is also directly interested in approximately 0.17% equity interests, of the Luxshare Precision Group. Hence, the Luxshare Precision Group 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. Therefore, the transactions contemplated under the Supplemental Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Furthermore, as the GZ Luxvisions Group is a controlling Shareholder indirectly interested in approximately 72.89% of the entire issued share capital of the Company through LITL as at the date of this letter, it is a connected person of the Company. As such, the transactions contemplated under the Supplemental Materials Procurement Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise annual caps for existing continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions shall be treated as if they were one transaction if they were all entered into or completed within a 12-month period or are otherwise related. Given that (i) the Supplemental Purchase Framework Agreement and the Supplemental Materials Procurement Framework Agreement were entered into at the same time (within a 12-month period) and the transactions contemplated thereunder are of similar nature in relation to the purchases by the Group of similar materials for its production; and (ii) the Luxshare Precision Group, is ultimately controlled by Ms. Wang Laichun and Mr. Wang Laisheng, who are controlling Shareholders indirectly interested in approximately 72.89% of the issued share capital of the Company and have indirect control interest in the GZ Luxvisions Group, both the GZ Luxvisions Group and the Luxshare Precision Group are associates of Ms. Wang Laichun and Mr. Wang Laisheng and the transactions contemplated under the Supplemental Purchase Framework Agreement and the Supplemental Materials Procurement Framework Agreement shall be aggregated as if they were one transaction.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the highest proposed annual cap of each of the CCT Agreements are more than 5%, the transactions contemplated under the CCT Agreements and the relevant proposed annual caps are subject to the reporting, announcement, annual review and independent Shareholders' approval requirement as set out under Chapter 14A of the Listing Rules.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Su Yen-Hsueh, Mr. Tsai Chen-Lung and Ms. Liu Xia, has been established to advise the Independent Shareholders on the terms of the CCT Agreements, the transactions contemplated thereunder and the relevant proposed annual caps. We, Honestum International Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

### OUR INDEPENDENCE

We did not act as financial adviser to the Group and its respective connected persons in the past two years immediately preceding the Latest Practicable Date.

Apart from the independent financial adviser roles in connection with the transactions disclosed in the Circular, we have not acted in any capacity of the Group in the past two years immediately preceding the Latest Practicable Date. We did not have any relationships or interests between us, the Group, Suteng, the Luxshare Precision Group and the GZ Luxvisions Group within the past two years from the Latest Practicable Date under the Listing Rules that could be reasonably regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the CCT Agreements. We consider ourselves independent to form our opinion in respect of the CCT Agreements. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangement exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions disclosed in the Circular.

### **BASIS OF ADVICE**

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the management of the Group. We have assumed that all such information and representations made or referred to in the Circular and provided to us by the management of the Group were true at the time they were made and continued to be true up to the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the management of the Group nor have we conducted any form of investigation into the business, affairs or future prospects of the Group, Suteng, the Luxshare Precision Group and the GZ Luxvisions Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration in respect of the CCT Agreements, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the CCT Agreements, the transactions contemplated thereunder and the relevant proposed annual caps, we have taken into account the following principal factors and reasons:

#### 1. Background of the parties

##### (i) Background information on the Group

The Group is a major supplier of delicate optical modules and components for electronic mobile devices. It principally 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. As at the date of this letter, approximately 72.89% of the entire issued share capital of the Company is directly held by LITL which is a wholly-owned subsidiary of the GZ Luxvisions Group.

The following table sets out a summary of the recent financial performance of the Group.

	For the year ended	
	31 December	
	2021	2022
	US\$'000	US\$'000
	(audited)	(audited)
Revenue	799,291	1,116,210
Gross profit	120,498	174,447
Profit for the year	49,805	83,816

For the year ended 31 December 2022, the Group recorded revenue of approximately US\$1,116.2 million, representing an increase of approximately 39.7% from approximately US\$799.3 million for the year ended 31 December 2021. Such increase was mainly attributable to the increased orders from customers as a result of the Group's effort to continuously enhance its core competitiveness, increase its investment in the research and development of new products and new technologies and fulfill the multidimensional demands of the customers. The Group will continue to increase resource investment in research and development, promote technological innovation in production and accelerate the introduction of automation, in order to further enhance added value for customers.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group recorded net profit of approximately US\$83.8 million for the year ended 31 December 2022, representing an increase of approximately 68.3%, respectively from the prior year. The increase was mainly due to (i) the increase in gross profit of approximately US\$53.9 million resulted from the rising demand of the Group's products from its customer; and (ii) the increase in exchange gain of approximately US\$14.0 million during the year.

***(ii) Background information on Luxsense***

Luxsense is a limited liability company established under the law of the PRC and is a non-wholly owned subsidiary of the Company, which is owned as to 51% by the Group and 49% by Suteng as at the date of this letter. Luxsense is principally engaged in the production of modules and light detection and ranging machines.

***(iii) Background information on Suteng***

Suteng is a limited liability company established under the law of the PRC and is principally engaged in the production of LiDAR solutions which are sold to various geographical locations such as North America, Europe and Asia-Pacific. Suteng is interested in 49% of the equity interest of Luxsense since February 2023 and is therefore a connected person at the subsidiary level of the Group. It is wholly-owned by RoboSense HongKong Limited as at the date of this letter. Save as disclosed above, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the ultimate beneficial owner of Suteng has a diverse shareholder base, including Luxshare Limited (which in turn is owned by Ms. Wang Laichun and Mr. Wang Laisheng who are the controlling Shareholders indirectly interested in approximately 72.89% of the issued share capital of the Company through LITL as at the date of this letter) interested in approximately 2.3458%, and a single largest shareholder being Mr. Qiu Bo, an independent third party of the Company and its connected person, interested in approximately 12%, of its total issued share capital as at the date of this letter.

***(iv) Background information on the Luxshare Precision Group***

Luxshare Precision is a company incorporated in the PRC with limited liability and listed on the Shenzhen Stock Exchange (stock code: 002475). As at the date of this letter, approximately 38.3% 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. 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *(v) Background information on the GZ Luxvisions Group*

GZ Luxvisions, a company established under the laws of the PRC with limited liability, is a subsidiary of LIL. As at the date of this letter, 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. The GZ Luxvisions Group is principally engaged in the business of production of mass-produced mobile phone camera modules, tablet camera modules, notebook camera modules, car camera module, and display module, etc.

## **2. Background and reasons for the CCT Agreements**

### *(i) ST Supply Framework Agreement*

With reference to the annual result announcement of the Company for the year ended 31 December 2022 and as advised by the Directors, with the development of technology and the improvement of relevant laws and regulations and the accelerated progress of the new energy vehicle industry, the intelligent driving applications 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\$30.9 billion in 2022 to US\$65.1 billion in 2030 at a compound annual growth rate (CAGR) of 9.7%; meanwhile, the market scale of LiDAR will increase from US\$1.4 billion in 2023 to US\$3.7 billion in 2028 at a CAGR of approximately 19.4%. The Group will meet the needs of customers and continue to invest resources in order to grasp the market opportunity.

The Group had commenced supply of the LS Products to Suteng since March 2022. The Company believes that supply and sale of the LS Products to Suteng can help create synergy of the parties as it can raise the profile of the LS Products, enhance the LS Products' penetration into potential new markets, expand the source of revenue and improve the profitability for the Group, as well as to facilitate the production of Suteng. The Company believes that the ST Supply Framework Agreement can provide a framework for the strategic cooperation between the parties and long-term supply of the LS Products by the Group to Suteng which will help reduce negotiation time and costs among the parties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *(ii) Supplemental Agreements*

As disclosed in the announcement dated 20 May 2022, the Company and the Luxshare Precision Group entered into the Purchase Framework Agreement for the period from 23 May 2022 to 31 December 2022. Pursuant to the Purchase Framework Agreement, the Group shall purchase products from the Luxshare Precision 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, which are required for the production of the Group.

As disclosed in the announcement dated 2 September 2022, the Company and the GZ Luxvisions Group entered into the Materials Procurement Framework Agreement for the period from 3 September 2022 to 31 December 2022. Pursuant to the Materials Procurement Framework Agreement, the Group shall purchase materials supplied by the GZ Luxvisions Group according to the specifications as requested by the Group, including but not limited to circuit board assembly (including LIDAR printed circuit board assembly) and related raw materials, stores, consumables and other materials, which are required for the production of the Group.

On 29 December 2022, as the Group intended to continue the relevant transactions contemplated under the Purchase Framework Agreement and the Materials Procurement Framework Agreement upon expiration of the respective terms on 31 December 2022, the Company entered into the Existing Purchase Framework Agreement with Luxshare Precision and the Existing Materials Procurement Framework Agreement with GZ Luxvisions, respectively to extend the respective term for one year commencing on 1 January 2023.

As advised by the Directors, the Group has been and will continue to actively enhance its research and development and manufacturing capability of various optical modules and parts for electronic devices. As the Group has been purchasing the relevant products and materials from the Luxshare Precision Group and the GZ Luxvisions Group for its production, respectively, and that the relevant products and materials are of high quality and a friendly business relationship was established among the Group and each of the Luxshare Precision Group and the GZ Luxvisions Group, the Company believes that it is in the benefit of the Group to continue and increase the existing transactions under the Existing Purchase Framework Agreement and the Existing Materials Procurement Framework Agreement which can enable the Group to have a reliable source of supply of the relevant products and materials for production and save time and costs in sourcing and negotiating with multiple suppliers, which will then enhance the operational efficiency of the Group.

