

THIS FRAMEWORK PROCUREMENT AGREEMENT is made 9th August 2023

BETWEEN

- (1) **KUANG-CHI TECHNOLOGIES CO., LTD** 光啟技術股份有限公司, a company incorporated in People's Republic of China with limited liability and having its registered office at 3rd Floor, Software Building, No. 9, Gaoxin Middle Road, Nanshan District, Shenzhen, China ("**KCT**", on its own behalf and as trustee for the benefit of its subsidiaries from time to time, together with its subsidiaries from time to time as "**KCT Group**"); and
- (2) **KUANGCHI SCIENCE LIMITED** 光啟科學有限公司, an exempted company with limited liability incorporated under the laws of Bermuda and having its registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda ("**Listco**", on its own behalf and as trustee for the benefit of its subsidiaries from time to time, together with its subsidiaries from time to time ("**Listco Group**").

BACKGROUND

- (A) Listco is a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Dr. Liu Ruopeng (being an executive director and a controlling shareholder of Listco) ("**Dr. Liu**"), Dr. Zhang Yangyang (being an executive director of Listco) ("**Dr. Zhang**"), Dr. Luan Lin (being an executive director of Listco) ("**Dr. Luan**") and Dr. Ji Chunlin (being an executive director of Listco) ("**Dr. Ji**") are connected persons of Listco.
- (B) KCT is a company whose shares are listed on the Shenzhen Stock Exchange. Dr. Liu, Dr. Zhang, Dr. Luan and Dr. Ji collectively control the exercise of more than 30% of the voting power of the general meeting of KCT and KCT is therefore a connected person of Listco pursuant to the Listing Rules.
- (C) Listco Group has agreed to supply the Integrated Intelligent Systems (as defined below) and the Metal Component Products (as defined below) to KCT Group according to the terms and conditions agreed under this Agreement. The aforesaid transactions will constitute continuing connected transactions under the Listing Rules and shall be subject to the requirements under the Listing Rules.
- (D) The parties hereto agree to enter into this Agreement to record the terms of such continuing connected transactions.

NOW IT IS HEREBY AGREED as follows:

1. INTERPRETATION

1.1. In this Agreement unless the context otherwise requires:

- (a) the following expressions shall have the following meanings:

<u>Expression</u>	<u>Meaning</u>
“Agreement”	this framework procurement agreement, as may be amended, modified or supplemented from time to time;
“associate”	as defined in the Listing Rules;
“connected person”	as defined in the Listing Rules;
“continuing connected transaction”	as defined in the Listing Rules;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, but solely for the purposes of this Agreement, excluding Hong Kong, the Macau Special Administrative Region and the islands of Taiwan;
“RMB”	the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	as defined in the Listing Rules; and
“Transaction(s)”	the continuing connected transaction(s) between KCT Group and Listco Group as set out in Clauses 3 and 5.

- (b) references to Clauses and the Schedule are to clauses of and the schedule to this Agreement;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing a gender include every gender; and
- (e) references to persons include individuals, firms, bodies corporate or unincorporate.

1.2.Headings are for reference only and shall not affect the interpretation of this Agreement.

2. CONDITION

This Agreement shall be conditional upon the approval (“**Approval**”) of independent shareholders of Listco of this Agreement and the transactions contemplated thereunder in accordance with the Listing Rules in respect of the Transactions on or before 31 October 2023 (or such other date agreed by the parties hereto) (“**Long Stop Date**”). If the condition is not fulfilled on or before the Long Stop Date, this Agreement shall cease and terminate, save and except Clauses 8 to 10 (both inclusive) which provisions shall remain in full force and effect, and no party hereto shall have any claim against the others save for claim (if any) in respect of any antecedent breach thereof.

3. THE TRANSACTIONS

3.1.KCT and Listco agree with each other that they shall enter into the Transactions as set out in the Schedule on the terms set out therein and in the ordinary and usual course of their respective businesses.

3.2.KCT and Listco agree with each other that during the valid period of this Agreement, the total transaction amount of supplies of the Integrated Intelligent Systems (as defined below) and the Metal Component Products (as defined below) by Listco Group pursuant to this Agreement shall not exceed the following amounts:

Accounting year of 2023: RMB60,000,000

Accounting year of 2024: RMB78,000,000

Accounting year of 2025: RMB102,000,000

KCT and Listco agree with each other to strictly comply with the aforesaid annual caps (the “**Annual Caps**”) on the transaction amounts set out under Clause 3.2 of this Agreement.

3.3.The Annual Caps are subject to the Approval.

4. REPRESENTATIONS, GUARANTEES AND WARRANTIES

4.1.In addition to other representations and warranties made by the parties hereto in this Agreement, each party hereto shall also make representations and warranties to the other party as follows:

- (a) it has sufficient legal rights, power and authorisation to sign this Agreement and perform the obligations under this Agreement, and has obtained all necessary government and company internal approvals for this purpose;
- (b) this Agreement constitutes its legal, valid and binding obligations, and such obligations are enforceable pursuant to this Agreement; and
- (c) there is no dispute against itself or its assets under this Agreement nor any dispute being happened or arisen or threatened to arise and will have material adverse effect on the ability of each party hereto to sign, complete or perform this Agreement or the obligations under this Agreement (including litigation, arbitration or administrative proceedings).

this Agreement or the obligations under this Agreement (including litigation, arbitration or administrative proceedings).

