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COWELL

Cowell e Holdings Inc.

高偉電子控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1415)

CONTINUING CONNECTED TRANSACTIONS

On 5 May 2022 (after trading hours), the Company entered into the Supply Framework Agreement with GZ Luxvisions, pursuant to which the Group shall supply Products to the GZ Luxvisions Group in accordance with the terms and conditions thereunder.

As GZ Luxvisions is a controlling Shareholder indirectly interested in approximately 72.95% of the entire issued share capital of the Company, it is a connected person of the Company. As such, the transactions contemplated under the Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

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THE SUPPLY FRAMEWORK AGREEMENT

Details of the Supply Framework Agreement are set out below:

Parties

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

Date

5 May 2022 (after trading hours)

Duration

6 May 2022 to 31 December 2024

Subject Matter

Pursuant to the Supply Framework Agreement, the Group shall supply to the GZ Luxvisions Group certain Products according to the specifications as requested by the GZ Luxvisions Group from time to time in relation to its production from 6 May 2022 to 31 December 2024, unless terminated earlier in accordance with the terms of the Supply Framework Agreement.

Principal terms and price determination

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

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

In accordance with the Company's internal policies, the transactions (including but not limited to prices determined and transaction amounts) under the Supply Framework Agreement will be properly recorded. If the Company is of the view that the rates charged and/or terms for the Products sold to the GZ Luxvisions Group are less favourable from the Group's perspective than the rates charged and terms for equivalent or similar Products sold by the Group to independent third parties, GZ Luxvisions Group and the Group 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 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 Products.

Annual Caps

Pursuant to the Supply Framework Agreement, the Annual Caps are as follows:

	From 6 May 2022 to 31 December 2022 (RMB' million)	For the financial year ending 31 December 2023 (RMB' million)	For the financial year ending 31 December 2024 (RMB' million)
Annual Caps	26.20	43.78	64.00

The Products are primarily new products recently developed by the Group. The 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:

- (i) the expected production plan and new products to be launched in each of the financial year ending 31 December 2024;
- (ii) the expected demand and market shares of the products to be sold by the GZ Luxvisions Group in each of the financial year ending 31 December 2024;
- (iii) the estimated costs of production of the required Products; and
- (iv) the estimate market price of the required Products.

Such projection is assumed solely for determining the Annual 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 Supply Framework Agreement are expected to exceed the Annual Caps, the Company will re-comply with the relevant requirements in accordance with the Listing Rules such as by publishing a further announcement or to seek approval from independent Shareholders, if applicable.

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

The Group is principally engaged in the design, development, manufacture and sale of a variety of optical modules and parts that are used in smartphones, multimedia tablets and other mobile devices of internationally-renowned brands.

The GZ Luxvisions Group is principally engaged in the business of production of mass-produced mobile phone camera modules, tablet camera modules, and notebook camera modules and have broad market presence and customer network. The Board believes that supply and sale of the Products to the GZ Luxvisions Group can help create synergy of the parties as it can raise the profile of the Products, enhance the Products' penetration into new markets, expand the source of revenue and improve the profitability for the Group, as well as to facilitate the production of the GZ Luxvisions Group and enhance the competitiveness of their products.

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

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

INTERNAL CONTROL MEASURES

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

In addition to our compliance with the requirements on annual review by external auditors and independent non-executive Directors under the Listing Rules in respect of continuing connected transactions, the internal compliance review department of the Company is responsible for the review of individual orders on a regular basis to ensure that the terms thereunder are made in accordance with the terms and conditions of the Supply Framework Agreement. To ensure that transaction prices under the Supply Framework Agreement will be fair and reasonable and on normal commercial terms, the business department of the Group will regularly review its prices charged to independent third parties customers for the supply of Products with same or similar specifications. To ensure the transactions contemplated under the Supply Framework Agreement do not exceed the 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 Supply Framework Agreement 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.

INFORMATION ABOUT THE GROUP AND THE GZ LUXVISIONS GROUP

The Company is incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Stock Exchange. As at the date of this announcement, approximately 72.95% of the equity interests of the Company is directly held by LITL which is a wholly-owned subsidiary of GZ Luxvisions. 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.

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 announcement, LIL is owned as to (i) approximately 53.415% by Mr. Wang Laixi; (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, 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). The GZ Luxvisions Group is principally engaged in the business of production of mass-produced mobile phone camera modules, tablet camera modules, and notebook camera modules.

IMPLICATIONS UNDER THE LISTING RULES

As GZ Luxvisions is a controlling Shareholder indirectly interested in approximately 72.95% of the entire issued share capital of the Company through LITL, it is a connected person of the Company. As such, the transactions contemplated under the Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

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

DEFINITIONS

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

“Annual Cap(s)”	the annual cap(s) in relation to the transactions contemplated under the Supply Framework Agreement
“Articles”	the memorandum and article of association of the Company, as amended from time to time
“Board”	the board of Directors
“Company”	Cowell e Holdings Inc. (高偉電子控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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
“GZ Luxvisions Group”	GZ Luxvisions and its subsidiaries (for purpose of this announcement excluding, except where the context indicates otherwise, the Group)
“Hong Kong”	the Hong Kong Special Administrative Region of the of the People’s Republic of China
“LIL”	Luxvisions Innovation Limited, a company incorporated in Hong Kong with limited liability
“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)
“LITL”	Luxvisions Innovation Technology Limited, a limited liability company incorporation in Hong Kong, is a wholly-owned subsidiary of GZ Luxvisions
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Products”	the customized products and/or materials to be supplied by the Group to the GZ Luxvisions Group according to the specifications as provided by the GZ Luxvisions Group, including but not limited to optical glass, optical adhesive, optical coating and related materials or parts in relation to the production of the GZ Luxvisions Group
“RMB”	Renminbi, the lawful currency of the PRC
“Supply Framework Agreement”	the product supply framework agreement dated 5 May 2022 entered into between the Company and GZ Luxvisions in relation to the supply of the Products from the Group to the GZ Luxvisions Group
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules

“US\$” U.S. dollars, the lawful currency of the United States of America

“%” per cent.

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

Hong Kong, 5 May 2022

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