As set out in the Letter from the Board, due to increased demand from customers and the expansion of the Group's business operations and production capacity, the Board anticipated that the existing annual cap(s) under the Existing Purchase Framework Agreement and the Existing

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Materials Procurement Framework Agreement for the year ending 31 December 2023 will be exceeded. In view of the above, the Group proposed to enter into the Supplemental Purchase Framework Agreement and the Supplemental Materials Procurement Framework Agreement to increase the existing annual cap(s) under each of the Existing Purchase Framework Agreement and the Existing Materials Procurement Framework Agreement respectively for the year ending 31 December 2023 and extend the term of the existing framework for the long-term supply of products and materials by the Luxshare Precision Group and the GZ Luxvisions Group, respectively to the Group on a non-exclusive basis, which will help reduce negotiation time and costs among the parties and meet the demand of the Group.

Having considered the above, we are of the view that the transactions contemplated under the CCT Agreements are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole.

### **3. Principal terms of the CCT Agreements**

#### ***(i) ST Supply Framework Agreement***

##### *Principal terms of the ST Supply Framework Agreement*

Set out below are the principal terms of the ST Supply Framework Agreement, details of which are set out in the section headed “3. New Continuing Connected Transaction” of the Letter from the Board.

#### **Parties**

- (a) Luxsense; and
- (b) Suteng

#### **Date**

19 April 2023 (after trading hours)

#### **Duration**

From 20 April 2023 to 31 December 2025, unless terminated earlier in accordance with the terms of the ST Supply Framework Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **Subject Matter**

Pursuant to the ST Supply Framework Agreement, Luxsense shall supply to Suteng certain LS Products (the details of which are set out below) according to the specifications as requested by Suteng from time to time in relation to its production from 20 April 2023 to 31 December 2025, unless terminated earlier in accordance with the terms of the ST Supply Framework Agreement.

### **Principal terms and price determination**

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

Luxsense will determine the selling prices of the LS Products with reference to, and generally shall not be lower than, prices charged by Luxsense to other independent third party customers of the LS Products of same or similar specifications, which represent the then prevailing market prices.

In accordance with the Company's internal policies, the transactions (including but not limited to prices determined and transaction amounts) under the ST Supply Framework Agreement will be properly recorded. If the Company is of the view that the rates charged and/or terms for the LS Products sold to Suteng are less favourable from the Group's perspective than the rates charged and terms for equivalent or similar LS Products sold by the Group to independent third parties, Luxsense and Suteng agree to use their best endeavour to adjust the rates and/or terms to ensure that the terms of the transactions are fair and reasonable. The management of the Group will review the aforesaid pricing policy on a regular basis in every quarter. Furthermore, we have discussed with and are advised by the management of the Group that to ensure that transaction prices under the ST Supply Framework Agreement will be fair and reasonable and on normal commercial terms before the transactions are entered into, the Group has adopted the following price control procedures on an ongoing basis:

- when the Group receives a request for quotation from Suteng for the purchase of the LS Products, the Group's project manager (or his authorised personnel) or its R&D department will be responsible for considering and updating the specifications required, as well as other potential consideration factors including not limited to, the quantity of goods required, the estimate cost of engineering work (if any) which are caused by any necessary product customisation and the estimated cost and expenses relating to, among others, packaging, shipping, temporary storage and/or insurance required;



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- the Group’s strategic procurement team is responsible for collecting market information, and conducting price inquiries, price comparisons, and price negotiations (if applicable) to estimate the reference price(s) of the LS Products, which will be subsequently referred to for the benchmarking and determination of the selling price of the LS Products;
- the reference price(s) will then be reviewed and approved by the head of the Group’s strategic procurement team who is also responsible for ensuring such prices are updated from time-to-time if necessary;
- the approved reference price(s) will then be updated to the Group’s enterprise resources planning (ERP) system; and
- by referring to the approved reference prices, the Group’s material control team is responsible for ensuring (assuming under the circumstances of same or comparable specifications, volume, delivery schedules and terms) the selling price of the LS Products to be supplied to Suteng will not be lower than those charged to independent third parties.

Based on the aforementioned procedures and considering the fact that the approved reference prices are recorded in the Group’s ERP system, any quotations and/or orders bearing the selling prices which deviates from the approved reference prices will not be sent and/or processed without the final approval from the department head of the Group’s strategic procurement team. Furthermore, as there is no minimum supply commitment on the part of the Group under the ST Supply Framework Agreement, the Group is not compelled to supply the LS Products to Suteng at a price lower than the selling prices it may have offered to other independent third party customers. The Group will not conduct any transactions under the ST Supply Framework Agreement if the terms or the prices are not determined according to the pricing policies required under Chapter 14A of the Listing Rules or agreed in the ST Supply Framework Agreement. Having considered the above, we are of the view that the aforesaid method and procedures can ensure that the transactions contemplated under the ST Supply Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company’s minority Shareholders.

In order to assess the fairness and reasonableness of the terms of supply of the Group’s products to Suteng, we have obtained and reviewed the sample documents (such as orders and invoices) of 12 randomly selected sales transactions between the Group and Suteng during the 6-month period immediately before the date of this letter (the “**Review Period**”). The products supplied by the Group under the ST Supply Framework Agreement are made-to-order in accordance with specifications required by Suteng which is the only customer for the Group’s LS

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Products. Further, as advised by the Directors, apart from the Group, Suteng had not purchased similar products from other independent third party suppliers. In this connection, we have compared the quotation obtained by Suteng for similar products from its independent third party suppliers which requested for, among others, price and payment terms. Based on the documents reviewed, we noted that the Group had compared the terms offered to Suteng by its independent third party suppliers, and sold the relevant products under the ST Supply Framework Agreement at the terms no less favourable than terms available for Suteng offered by its independent third party suppliers. Based on the above, we consider the transactions under the ST Supply Framework Agreement have been conducted on terms that are fair and reasonable, which shall in turn safeguard the interests of the Company and the Shareholders as a whole. In view of the facts that all sample documents were selected on a random basis and spread across the period, we are of the view that the samples we selected are fair and reasonable for assessment of the recent pricing of the transactions. For payment terms, sales from the Group to Suteng were payable within 90 days after delivery of the LS Products. We have reviewed the latest annual result announcement of the Company for the year ended 31 December 2022, where we noted that the trading terms of the Group with its customers are mainly on credit and the credit period is generally within 30 to 90 days. As a result, we are of the view that the payment terms offered by the Group to Suteng are generally in line with that offered to its independent third party customers and do not deviate significantly from the Group's normal settlement pattern. Therefore, we consider that the payment terms offered by the Group to Suteng are generally in line with that offered to its independent third party customers.

### *Proposed Annual Caps*

With reference to the Letter from the Board, the historical actual transaction amount between the Group and Suteng was approximately RMB68.7 million for the year ended 31 December 2022. The proposed annual cap for the ST Supply Framework Agreement (the “**Proposed Annual Cap(s)**”) for the financial years ending 31 December 2023, 2024 and 2025 is RMB211.0 million, RMB414.0 million and RMB634.0 million, respectively.

As stated in the Letter from the Board, the Proposed Annual Caps have been determined based on the following factors:

- (i) the historical transaction amounts incurred for the supply of the LS Products by the Group to Suteng;
- (ii) the expected production plan of Luxsense in each of the three financial years ending 31 December 2025;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iii) the expected demand and market shares of the relevant products to be sold by Suteng in each of the three financial years ending 31 December 2025; and
- (iv) the estimated market price of the required LS Products.

In respect of the fairness and reasonableness of the Proposed Annual Caps, we have performed the following work and analysis.