5. UNDERTAKINGS

- 5.1.KCT undertakes to Listco that during the term of this Agreement, it will provide Listco, its auditors, independent non-executive directors or independent financial advisers with full access to its relevant records and such other information KCT Group have about the Transactions as may be required by Listco for the purpose of fulfilling Listco's disclosure, reporting or other obligations under the Listing Rules, or otherwise as may be required by the Stock Exchange, or for the compliance of the disclosure requirements of inside information under Part XIVA of the Securities and Futures Ordinance in Hong Kong.
- 5.2.Listco hereby acknowledges and confirms that it is entering into this Agreement for itself and as trustee for other members in Listco Group. Listco undertakes to KCT to procure other members in Listco Group to duly observe and perform this Agreement to the extent applicable to other members in Listco Group as if they were original parties to this Agreement.
- 5.3.KCT hereby acknowledges and confirms that it is entering into this Agreement for itself and as trustee for other members in KCT Group. KCT undertakes to Listco to procure other members in KCT Group to duly observe and perform this Agreement to the extent applicable to other members in KCT Group as if they were original parties to this Agreement.
- 5.4.The parties hereto hereby undertake to procure the Transactions as set out in the Schedule to conform with normal commercial terms and fair and reasonable market trading rules.

6. TERM

- 6.1.Subject to early termination pursuant to this Agreement and the Approval being obtained, this Agreement shall have a fixed term of three years commencing from the date on which the Approval is obtained (both days inclusive).
- 6.2.Notwithstanding the provisions of Clause 6.1, either party shall during the continuance of this Agreement have the right to terminate this Agreement by giving the other not less than three months' prior written notice to this effect.
- 6.3.Notwithstanding the provisions of Clauses 6.1 and 6.2, if either party should be in breach of any obligation under this Agreement, then the party not in breach may give notice to the breaching party to remedy such breach within a period of thirty (30) days. If the breach is not remedied within said period, the party complaining of breach may terminate this Agreement at any time and with immediate effect upon giving written notice to the breaching party.
- 6.4.The early termination or expiration of this Agreement shall not relieve either party from its obligations or liabilities in respect of any antecedent breach of this Agreement.

7. FURTHER ASSURANCE

7.1. Each party undertakes to the other that it shall do all such acts and things and execute all such deeds and documents as may be necessary or desirable to carry into effect or to give legal effect to the provisions of this Agreement and the Transactions hereby contemplated.

8. MISCELLANEOUS

8.1. This Agreement shall be binding on and ensure for the benefit of the successors and permitted assigns of each of the parties but shall not be assignable by any party unless with the prior written consent of the other party.

8.2. Time shall be of the essence of this Agreement but no failure by any party to exercise, and no delay on its part in exercising any right hereunder will operate as a waiver thereof, nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise of it or the exercise of any right or prejudice or affect any right against any person under the same liability whether joint, several or otherwise. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

8.3. This Agreement shall supersede all and any previous agreements or arrangements between the parties hereto relating to any matter referred to in this Agreement and all or any such previous agreements or arrangements (if any) shall cease and determine with effect from the date hereof.

8.4. If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.

8.5. Any variation to this Agreement shall be binding only if recorded in a document signed by the parties to this Agreement.

8.6. This Agreement can be executed in any number of counterparts, but all of which shall constitute one entire instrument.

8.7. Unless otherwise provided herein, a person or company who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce any term of this Agreement. For the avoidance of doubt, members of each of Listco Group and KCT Group may enforce any term of this Agreement.

8.8. KCT hereby acknowledges and confirms that it is entering into this Agreement on its own behalf and as trustee for the benefit of its subsidiaries from time to time. KCT undertakes to fully indemnify the Company (for itself and on behalf of its subsidiaries from time to time) of any losses arising from the breach of any member of the KCT Group under this Agreement.

9. NOTICES

9.1. Any notice, claim, demand, court process, document or other communication to be given under this Agreement (collectively, the “communication” in this Clause 9) may be served or given personally or sent to the address, facsimile number stated below or to the registered office for the time being of the party to be served, or to such other address as may have been last notified in writing by such party to the party serving the communication specifically referring to this Agreement:

<u>Party</u>	<u>Address</u>	<u>Fax number/email</u>
Listco	Unit 1104, 11th Floor, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong	kcs@kuang- chi.com
KCT	3rd Floor, Software Building, No. 9, Gaoxin Middle Road, Nanshan District, Shenzhen, China	ir@kc-t.cn

All communications shall be served by the following means and the addressee of a communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch:

<u>Means of despatch</u>	<u>Time of deemed receipt</u>
Local mail or courier	24 hours
Facsimile	on despatch
Air courier/Speedpost	3 days
Airmail	5 days
Email	immediately after the email is sent in readable form

9.2. A communication served in accordance with Clause 9.1 shall be deemed sufficiently served. In proving service and/or receipt of a communication, it shall be sufficient to prove that such communication was left at the addressee's address or that the envelope containing such communication was properly addressed and posted or despatched to the addressee's address or that the communication was properly transmitted by facsimile to the addressee. In the case of facsimile transmission, such transmission shall be deemed properly transmitted on receipt of a satisfactory report of transmission printed out by the sending machine. In the case of email, such email shall be deemed to be properly sent if the email was sent in readable form.