- we have reviewed the historical actual and the expected upcoming transaction amounts in relation to the ST Supply Framework Agreement as mentioned in the Letter from the Board. We noted that (i) the Group had commenced supply of the LS Products to Suteng since March 2022. The historical actual transaction amount was approximately RMB68.7 million for the year ended 31 December 2022. The historical actual transaction amount was approximately RMB22.8 million for the two months ended 28 February 2023, representing an average monthly transaction amount of approximately RMB11.4 million and an increase of approximately 65.2% as compared with the average monthly transaction amount of approximately RMB6.9 million for the ten months ended 31 December 2022. Accordingly, we noted that the transaction amounts have recently demonstrated a growth trend; and (ii) the Proposed Annual Cap for each of the years ending 31 December 2024 and 2025 represents an annual growth of approximately 96.2% and 53.1%, respectively;
- we have reviewed the breakdown of the calculation of the Proposed Annual Caps and we have discussed with and are advised by the management of the Group that (i) the amounts of the Proposed Annual Caps are determined based on the estimated procurement amount (including the forecast sales volume) of each major category of products which Suteng liaised with the Group in view of the upcoming production plans of Suteng. We have discussed with the management and noted that the estimated transaction amounts for each major category of products are estimated by the responsible business representative of Suteng mainly with reference to the actual historical transaction amount for the year ended 31 December 2022 and the two months ended 28 February 2023 and the anticipated demand for the relevant products principally after taking into account the nature of products, the market development trend as well as the expected business growth of Suteng. We have reviewed the breakdown of the calculation of the Proposed Annual Caps and noticed that the Proposed Annual Caps for the years ending 31 December 2023, 2024 and 2025 are primarily contributed by the sales of transceiver module and Light Detection And Ranging (LiDAR) products. In respect of the estimated transaction amounts for such products, the management also makes reference to the upcoming production and sales plans of Suteng and the recent actual unit prices of transceiver module and LiDAR

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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products sold by the Group to Suteng. We have obtained and reviewed the relevant production and sales plans prepared by Suteng and are of the view that the proposed plans are reasonable based on the factors as discussed below;

- we are advised by the management of the Group that the Group continually expands its products portfolio, leading to the overall continuous growth in the scale and quantity of the products supplied. In particular, the Group had commenced supply of the LS Products, which were primarily used for the production of Suteng's LiDAR sensors, since March 2022. The LS Products play an irreplaceable role as an intermediate for the production of the LiDAR sensors which, sold by Suteng to its customers, have been widely applied in various field, including autonomous driving passenger cars, commercial vehicles, automated logistics vehicles, robots etc. As advised by the management of the Company, with its experienced research and development capabilities, the Group has sufficient staff and production lines for the production of the LS Products without affecting its existing production capacity for camera modules products. According to the management of the Group, as at the Latest Practicable Date, the LS Products sold to Suteng were all manufactured in the Group's production facility equipped with fully-automated production lines which take advantage of the Group's manufacturing knowhow. We are given to understand that the Group's well-equipped and fully-staffed facility can be configured to accommodate the demand from Suteng for a variety of specifications. The Group will also actively develop new projects and strengthen research and development and design capabilities, and further release the growth potential of LiDAR products. To the best information and belief of the Directors after having made all reasonable enquiries, the Board confirms that it would have all necessary capacity to produce the expected volume of the LS Products required by Suteng under the ST Supply Framework Agreements;
- we have obtained and reviewed the Proposed Annual Caps estimation schedule prepared by the management of the Group and noted that the higher amounts of the Proposed Annual Caps as compared with the historical actual transaction amounts are attributable to the expected increase in number of the LS Products to be sold to Suteng, which is estimated by the Group with reference to the estimated number of LiDAR sensors to be sold by Suteng in the coming years and the recent actual unit prices of the LS Products sold to Suteng. The fairness and reasonableness of the Proposed Annual Caps can be made reference to the expected unit prices and the forecast sales volume demand of the LS Products, where we have reviewed, including but not limited to documents on the recent actual unit prices of the LS Products, the actual number of the LS Products sold by the Group and the upcoming sales plan of LiDAR sensors of Suteng, and considered them to be acceptable for the purpose of determining the Proposed Annual Caps taking into account:

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (a) in assessing the reasonableness of the prices in determining the Proposed Annual Caps with regard to the sales of the LS Products to Suteng, we have (i) reviewed the average unit prices of the LS Products sold to Suteng for the year ended 31 December 2022 and the two months ended 28 February 2023 and noted that the unit prices remained relatively stable during the period; (ii) discussed with the management of the Group and understood that the Group expected there would not be material fluctuation in such unit prices based on the historical trend; and (iii) reviewed 12 sales invoices in respect of the LS Products sold by the Group to Suteng and compared them against the unit prices of the forecasted sales of the LS Products to Suteng and noted that such expected unit prices are at a similar level with the recent actual unit prices;
- (b) we noted that the historical actual transaction amount was approximately RMB22.8 million for the two months ended 28 February 2023, representing an average monthly transaction amount of approximately RMB11.4 million. For illustrative purpose only, based on such average monthly transaction amount, the annualised transaction amount under the ST Supply Framework Agreement for the year ending 31 December 2023 would be approximately RMB136.8 million. We have discussed with and are advised by the management of the Group that the first quarter of the year is usually an inactive season for the Group's business operation as a result of the Chinese New Year holidays, which in turn, reduces the business activities and demand in the market. Furthermore, the autonomous vehicle markets are characterized by seasonal increases in production and sales volume in the latter part of the year, which is primarily driven by increased consumer spending during the year-end holiday season. Correspondingly, the Group's production and sales levels of the LS Products tend to be the lowest in the first and second quarters of the year. As a result of the inherent seasonality of the business, the annualised analysis of the actual transaction amount for the two months ended 28 February 2023 may not be a meaningful and reliable indicator of the overall trends in the Group's business. We have reviewed the monthly results of operation of the Group and the historical actual transaction amount in relation to the ST Supply Framework Agreement for the year ended 31 December 2022 and noted that the Group has experienced the highest sales amount in the third and fourth quarters of the year in light of increased seasonal demand. Despite the aforementioned seasonality factor, the average monthly transaction amount in relation to the ST Supply Framework Agreement for the two months ended 28 February 2023 represents an increase of approximately 65.2% as compared with the average monthly transaction amount of approximately RMB6.9 million for the ten months

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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ended 31 December 2022. Based on the above, in particular the increasing trend of transaction amounts of the sales of LS Products, we are of the view that the Existing Annual Cap A for the year ending 31 December 2023 may be insufficient;

- (c) regarding the Group's expected production capacities for the LS Products, we have obtained and reviewed the estimated production capacities of the LS Products provided by the management of the Group and compared such estimated production capacities with the estimated demand of Suteng for the LS Products, we noted that the Group is able to produce a sufficient amount of the LS Products for the production of its own products and the sales of the LS Products to Suteng. The amount of the sales of the LS Products to Suteng will not adversely affect the operation of the Group;
- (d) we noted from the recent news in relation to Suteng and also advised by the management of the Group that, in February 2023, Suteng announced its partnership with Toyota, the world's best-selling carmaker, on large-scale production of their LiDAR sensors for their multiple models. Such cooperation will empower Toyota models with accurate perception capabilities, guard the driving safety of Toyota's intelligent models, and promote the series production and large-scale application of LiDAR in the automotive industry. Prior to this cooperation, Suteng had also reached partnership with the BYD Group, a world-leading pioneer in new energy vehicles, on various models by equipping with their LiDAR sensors systems. Accordingly, it is expected that the LiDAR sensors produced by Suteng will continue to maintain rapid growth in the future. As a result, in view of the expansion of Suteng's business, the expected demand of the Group's LS Products required for the production of Suteng's products will increase substantially for the coming years;
- (e) we have obtained and reviewed the Group's upcoming sales plan of the LS Products to Suteng. We have enquired with the management of the Company and are given to understand that primarily attributable to the aforementioned partnership between Suteng and Toyota, the demand of the LS Products by Suteng is expected to increase for the coming years. According to the sales plan of the Group, approximately 70% of each of the proposed annual caps are comprised of the expected sales of a specific type of transceiver module by the Group which is to be further manufactured and processed by Suteng for its production of the LiDAR sensors. We noted from the Group's sales plan that the sales volume of transceiver module is expected to increase significantly for the year ending 31 December 2023 of approximately 354% as compared with the sales volume of transceiver module supplied by the Group to Suteng during the year ended 31

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December 2022, and the sales volume of transceiver module is projected to grow with a rate of over 81% and 52% for each of the two financial years ending 31 December 2025, to cope with the production and product launch plan of Suteng. Having taken into account (i) despite the aforementioned seasonality factor in relation to the sales of LS Products, the Group's actual average monthly sales volume of transceiver module sold to Suteng for the two months ended 28 February 2023 revealed a remarkable growth of approximately 69% as compared with that for the ten months ended 31 December 2022; (ii) the aforementioned partnership between Suteng and Toyota; and (iii) the latest development of technology and the improvement of relevant laws and regulations of the new energy and autonomous vehicle industry to be elaborated below, we are satisfied that the expected quantity of transceiver module to be sold by the Group in calculating the Proposed Annual Caps under the ST Supply Framework Agreements could meet the needs under the sales plan of the Group for the three years ending 31 December 2025; and

- (f) with the development of technology and the improvement of relevant laws and regulations and the accelerated progress of the new energy and autonomous vehicle industry, the intelligent driving applications market is expected to grow greatly, among which the market scale of 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\$30.9 billion in 2022 to US\$65.1 billion in 2030 at a compound annual growth rate (CAGR) of 9.7%; meanwhile, the market scale of LiDAR will increase from US\$1.4 billion in 2023 to US\$3.7 billion in 2028 at a CAGR of approximately 19.4%. The Group will meet the needs of customers and continue to invest resources in order to grasp the market opportunity. With the expansion of the global new energy and autonomous vehicle market, the continuous enrichment of the LiDAR sensors product matrix and the continuous improvement of the brand image of the Group and Suteng, the demand of LiDAR sensors of Suteng and the LS Products of the Group will continue to increase in the future. Accordingly, we understand the percentage growth rates represented by the Proposed Annual Caps mentioned previously are primarily driven by the estimated procurement amounts by Suteng to satisfy its needs of LiDAR sensors for production, where such transactions are revenue in nature and on fair and reasonable terms to the Group.

As discussed above, to project the estimated number of the LS Products to be sold by the Group for the coming years, the management of the Group have taken into account, among other things, (i) the actual number of the LS Product sold by the Group for the year ended 31 December

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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2022 and the two months ended 28 February 2023; (ii) the upcoming sales plan of the LS Product of the Group having taking into account the new cooperation between Suteng and Toyota; and (iii) the overall LiDAR industry for the coming years. Based on our review of information and documents in relation to the aforementioned factors, in particular, (i) the Proposed Annual Caps for the years ending 31 December 2023, 2024 and 2025 are projected mainly based on the estimated number of the transceiver module to be sold by the Group in the coming years multiplied by the recent actual unit price of the transceiver module sold by the Group; (ii) to cope with the expected increase in demand of the Group's LS Products from Suteng for its production of LiDAR sensors, the Group's sales volume of transceiver module is expected to increase by approximately 354%, 81% and 52% for each of the three financial years ending 31 December 2025 according to the Group's upcoming sales plan, which is in line with the fluctuation in the Proposed Annual Caps during the period; and (iii) it is expected that the unit price of the transceiver module would not have material fluctuation with reference to the historical trend, we are of the view that the Proposed Annual Caps for the years ending 31 December 2023, 2024 and 2025 are fair and reasonable.

### *(ii) The Supplemental Purchase Framework Agreement*

#### *Principal terms of the Supplemental Purchase Framework Agreement*

Set out below are the principal terms of the Supplemental Purchase Framework Agreement, details of which are set out in the sub-section headed "A. Supplemental Purchase Framework Agreement" under the section headed "2. Revision of existing annual caps for continuing connected transactions" of the Letter from the Board.

#### **Parties**

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

#### **Date**

19 April 2023 (after trading hours)

#### **Duration**

From 20 April 2023 to 31 December 2025, unless terminated earlier in accordance with the terms of the Existing Purchase Framework Agreement (as supplemented and amended by the Supplemental Purchase Framework Agreement).



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Pursuant to the Supplemental Purchase Framework Agreement, (i) the existing annual cap for the transactions contemplated under the Existing Purchase Framework Agreement for the year ending 31 December 2023 is revised from US\$20.0 million to US\$45.0 million; and (ii) the term of the agreement is extended to include the two years ending 31 December 2025, with a proposed annual cap of US\$61.8 million for the year ending 31 December 2024 and US\$80.4 million for the year ending 31 December 2025.

Pursuant to the Letter from the Board, save for the aforesaid changes, all other terms and conditions of the Existing Purchase Framework Agreement will remain unchanged and in full force and effect. For details of the terms and price determination under the Existing Purchase Framework Agreement, please refer to the announcements of the Company dated 20 May 2022 and 29 December 2022.

In order to assess the fairness and reasonableness of the terms of purchase of products by the Group from the Luxshare Precision Group, we have obtained and reviewed the sample documents (such as orders and invoices) of 12 randomly selected purchase transactions between the Group and the Luxshare Precision Group under the Existing Purchase Framework Agreement during the 6-month period immediately before the date of this letter (the “**Review Period**”). We have then compared the sample documents against 12 sets of sample documents of similar transactions between the Group and its independent third party suppliers during the Review Period. In view of the facts that (i) all sample documents were selected on a random basis and spread across the period; and (ii) the Supplemental Purchase Framework Agreement is solely for the revision of existing cap and extension of the term and does not amend the pricing terms of the Existing Purchase Framework Agreement, we are of the view that the samples we selected are fair and reasonable for assessment of the recent pricing of the transactions. Based on our review of the aforesaid documents, we noted that (i) the sales prices offered by the Luxshare Precision Group were not higher than those offered by the independent third party suppliers for similar type of products; and (ii) for payment terms, purchases from the Luxshare Precision Group were payable within 90 days after delivery of the products. Furthermore, we have discussed with and are advised by the management of the Group that the trade payables of the Group are normally settled within terms of 30 to 90 days. Therefore, we consider that the payment terms offered by the Luxshare Precision Group to the Group are generally in line with that offered by its independent third party suppliers.

In conclusion, based on our review as stated above, we are of the view that the purchase prices and payment terms with the Luxshare Precision Group for these transactions were no less favourable than those with independent third parties and such transactions have been adhered to the internal control measures of the Group in respect of reviews of the terms with independent third parties. Taking into account the above and the fact that (i) save for the revision of existing cap and extension of the term, all other terms of the Existing Purchase Framework Agreement will

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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remain unchanged and in full force and effect; and (ii) the Group will continue to implement the same policy to review and ensure the terms offered by the Luxshare Precision Group to the Group be no less favourable than those by independent third parties, we are of the view that the terms of the Supplemental Purchase Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

*Proposed Annual Caps*

The following table sets forth the comparison between the historical transaction amount of the transactions contemplated under the Existing Purchase Framework Agreement and the existing annual cap for the year ended 31 December 2022 (“**FY2022**”):

	<b>Historical amount for FY2022 US\$'000</b>	<b>Existing Annual Cap for FY2022 US\$'000</b>	<b>Utilisation rate %</b>
Purchase of products from the Luxshare Precision Group under the Existing Purchase Framework Agreement	17,711	18,000	98.4

The following table sets forth the comparison between the existing annual cap, the revised annual cap and the proposed annual caps for three years ending 31 December 2025:

	<b>For the year ending 31 December</b>		
	<b>2023 US\$'000</b>	<b>2024 US\$'000</b>	<b>2025 US\$'000</b>
<i>Maximum aggregate amount of purchase from the Luxshare Precision Group</i>			
Existing annual cap (“ <b>Existing Annual Cap A</b> ”)	20,000	—	—
Revised annual cap and proposed annual caps (“ <b>New Annual Cap(s) A</b> ”)	45,000	61,776	80,352

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In respect of the fairness and reasonableness of the New Annual Caps A, we have performed the following work and analysis.

- we have reviewed the historical actual and the expected upcoming transaction amounts in relation to the Supplemental Purchase Framework Agreement as mentioned in the Letter from the Board. We noted that (i) the historical actual transaction amount was approximately US\$4.1 million for the two months ended 28 February 2023, representing an average monthly transaction amount of approximately US\$2.0 million and an increase of approximately 33.3% as compared with the average monthly transaction amount of approximately US\$1.5 million for the year ended 31 December 2022. Accordingly, we note that the transaction amounts have recently demonstrated a growth trend; (ii) the historical actual transaction amount of approximately US\$4.1 million for the two months ended 28 February 2023 represented 20.3% of the Existing Annual Cap A for the year ending 31 December 2023; (iii) the New Annual Cap A for the year ending 31 December 2023 represents an increase of approximately 125.0% as compared to the Existing Annual Cap A for the same period; and (iv) the New Annual Cap A for each of the years ending 31 December 2024 and 2025 represents an annual growth of approximately 37.3% and 30.1%, respectively;
- we have reviewed the breakdown of the calculation of the New Annual Caps A and we have discussed with and are advised by the management of the Group that the amounts of the New Annual Caps A are principally determined based on the revised estimated procurement amount (including the forecast sales volume) of voice coil motor products (the “**VCM Products**”) which the Group liaised with the Luxshare Precision Group in view of the upcoming production and sales plans of the Group. The estimated transaction amounts for the VCM Products are estimated by the responsible business representatives of the Group mainly with reference to the actual historical transaction amount for the year ended 31 December 2022 and the two months ended 28 February 2023 and the anticipated demand for the relevant products after taking into account the nature of products, the market development trend as well as the expected business growth of the Group. Further, the management has mainly made reference to the upcoming production and sales plans of the Group’s camera modules products and the recent actual unit prices of the VCM Products sold by the Luxshare Precision Group to the Group. We have obtained and reviewed the relevant production and sales plans prepared by the Group and consider that such proposed plans are reasonable based on the factors as discussed below;
- the historical actual transaction amount under the Existing Purchase Framework Agreement of approximately US\$4.1 million for the two months ended 28 February 2023 represented approximately 20.3% of the Existing Annual Cap A for the year ending

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31 December 2023. For illustrative purpose only, the annualised transaction amount under the Existing Purchase Framework Agreement for the year ending 31 December 2023 would be approximately US\$24.3 million which would exceed the Existing Annual Cap A of US\$20.0 million. Furthermore, as advised by the management of the Group, the operation of the Group is generally subject to the product development and launch cycles of its major customers, who tend to introduce new or enhanced mobile devices to the market during the second half of the year. Correspondingly, the production and sales levels of the Group also tend to be the lowest in the first and second quarters of each year. On the other hand, the Group would launch new or enhanced camera module products during the second half of the year, which would lead to higher procurement volumes in the third and fourth quarters of the year. We have reviewed the monthly result of operation of the Group for the year ended 31 December 2022 and noted that the Group has experienced the highest procurement and sales volume in the fourth quarter of the year when its customers increase their inventories of mobile devices in light of increased seasonal demand. Based on the above, we are of the view that the Existing Annual Cap A for the year ending 31 December 2023 may be insufficient;