9.3. Nothing in this Clause 9 shall preclude the service of communication or the proof of such service by any mode permitted by law.

10. GOVERNING LAW AND PROCESS AGENT

- 10.1. This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and each party hereby submits to the non-exclusive jurisdiction of the courts of Hong Kong as regard any claim or matter arising under this Agreement.
- 10.2. KCT hereby irrevocably appoints WKI Group Limited (the “**KCT’s Agent**”) of Unit 1104, 11/F., Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process (collectively, the “**Legal Notice**”) in Hong Kong. Such service shall be deemed completed on delivery to the KCT’s Agent or, if sent by registered post to the aforesaid or last known address, on the second business day after posting or, if there is a letter box for the aforesaid or last known address, upon inserting the writ and/or any other relevant documents through the letter box (whether or not it is forwarded to and received by KCT). If the KCT’s Agent cannot continue to act as such agent for KCT for any reason, KCT shall forthwith appoint another agent in Hong Kong for the same purposes and notify such appointment to Listco in writing in accordance with Clause 9. Unless and until the notice of appointment of the new agent is deemed to be received by Listco in accordance with Clause 9, any Legal Notice properly sent to the KCT’s Agent shall be deemed to be properly and duly served on KCT.

IN WITNESS whereof this Agreement has been entered into the day and year first above written.

SIGNED by 李华峰



for and on behalf of
KUANG-CHI TECHNOLOGIES CO., LTD)

光啟技術股份有限公司

in the presence of: 檀顺艳 檀顺艳

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SCHEDULE

<i>Nature of the Transactions</i>	<i>Terms of the Transactions (including pricing basis)</i>	<i>Payment terms</i>
<p>Listco Group shall supply (i) highly customized integrated intelligent systems which are mainly used for the production process management, detection and inspection control, daily management of industrial parks, technological process management, and the other services relating to the deployment of such integrated intelligent systems (the “Integrated Intelligent Systems”); and (ii) metal component products which include the tools or equipments that can be used by KCT Group for its manufacturing process (the “Metal Component Products”, collectively with the Integrated Intelligent Systems, the “Products and Services”) to KCT Group, provided that Listco Group may supply and provide the Products and Services to other third parties.</p>	<p>Listco Group shall supply and provide the Products and Services to KCT Group upon request by KCT Group, on terms and conditions (including the price of the Products and Services) to be agreed by Listco Group and KCT Group on arm’s length basis and normal commercial terms. The price of the Products and Services shall be determined on the following principles:</p> <p>(i) by reference to the prevailing market price of the same or substantially similar products available from Listco Group to independent third parties of the same period, taking into account the price of the same or substantially similar products with comparable order quantities and quality offered by Listco Group to independent third parties and the prevailing market gross profit margin in the same industry of the same period; and</p> <p>(ii) where no same or similar products are available from Listco Group to independent third parties, by reference to the prevailing market gross profit margin in the same industry of the same period and other factors which may affect the price of the Products and Services, such as the price of the Products and Services offered by Listco Group to other third parties; and</p>	<p>The payment terms (including the mode of payment and credit terms) shall be negotiated between the parties before signing the individual agreement(s), provided that the payment terms shall be no less favourable to the Listco Group than the terms offered by Listco Group to independent third parties for providing the same or similar goods or service by Listco Group of the same period.</p> <p>The general payment terms for the Integrated Intelligent Systems are as follows:</p> <p>(i) 30% of the consideration shall be paid within 15 business days after the signing of the relevant agreement(s);</p> <p>(ii) 30% of the consideration shall be paid within 15 business days after all equipment duly arrive and the inspection and acceptance list of equipment have been signed;</p> <p>(iii) 35% of the consideration shall be paid within 15 business days after the relevant Integrated Intelligent System</p>

	<p>(iii) in any event no less favourable to Listco Group than those offered by Listco Group to independent third parties in comparable transactions of the same period.</p> <p>Listco Group may, as seller or service provider, from time to time during the term of this Agreement, enter into individual supply or service agreement(s) (which may be in the form of purchase order(s) and/or purchase agreement(s) and/or supply agreement(s) and/or service agreement(s)) with the KCT Group, as purchaser, in respect of each batch of purchase or service provision, setting out the actual transaction arrangement(s), provided that such individual agreement(s) shall always be subject to the terms of this Agreement.</p>	<p>(iv) is official deployed and the final inspection is passed; the remaining 5% of the consideration shall be paid if there is no qualify issue after the one-year warranty period.</p> <p>The general payment term for the Metal Component Products are as follows:</p> <p>(i) full amount shall be paid after the inspection of the Metal Component Products is passed.</p>
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