- we have obtained and reviewed the New Annual Caps A estimation schedule prepared by the management of the Group and noted that (i) the higher amounts of the New Annual Caps A for the three years ending 31 December 2025 as compared with the Existing Annual Cap A are mainly attributable to the expected increase in the number of procurements of the VCM Products. VCM is a type of actuator commonly used in the camera of mobile phones and other digital cameras which is a critical component for quick and precise adjustments to the lens position, and is essential for capturing high-quality photos and videos. VCM plays an irreplaceable role as an intermediate for the production of the camera modules which the Group has been provided for its customers; and (ii) the transaction amount under the Supplemental Purchase Framework Agreement is estimated by the Group with reference to the estimated number of camera modules products to be sold by the Group in the coming years and the recent actual unit prices of the VCM Products purchased from the Luxshare Precision Group, where we have reviewed, including but not limited to documents on the recent actual unit prices of the VCM Products, the actual number of camera modules products sold by the Group and the upcoming production and sales plans of camera modules products of the Group, and considered them to be acceptable for the purpose of determining the New Annual Caps A taking into account:
  - (a) in assessing the reasonableness of the price in determining the New Annual Caps A with regard to the purchase of the VCM Products from the Luxshare Precision Group, we have (i) reviewed the average unit prices of the VCM Products purchased from the Luxshare Precision Group for the year ended 31 December

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2022 and the two months ended 28 February 2023 and noted that the unit price remained relatively stable during the period; (ii) discussed with the management of the Group and understood that the Group expected there would not be material fluctuation in such unit prices based on the historical trend; and (iii) reviewed 12 procurement invoices in respect of the VCM Products purchased by the Group from the Luxshare Precision Group and compared them against the unit prices of the forecasted purchase of the VCM Products from the Luxshare Precision Group and noted that such expected unit prices are at a similar level with the recent actual unit prices. Given that there is no material difference in the unit prices for all the samples selected and that such unit prices are also at a similar level with the historical average unit price of the VCM Products purchased from the Luxshare Precision Group for the year ended 31 December 2022 and the two months ended 28 February 2023, we consider that the samples selected are fair and representative of the prices of the VCM Products;

- (b) we noted that the historical actual transaction amount was approximately US\$4.1 million for the two months ended 28 February 2023, representing an average monthly transaction amount of approximately US\$2.0 million and an increase of approximately 33.3% as compared with the average monthly transaction amount of approximately US\$1.5 million for the year ended 31 December 2022;
- (c) we noted from the recent announcements of the Group that (i) 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 customers. The business of the Group maintained a rapid growth for the year ended 31 December 2022, representing an increase in revenue of approximately 39.7% year-on-year, mainly attributable to increased orders from customers; (ii) the economic downturn has not affected the upward phases of development of new fields of intelligent driving, augmented reality (“AR”) and virtual reality (“VR”). The Group is continuously optimistic of the business opportunities brought about by new technologies and applications in the optical industry; and (iii) with the reduced impact of the outbreak of COVID-19 on the global economy and the resumption of diplomatic relations between Saudi Arabia and Iran, global market sentiment is expected to be revived in the fiscal year of 2023, and accordingly, it is expected that the Group will require more VCM Products for the production of the aforementioned camera modules products. In view of the above strategic move and business expansion by the Group, we concur with the view of the Directors that the sales of the camera modules products will further increase for the years ending 31 December 2023, 2024 and 2025. Accordingly, we understand the percentage growth rates represented by the

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New Annual Caps A mentioned previously are primarily driven by the estimated procurement amounts by the Group to satisfy its needs of the VCM Products, where such transactions are revenue in nature and on fair and reasonable terms to the Group;

- (d) we have obtained and reviewed the Group's upcoming production plan of camera modules products. We have enquired with the management of the Company and are given to understand that based on the recent discussion with, and the latest development and production plan of, the largest customer of the Group, the Group expected that the demand for the Group's camera modules products will substantially increase. According to the production plan of the Group, over 90% of each of the New Annual Caps A is represented by the projected purchase amount of the VCM Products, which are the primary raw materials for production of camera modules of the new and upcoming models and generations of the smartphones. We noted from the Group's production plan that the Group's procurement volume of the VCM Products for the year ending 31 December 2023 is expected to increase significantly by approximately 154% as compared with the volume of the VCM Products purchased by the Group from the Luxshare Precision Group during the year ended 31 December 2022, and the procurement volume is expected to grow with a rate of approximately 36% and 32% for each of the two financial years ending 31 December 2025, to cope with the production and product launch plan of the largest customer and the Group. Having taken into account (i) despite the aforementioned seasonality factor in relation to the procurement of the VCM Products, the Group's actual average monthly procurement volume of the VCM Products purchased by the Group from the Luxshare Precision Group for the two months ended 28 February 2023 revealed a remarkable growth of approximately 37% as compared with that for the year ended 31 December 2022; (ii) the aforementioned strategic move and business expansion by the Group; and (iii) the latest development of technology and the expected growth in camera modules industry to be elaborated below, we are satisfied that the expected quantity of the VCM Products to be purchased by the Group in calculating the New Annual Caps A could meet the needs under the production plan of the Group for the three years ending 31 December 2025; and
- (e) the Group is a supplier of delicate optical modules for electronic mobile devices and engages in the design, development, manufacture and sale of a variety of modules and systems integration products that are applied in smartphones, multimedia tablets, smart driving and other mobile devices of internationally-renowned brands. According to the report by the research firm Research and Markets, the market size of camera modules was approximately

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US\$44.4 billion in 2022 and is expected to reach US\$71.2 billion by 2027 with a compound annual growth rate of 11.3%, exhibiting a strong growth momentum. On new racetracks such as AR, VR, intelligent driving, drone, healthcare and education, the innovation, precision and quantity of delicate optical modules have all enhanced rapidly and, together with the popularization of 5G high-speed transmission technologies and the promulgation of various policies on promoting the construction of 5G network, will serve towards the realization of optical industry in every application scenarios, providing crucial conditions for the industrial development. Under the impetus of favorable policies and technological innovation, it is expected that the demand for camera modules continues to grow at a high rate and market penetration continues to rise.

As discussed above, to project the estimated number of the VCM Products to be procured by the Group for the coming years, the management of the Group have taken into account, among other things, (i) the actual number of camera modules product sold by the Group for the year ended 31 December 2022, which the Group recorded an increase in revenue of approximately 39.7% year-on-year as compared with the previous year; (ii) the upcoming sales plan of camera modules product of the Group including the new array of products to be released for the coming years; and (iii) the overall camera modules industry for the coming years. Based on our review of information and documents in relation to the aforementioned factors, in particular, (i) the New Annual Caps A for the years ending 31 December 2023, 2024 and 2025 are projected mainly based on the estimated number of the VCM Products to be procured by the Group in the coming years multiplied by the recent actual unit price of the VCM Products purchased from the Luxshare Precision Group; (ii) to cope with the production and product launch plan of the largest customer and the Group, the Group's procurement volume of the VCM Products is expected to increase by approximately 154%, 36% and 32% for each of the three financial years ending 31 December 2025 according to the Group's upcoming production plan, which is in line with the fluctuation in the New Annual Caps A during the period; and (iii) it is expected that the unit price of the VCM Products would not have material fluctuation with reference to the historical trend, we are of the view that the New Annual Caps A for the years ending 31 December 2023, 2024 and 2025 are fair and reasonable.

### ***(iii) The Supplemental Materials Procurement Framework Agreement***

#### *Principal terms of the Supplemental Materials Procurement Framework Agreement*

Set out below are the principal terms of the Supplemental Materials Procurement Framework Agreement, details of which are set out in the sub-section headed "B. Supplemental Materials Procurement Framework Agreement" under the section headed "2. Revision of existing annual caps for continuing connected transactions" of the Letter from the Board.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Parties

- (a) Company; and
- (b) GZ Luxvisions

### Date

19 April 2023 (after trading hours)

### Duration

From 20 April 2023 to 31 December 2025, unless terminated earlier in accordance with the terms of the Existing Materials Procurement Framework Agreement (as supplemented and amended by the Supplemental Materials Procurement Framework Agreement).

Pursuant to the Supplemental Materials Procurement Framework Agreement, (i) the existing annual cap for the transactions contemplated under the Existing Materials Procurement Framework Agreement for the year ending 31 December 2023 is revised from RMB70.0 million to RMB73.0 million; and (ii) the term of the agreement is extended to include the two years ending 31 December 2025, with a proposed annual cap of RMB133.0 million for the year ending 31 December 2024 and RMB199.0 million for the year ending 31 December 2025.

Pursuant to the Letter from the Board, save for the aforesaid changes, all other terms and conditions of the Existing Purchase Framework Agreement will remain unchanged and in full force and effect. For details of the terms and price determination under the Existing Materials Procurement Framework Agreement, please refer to the announcements of the Company dated 2 September 2022 and 29 December 2022.

In order to assess the fairness and reasonableness of the terms of purchase of products by the Group from the GZ Luxvisions Group, we have obtained and reviewed the sample documents (such as orders and invoices) of 12 randomly selected purchase transactions between the Group and the GZ Luxvisions Group under the Existing Materials Procurement Framework Agreement during the 6-month period immediately before the date of this letter (the “**Review Period**”). The products supplied by the GZ Luxvisions Group (mainly the LiDAR PCBA Products, the details of which are set out below) under the Existing Materials Procurement Framework Agreement are made-to-order in accordance with specifications required by the Group which is the only customer for the GZ Luxvisions Group’s LiDAR PCBA Products. Further, as advised by the Directors, apart from the GZ Luxvisions Group, the Company had not purchased similar products from other independent third party suppliers. In this connection, we have compared the quotation obtained by



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the Group for similar products from its independent third party suppliers which requested for, among others, price and payment terms. Based on the documents reviewed, we noted that the Group had compared the terms offered by its independent third party suppliers, and purchased the relevant products under the Existing Materials Procurement Framework Agreement at the terms no less favourable than terms available for the Group for similar products supplied by its independent third party suppliers. Based on the above, we consider the transactions under the Existing Materials Procurement Framework Agreement have been conducted on terms that are fair and reasonable, which shall in turn safeguard the interests of the Company and the Shareholders as a whole. In view of the facts that (i) all sample documents were selected on a random basis and spread across the period; and (ii) the Supplemental Materials Procurement Framework Agreement is solely for the revision of existing cap and extension of the term and does not amend the pricing terms of the Existing Materials Procurement Framework Agreement, we are of the view that the samples we selected are fair and reasonable for assessment of the recent pricing of the transactions. For payment terms, purchases from the GZ Luxvisions Group were payable within 90 days after month end. We have discussed with and are advised by the management of the Group that the trade payables of the Group are normally settled within terms of 30 to 90 days. Therefore, we consider that the payment terms offered by the GZ Luxvisions Group to the Group are generally in line with that offered by its independent third party suppliers.

In conclusion, based on our review as stated above, we are of the view that the purchase prices and payment terms with the GZ Luxvisions Group for these transactions were no less favourable than those offered by independent third parties and such transactions have been adhered to the internal control measures of the Group in respect of reviews of the terms offered by independent third parties. Taking into account the above and the fact that (i) save for the revision of existing cap and extension of the term, all other terms of the Existing Materials Procurement Framework Agreement will remain unchanged and in full force and effect; and (ii) the Group will continue to implement the same policy to review and ensure the terms offered by the GZ Luxvisions Group to the Group be no less favourable than those by independent third parties, we are of the view that the terms of the Supplemental Existing Materials Procurement Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Proposed Annual Caps*

The following table sets forth the comparison between the historical transaction amount of the transaction contemplated under the Existing Materials Procurement Framework Agreement and the existing annual cap for the year ended 31 December 2022 (“FY2022”):

	<b>Historical amount for FY2022 RMB'000</b>	<b>Existing Annual Cap for FY2022 RMB'000</b>	<b>Utilisation rate %</b>
Purchase of products from the GZ Luxvisions Group under the Existing Materials Procurement Framework Agreement	21,974	60,000	36.6

The following table sets forth the comparison between the existing annual cap, the revised annual cap and the proposed annual caps for three years ending 31 December 2025:

	<b>For the year ending 31 December</b>		
	<b>2023 RMB'000</b>	<b>2024 RMB'000</b>	<b>2025 RMB'000</b>
<i>Maximum aggregate amount of purchase from the GZ Luxvisions Group</i>			
Existing annual cap (“Existing Annual Cap B”)	70,000	—	—
Revised annual cap and proposed annual caps (“New Annual Cap(s) B”)	73,000	133,000	199,000

In respect of the fairness and reasonableness of the New Annual Caps B, we have performed the following work and analysis.

- we have reviewed the historical actual and the expected upcoming transaction amounts in relation to the Supplemental Materials Procurement Framework Agreement as mentioned in the Letter from the Board. We noted that (i) the historical actual transaction amount was approximately RMB18.4 million for the six months ended 31 December 2022, representing an average monthly transaction amount of approximately RMB3.1 million and an increase of approximately 416.7% as compared with the average monthly transaction amount of approximately RMB0.6 million for the six months ended

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30 June 2022. Accordingly, we note that the transaction amounts have demonstrated a growth trend; (ii) the New Annual Cap B for the year ending 31 December 2023 represents an increase of approximately 4.3% as compared to the Existing Annual Cap B for the same period; and (iii) the New Annual Cap B for each of the years ending 31 December 2024 and 2025 represents an annual growth of approximately 82.2% and 49.6%, respectively;

- we have reviewed the breakdown of the calculation of the New Annual Caps B and we have discussed with and are advised by the management of the Group that the amounts of the New Annual Caps B are principally determined based on the revised estimated procurement amount (including the forecast sales volume) of LiDAR printed circuit board assembly (the “**LiDAR PCBA Products**”) and related raw materials and consumables which the Group liaised with the GZ Luxvisions Group in view of the upcoming production and sales plans of the Group. The estimated transaction amounts for the LiDAR PCBA Products are estimated by the responsible business representatives of the Group mainly with reference to the actual historical transaction amount for the year ended 31 December 2022 and the anticipated demand for the relevant products after taking into account the nature of products, the market development trend as well as the expected business growth of the Group. Further, the management has mainly made reference to the upcoming production and sales plans of the Group’s LS Products and the recent actual unit price of the LiDAR PCBA Products sold by the GZ Luxvisions Group to the Group. We have obtained and reviewed the relevant production and sales plans prepared by the Group and consider that such proposed plans are reasonable based on the factors as discussed below;
- we have obtained and reviewed the New Annual Caps B estimation schedule prepared by the management of the Group and noted that (i) the higher amounts of the New Annual Caps B for the three years ending 31 December 2025 as compared with the Existing Annual Cap B are mainly attributable to the expected increase in the number of procurements of the LiDAR PCBA Products. LiDAR PCBA is a printed circuit board containing a lidar sensor’s components, which plays an irreplaceable role as an intermediate for the production of the Group’s LS Products which has been provided by the Group to Suteng under the ST Supply Framework Agreement as mentioned in the sub-section headed “(i) ST Supply Framework Agreement” of this letter; (ii) the transaction amount under the Supplemental Materials Procurement Framework Agreement is estimated by the Group with reference to the estimated number of the LS Products to be sold by the Group in the coming years and the recent actual unit prices of the LiDAR PCBA Products purchased from the GZ Luxvisions Group; and (iii) the fairness and reasonableness of the New Annual Caps B can be made reference to the projection by the management of the Group which is calculated by the estimated number

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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of the LiDAR PCBA Products to be procured by the Group in the coming years multiplied by the recent actual unit prices of LiDAR PCBA Products purchased from the GZ Luxvisions Group, where we have reviewed, including but not limited to documents on the recent actual unit price of the LiDAR PCBA Products, the actual number of the LS Products sold by the Group and the upcoming sales plans of the LS Products of the Group, and considered them to be acceptable for the purpose of determining the New Annual Caps B taking into account:

- (a) in assessing the reasonableness of the price in determining the New Annual Caps B with regard to the purchase of the LiDAR PCBA Products from the GZ Luxvisions Group, we have (i) reviewed the average unit prices of the LiDAR PCBA Products purchased from the GZ Luxvisions Group for the year ended 31 December 2022 and the two months ended 28 February 2023 and noted that the unit price remained relatively stable during the period; (ii) discussed with the management of the Group and understood that the Group expected there would not be material fluctuation in such unit prices based on the historical trend; and (iii) reviewed 12 procurement invoices in respect of the LiDAR PCBA Products purchased by the Group from the GZ Luxvisions Group and compared them against the unit prices of the forecasted purchase of the LiDAR PCBA Products from the GZ Luxvisions Group and noted that such expected unit prices are at a similar level with the recent actual unit prices. Given that there is no material difference in the unit prices for all the samples selected and that such unit prices are also at a similar level with the historical average unit price of the LiDAR PCBA Products purchased from the GZ Luxvisions Group during the Review Period, we consider that the samples selected are fair and representative of the prices of the LiDAR PCBA Products;
  
- (b) we noted that the historical actual transaction amount under the Existing Materials Procurement Framework Agreement of approximately RMB22.0 million for the year ended 31 December 2022 only represented approximately 36.6% of the annual cap for the year. We have enquired with the management of the Company and are given to understand that the low utilisation rate for the year ended 31 December 2022 was mainly due to the facts that (i) the market condition and sales of the Group's LS Products had been affected by the prolonged impact of the COVID-19 pandemic throughout 2022, which in turn, reduced the demand on the purchase of the LiDAR PCBA Products from the GZ Luxvisions Group; and (ii) the Group had commenced supply of the LS Products to Suteng since March 2022 only and demand for the LiDAR PCBA Products was not as significant as expected since the Group has adopted a more prudent approach in the beginning phase of the corporation. Since the end of 2022, the COVID-19 pandemic has been under

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control in the PRC due to effective hygiene and public health measures, which has led to a gradual improvement in economic activities and consumptions. The Company has seen a trend of recovery in the overall autonomous vehicle market. With an increasing vaccination rate and facing the normality under the COVID-19 pandemic, the Group intends to continue with its previously set direction and increase the purchase of the LiDAR PCBA Products from the GZ Luxvisions Group to meet the anticipated demand of Suteng for the LS Products. Based on the above, we concur with the management of the Company that the actual transaction amounts of the purchase of the LiDAR PCBA Products from the GZ Luxvisions Group in 2022 cannot represent a meaningful reference and fully reflect the future demand of the LiDAR PCBA Products from the GZ Luxvisions Group;

- (c) we noted that the historical actual transaction amount was approximately RMB3.6 million for the two months ended 28 February 2023. We have discussed with and are advised by the management of the Group that the first quarter of the year is usually an inactive season for the Group's business operation as a result of the Chinese New Year holidays, which in turn, reduces the business activities and demand in the market. Furthermore, the autonomous vehicle markets are characterized by seasonal increases in production and sales volume in the latter part of the year, which is primarily driven by increased consumer spending during the year-end holiday season. Correspondingly, the Group's production and sales levels of the LS Products and the demand on the LiDAR PCBA Products tend to be the lowest in the first and second quarters of the year. As a result of the inherent seasonality of the business, the analysis of the actual transaction amount for the two months ended 28 February 2023 may not be a meaningful and reliable indicator of the overall trends in the Group's business. We have reviewed the monthly result of operation of the Group and historical actual transaction amount in relation to the Existing Materials Procurement Framework Agreement for the year ended 31 December 2022 and noted that the Group has experienced the highest purchase amount in the third and fourth quarters of the year in light of increased seasonal demand. The historical actual transaction amount was approximately RMB18.4 million for the six months ended 31 December 2022, representing an average monthly transaction amount of approximately RMB3.1 million and an increase of approximately 416.7% as compared with the average monthly transaction amount of approximately RMB0.6 million for the six months ended 30 June 2022. Based on the above, in particular the increasing trend of transaction amounts of the purchase of the LiDAR PCBA Products for the six months ended 31 December 2022, we are of the view that the Existing Annual Cap B for the year ending 31 December 2023 may be insufficient;

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- (d) as mentioned in the sub-section headed “(i) ST Supply Framework Agreement” of this letter, in February 2023, Suteng announced its partnership with Toyota, the world’s best-selling carmaker, on large-scale production of their LiDAR sensors for their multiple models. Such cooperation will empower Toyota models with accurate perception capabilities, guard the driving safety of Toyota’s intelligent models, and promote the series production and large-scale application of LiDAR in the automotive industry. Prior to this cooperation, Suteng had also reached partnership with the BYD Group, a world-leading pioneer in new energy vehicles, on various models by equipping with their LiDAR sensors systems. Accordingly, it is expected that the Group will require more LiDAR PCBA Products for the production and stable supply of the aforementioned LS Products to Suteng. In view of the above, we concur with the view of the Directors that the procurement of the LiDAR PCBA Products will further increase for the years ending 31 December 2023, 2024 and 2025;
- (e) we have obtained and reviewed the Group’s upcoming production plan of the LiDAR PCBA Products. We have enquired with the management of the Company and are given to understand that primarily attributable to the aforementioned increase in demand of the Group’s LS Products from Suteng for its production of LiDAR sensors, the demand of the LiDAR PCBA Products by the Group is expected to increase for the coming years. According to the production plan of the Group, over 90% of each of the New Annual Caps B was represented by the expected purchase amount of the LiDAR PCBA Products, which are the primary raw materials for production of different radar modules of the LS Products. We are advised by the management of the Group that production of one unit of radar modules and/or radar systems of the LS Products by the Group requires at least two to five units of the LiDAR PCBA Products. We noted from the Group’s production plan that the Group’s procurement volume of the LiDAR PCBA Products for the year ending 31 December 2023 is expected to increase significantly by approximately 281% as compared with the volume of the LiDAR PCBA Products purchased by the Group from the GZ Luxvisions Group during the year ended 31 December 2022, and the procurement volume is expected to grow with a rate of approximately 87% and 53% for each of the two financial years ending 31 December 2025, to cope with the production and product launch plan of each of Suteng and the Group as well as the growth of the market scale of LiDAR. Having taken into account (i) the anticipated recovery of economy from the COVID-19 pandemic for the coming years; (ii) despite the aforementioned seasonality factor in relation to the purchase of the LiDAR PCBA Products, the Group’s actual average monthly procurement volume of the LiDAR PCBA Products purchased by the Group from the GZ Luxvisions Group for the two months ended

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28 February 2023 revealed a remarkable growth of approximately 41% as compared with that for the year ended 31 December 2022; (iii) primarily attributable to the aforementioned partnership between Suteng and Toyota, the Group's sales volume of transceiver module is expected to increase by approximately 354%, 81% and 52% for each of the three financial years ending 31 December 2025 according to the Group's upcoming sales plan; and (iv) the latest development of technology and the improvement of relevant laws and regulations of the new energy and autonomous vehicle industry to be elaborated below, we are satisfied that the expected quantity of the LiDAR PCBA Products to be purchased by the Group in calculating the New Annual Caps B could meet the needs under the production plan of the Group for the three years ending 31 December 2025; and

- (f) with the development of technology and the improvement of relevant laws and regulations and the accelerated progress of the new energy and autonomous vehicle industry, the intelligent driving applications market is expected to grow greatly, among which the market scale of 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\$30.9 billion in 2022 to US\$65.1 billion in 2030 at a compound annual growth rate (CAGR) of 9.7%; meanwhile, the market scale of LiDAR will increase from US\$1.4 billion in 2023 to US\$3.7 billion in 2028 at a CAGR of approximately 19.4%. The Group will meet the needs of customers and continue to invest resources in order to grasp the market opportunity. With the expansion of the global new energy and autonomous vehicle market, the continuous enrichment of the LiDAR sensors product matrix and the continuous improvement of the brand image of the Group and Suteng, the demand of the LS Products of the Group will continue to increase in the future. Accordingly, we understand the percentage growth rates represented by the New Annual Caps B mentioned previously are primarily driven by the estimated procurement amounts by the Group to satisfy its needs of the production of the LS Products, where such transactions are revenue in nature and on fair and reasonable terms to the Group.

As discussed above, to project the estimated number of the LiDAR PCBA Products to be procured by the Group for the coming years, the management of the Group have taken into account, among other things, (i) the actual number of the LS Product sold by the Group for the year ended 31 December 2022 and the two months ended 28 February 2023; (ii) the upcoming production and sales plan of the LS Product of the Group; and (iii) the overall LiDAR industry for the coming years. Based on our review of information and documents in relation to the

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aforementioned factors, in particular, (i) the New Annual Caps B for the years ending 31 December 2023, 2024 and 2025 are projected mainly based on the estimated number of the LiDAR PCBA Products to be procured by the Group in the coming years multiplied by the recent actual unit price of the LiDAR PCBA Products purchased from the GZ Luxvisions Group; (ii) to cope with the expected increase in demand of the Group's LS Products from Suteng for its production of LiDAR sensors, the Group's procurement volume of the LiDAR PCBA Products is expected to increase by approximately 281%, 87% and 53% for each of the three financial years ending 31 December 2025 according to the Group's upcoming production plan, which is in line with the fluctuation in the New Annual Caps B during the period; and (iii) it is expected that the unit price of the LiDAR PCBA Products would not have material fluctuation with reference to the historical trend, we are of the view that the New Annual Caps B for the years ending 31 December 2023, 2024 and 2025 are fair and reasonable.

#### 4. Internal measures

As stated in the Letter from the Board, the Group has established the following internal control measures for the purpose of monitoring the execution and implementation of the CCT Agreements:

- in addition to 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 CCT Agreements;
- to ensure that transaction prices under the CCT Agreements will be fair and reasonable and on normal commercial terms, the business department of the Group will regularly (i) review its prices charged to independent third parties customers for the supply of the LS Products with same or similar specifications under the ST Supply Framework Agreement; and (ii) review and compare the purchase prices incurred and/or to be incurred under the Supplemental Purchase Framework Agreement and the Supplemental Materials Procurement Framework Agreement 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 relevant products or materials with the same or similar specifications;
- to ensure the transactions contemplated under the CCT Agreements do not exceed the respective proposed annual caps, the business department of the Group shall fill in and submit statistical charts for the continuing connected transactions at least quarterly. In



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the event that the amount of the transactions incurred and/or to be incurred under the CCT Agreements for a financial year is expected to reach the relevant annual cap(s), 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(s) 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; and

- 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.

As part of our independent work performed, we have discussed with management to understand the aforementioned internal control procedures and have obtained and reviewed the relevant internal control policy. Given such internal control procedures in place, in particular that the internal compliance review department and the business department of the Company will assist in reviewing and controlling particular terms and conditions and actual transaction amounts of the continuing connected transactions, we consider the Group to have the appropriate internal control procedures in place to ensure the terms under the CCT Agreements be no less favourable than those with independent third parties and the relevant proposed annual caps under the respective agreements will not be exceeded.

Taking into account, in particular, (i) our review on the terms of the transactions contemplated under the CCT Agreements which shall be no less favourable than those with independent third parties; and (ii) the aforementioned internal control measures of the Group in respect of reviews of the terms with independent third parties, we are of the view that the terms of the CCT Agreements, the transactions contemplated thereunder and the relevant proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned.

### **5. Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of transactions contemplated under the CCT Agreements must be restricted by the relevant proposed annual caps; (ii) the terms of the CCT Agreements must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the CCT Agreements must be included in the Company's subsequent published annual reports. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their

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attention that causes them to believe that the transactions (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant CCT Agreements; and (iii) have exceeded the relevant proposed annual caps. In the event that the total amounts of transactions contemplated under the CCT Agreements are anticipated to exceed the relevant proposed annual caps, or that there is any proposed material amendment to the terms of the CCT Agreements, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

In light of the aforementioned review and reporting requirements attached to the CCT Agreements, we are of the view that appropriate measures have been in place to govern the conduct of the CCT Agreements and safeguard the interests of the Company and the Independent Shareholders as a whole.

### RECOMMENDATION

Having considered the above principal factors, we are of the opinion that the entering into of the CCT Agreements is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. We are also of the opinion that the terms of the CCT Agreements are on normal commercial terms and, together with the relevant proposed annual caps, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions to approve the CCT Agreements, the transactions contemplated thereunder and the relevant proposed annual caps at the EGM.

Yours faithfully,

For and on behalf of

**Honestum International Limited**

**Michael Chum**

**Sam Yip**

*Chairman*

*Associate Director*

*Note:* Mr. Michael Chum is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Honestum International Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 years of experience in corporate finance industry. Mr. Sam Yip is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Honestum International Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in corporate finance industry.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and Chief Executive Officers' interests and short positions in the securities of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Title	Nature of Interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest
Meng Yan	Executive Director, Chairman	Beneficial interest (Note)	3,200,000	0.38
Wu Ying-Cheng	Executive Director, Chief executive officer and Chief financial officer	Beneficial interest (Note)	1,980,000	0.23
Chen Han-Yang	Non-executive Director	Beneficial interest (Note)	1,990,000	0.23

<b>Name of Director</b>	<b>Title</b>	<b>Nature of Interest</b>	<b>Number of Shares or underlying Shares</b>	<b>Approximate percentage of shareholding interest</b>
Yang Li	Non-executive Director	Beneficial interest <i>(Note)</i>	1,680,000	0.20

*Note:* These interests represented the interests in underlying shares in respect of the share options granted by the Company to the Directors under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations which (a) were required to be notified to the Company and the Hong Kong 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 (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 Hong Kong Stock Exchange.

**(b) Interests and short positions of substantial shareholders in shares, underlying shares of the Company**

As at the Latest Practicable Date, the following persons (other than the Directors or chief executive officer of the Company) had interests or short positions in the Shares or relevant 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:

<b>Name of shareholder</b>	<b>Nature of interest</b>	<b>Number of Shares or underlying Shares</b>	<b>Approximate percentage of shareholding interest<sup>(2)</sup></b>
Luxvisions Innovation Technology Limited <sup>(1)</sup>	Beneficial interest	618,356,760 (L)	72.89% (L)
		551,229,760 (S)	64.98% (S) <sup>(3)</sup>
Mr. Wang Laichun <sup>(1)</sup>	Interest in a controlled corporation	618,356,760 (L)	72.89% (L)
		551,229,760 (S)	64.98% (S) <sup>(3)</sup>
Mr. Wang Laisheng <sup>(1)</sup>	Interest in a controlled corporation	618,356,760 (L)	72.89% (L)
		551,229,760 (S)	64.98% (S) <sup>(3)</sup>
Ms. Wang Laijiao <sup>(1)</sup>	Interest in a controlled corporation	618,356,760 (L)	72.89% (L)
		551,229,760 (S)	64.98% (S) <sup>(3)</sup>
Mr. Wang Laixi <sup>(1)</sup>	Interest in a controlled corporation	618,356,760 (L)	72.89% (L)
		551,229,760 (S)	64.98% (S) <sup>(3)</sup>
Luxsan <sup>(1)</sup>	Interest in a controlled corporation	618,356,760 (L)	72.89% (L)
		551,229,760 (S)	64.98% (S) <sup>(3)</sup>
LIL <sup>(1)</sup>	Interest in a controlled corporation	618,356,760 (L)	72.89% (L)
		551,229,760 (S)	64.98% (S) <sup>(3)</sup>
GLITL <sup>(1)</sup>	Interest in a controlled corporation	618,356,760 (L)	72.89% (L)
		551,229,760 (S)	64.98% (S) <sup>(3)</sup>

*Notes:*

- (1) Luxvisions Innovation Technology Limited (“LITL”), is a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of Guangzhou Luxvisions Innovation Technology Limited (“GLITL”), which is a company incorporated in the PRC. GLITL is owned as to approximately 58.35% by Luxvisions Innovation Limited (“LIL”), a company incorporated in Hong Kong with limited liability, which is owned as to approximately 53.415% by Mr. Wang Laixi, 43.659% by Luxsan Limited (“Luxsan”) and as 2.927% by Lite-On Singapore Pte. Limited (“Lite-On”). 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. Lite-On is 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 (a company incorporated in Taiwan with limited liability and listed on the Taiwan Stock Exchange (stock code 2301)). 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 the Latest Practicable Date, the total number of issued shares of the Company was 848,313,800 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 64.98% of the total issued share capital of the Company as at the Latest Practicable Date.

Saved as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any person (other than Directors or chief executive officer 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 the Latest Practicable Date.

### 3. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date:

- (a) none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation;
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December, 2022, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and

- (c) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

#### **4. DIRECTORS' INTEREST IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business which competed or might compete with the business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

#### **5. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading positions of the Group since 31 December, 2022 (being the date to which the latest published audited financial statements of the Group were made up).

#### **6. EXPERT**

The following sets out the qualification of the expert who has given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Honestum International Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

Honestum International Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Honestum International Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Honestum International Limited did not have any direct or indirect interest in any assets which had been, since 31 December, 2022 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.

## **7. GENERAL**

In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

## **8. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk/>) and the Company (<http://www.cowelleholdings.com>) for a period of 14 days from the date of this circular:

- (a) the Supplemental Purchase Framework Agreement;
- (b) the Supplemental Materials Procurement Framework Agreement; and
- (c) the ST Supply Framework Agreement.



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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “EGM”) of Cowell e Holdings Inc. (the “Company”) will be held by way of virtual meeting on 23 June, 2023 at 10 a.m. for considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolutions of the Company:

### ORDINARY RESOLUTIONS

1. “**THAT** the supplemental purchase framework agreement referred to in the sub-section headed “2. A. Supplemental Purchase Framework Agreement” in the “Letter from the Board” contained in the circular (the “Circular”) of the Company of which this notice forms part and the transactions contemplated thereunder and the proposed annual caps under the aforesaid supplemental purchase framework agreement be and are hereby approved.”
2. “**THAT** the supplemental materials procurement framework agreement referred to in the sub-section headed “2. B. Supplemental Materials Procurement Framework Agreement” in the “Letter from the Board” contained in the Circular of which this notice forms part and transactions contemplated thereunder and the proposed annual caps under the aforesaid supplemental materials procurement framework agreement be and are hereby approved.”
3. “**THAT** the ST supply framework agreement referred to in the section headed “3. NEW CONTINUING CONNECTED TRANSACTION” in the “Letter from the Board” contained in the Circular of which this notice forms part and transactions contemplated thereunder and the proposed annual caps under the aforesaid ST supply framework agreement be and are hereby approved.”

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

Hong Kong, 8 June, 2023

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. The Company will conduct the extraordinary general meeting by way of a virtual meeting. Both registered Shareholders and non-registered Shareholders can (i) attend the EGM and vote by way of electronic means; or (ii) exercise their right to vote at the EGM by appointing their own proxy or the Company's designated proxy(ies), to act as their proxy. By logging in the dedicated online platform, Shareholders will be able to view a live webcast of the EGM, submit questions, and cast vote in real-time.

The online platform will be opened for registered Shareholders and non-registered Shareholders to log in 30 minutes prior to the commencement of the extraordinary general meeting, and only those Shareholders who logged in 5 minutes before the start of the Online EGM will be entitled to attend and vote at the Online EGM. The online platform can be accessed from any location with internet connection by a smart phone, tablet device or computer. Shareholders should allow ample time to check into the online platform to complete the login procedure and remain logged in until the commencement of and during the Online EGM. For online voting, Shareholders can refer to the enclosed notification letter and the Online Meeting User Guide for details. Any missed contents as a result of connection issues arise from the Shareholders will not be repeated.

2. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the Articles of Association of the Company, vote in his stead. A proxy need to be a member of the Company.
3. A form of proxy for use at the EGM (or at any adjournment thereof) is dispatched together with this notice of meeting. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be completed and lodged with the offices of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 21 June, 2023 at 10 a.m. (Hong Kong Time).
4. Completion and return of the form of proxy will not preclude members from attending and voting at the EGM or any adjournment thereof, and in such event, the relevant form of proxy shall be deemed revoked.
5. Where there are joint registered holders of any Share, any one of such joint holders may attend and vote at the EGM, either in personal or by proxy, in respect of such Share(s) as if he/she were solely entitled thereto, but if more than one of such joint registered holders are present at the EGM or any adjournment thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 20 June, 2023 to Friday, 23 June, 2023, 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 EGM, 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 Monday, 19 June, 2023.
7. If typhoon signal no. 8 or above remains hoisted or a black rainstorm warning signal is in force at 8:00 a.m. at the date of the EGM, the EGM will be postponed. Members are requested to visit the website of the Company at [www.cowelleholdings.com](http://www.cowelleholdings.com) for details of alternative meeting arrangements. The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force. Shareholders should make their own decision as to whether they would attend the EGM under the bad weather conditions bearing in mind their own situation and if they should choose to do so, they are advised to exercise care and caution.

*As at the date hereof, 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.*