

Dated December 16, 2022

**YANGTZE OPTICAL FIBRE AND CABLE
JOINT STOCK LIMITED COMPANY**

and

**YANGTZE OPTICAL FIBRE AND CABLE
(SHANGHAI) CO., LTD.**

**PURCHASE FRAMEWORK
AGREEMENT**

THIS PURCHASE FRAMEWORK AGREEMENT (the “**Agreement**”) is made on December 16, 2022.

BY:

- (1) **YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LIMITED COMPANY** (长飞光纤光缆股份有限公司), a joint stock company established under the laws of the People’s Republic of China (the “**PRC**”) with limited liability whose registered address is at No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, the PRC (“**YOFC**”); and
- (2) **YANGTZE OPTICAL FIBRE AND CABLE (SHANGHAI) CO., LTD.** (长飞光纤光缆(上海)有限公司), a company established under the laws of the PRC whose registered address is at No. 212 Jiangtian East Road, Songjiang District, Shanghai, the PRC (“**YOFC Shanghai**”);

(each a “**Party**” and together the “**Parties**”).

WHEREAS:

- (A) On December 10, 2014, H Shares were listed on the Main Board of the Stock Exchange and YOFC shall comply with the Hong Kong Listing Rules since then. On July 20, 2018, A Shares were listed on the Shanghai Stock Exchange and YOFC shall comply with the Shanghai Listing Rules since then.
- (B) YOFC Shanghai is a connected person of YOFC under the Hong Kong Listing Rules by virtue of its relationship with Prysmian S.p.A., as well as a connected person of YOFC under the Shanghai Listing Rules as a director of YOFC also serves as a director of YOFC Shanghai. YOFC has been purchasing optical fibres, optical fibre cables and spare parts from YOFC Shanghai in the ordinary and usual course of business. These purchase transactions constitute continuing connected transactions both under the Hong Kong Listing Rules and the Shanghai Listing Rules. To regulate these purchase transactions, the Parties entered into a purchase framework agreement on December 20, 2019 to set out the guidelines to which the Parties will refer for defining the pricing terms for these purchase transactions.
- (C) The purchase framework agreement will expire by the end of 2022. YOFC expects to convene a shareholders’ general meeting (“**EGM**”) to approve, inter alia, the purchase transactions and the annual cap in respect of the amount of the purchase transactions for each of the three years ending December 31, 2023, 2024 and 2025.
- (D) For the purposes of the purchase transactions to be entered into between the YOFC Group on one hand and YOFC Shanghai on the other for the three years ending December 31, 2023, 2024 and 2025, the Parties wish to renew the purchase framework agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATIONS

- 1.1 In this Agreement, including the Recitals above, the following expressions shall, unless the context otherwise requires, have the following meaning:

“**A Shares**” means shares of par value of RMB1.00 each in the share capital of

YOFC to be subscribed for and traded in Renminbi and listed on the Shanghai Stock Exchange.

“**Connected Person**” has the meaning ascribed thereto in Chapter 14A of the Hong Kong Listing Rules or in Chapter 10 of the Shanghai Listing Rules, as the case may be;

“**Connected Transactions**” has the meaning ascribed thereto in Chapter 14A of the Hong Kong Listing Rules or in Chapter 10 of the Shanghai Listing Rules, as the case may be;

“**Draka**” means Draka Comteq B.V., a company incorporated under the laws of the Netherlands whose registered address is at De Boelelaan 7, 1083HJ, Amsterdam, the Netherlands;

“**Exempt Transactions**” means Connected Transactions which are fully exempt from shareholders’ approval, annual review and all disclosure requirements under Chapter 14A of the Hong Kong Listing Rules;

“**H Shares**” means overseas listed foreign shares of par value of RMB1.00 each in the share capital of YOFC to be subscribed for and traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange;

“**Hong Kong Listing Rules**” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“**ordinary and usual course of business**” has the meaning ascribed thereto in Chapter 14A of the Hong Kong Listing Rules;

“**PRC**” means the People’s Republic of China;

“**Products**” mean optical fibres, optical fibre cables and/or spare parts;

“**Shanghai Listing Rules**” means the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange;

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited;

“**Subsidiary**” has the meaning ascribed thereto in the Hong Kong Listing Rules or the Shanghai Listing Rules (as the case may be) and “**Subsidiaries**” shall be construed accordingly;

“**Transactions**” means transactions which:

- (i) are purchase transactions of optical fibres, optical fibre cables and/or spare parts which are conducted in the ordinary and usual course of businesses of the parties to the transactions; and
- (ii) are conducted between YOFC or a Subsidiary of YOFC (for the avoidance of doubt, excluding YOFC Shanghai) on the one hand and YOFC Shanghai on the other; and
- (iii) are Connected Transactions; and
- (iv) are not Exempt Transactions; and

“**YOFC Group**” means YOFC and its Subsidiaries (for the avoidance of doubt, excluding YOFC Shanghai).

- 1.2 The headings used in this Agreement are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Agreement.
- 1.3 References in this Agreement to Recitals and Clauses are references to recitals and clauses of this Agreement.
- 1.4 References in this Agreement to any rule, statute or statutory provision shall be construed as references to such rule, statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other rule, statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute.
- 1.5 In this Agreement, unless the context otherwise requires:
 - (a) expressions in the singular shall include the plural and vice versa; and
 - (b) where any word or expression is given a defined meaning, any other grammatical form of such word or expression (as the case may be) shall have a corresponding meaning.

2. TRANSACTION PRINCIPLES AND ANNUAL CAPS

- 2.1 The Parties agree that the pricing terms of each Transaction shall be determined with reference to:
 - 2.1.1 the latest average import (into China) price made available to public by the General Administration of Customs of the PRC (中华人民共和国海关总署) at the time of the relevant Transaction; or
 - 2.1.2 the prevailing tender price announced by the state-owned telecommunications operators in the PRC; and

where none of the above is available or applicable, the price shall be determined on a fair and reasonable basis which is equivalent or comparable to those offered to or quoted by third parties independent of YOFC for similar products. YOFC Group shall solicit at least two other contemporaneous transactions with unrelated third parties for products in similar quantities and quality to determine if the price and terms offered by YOFC Shanghai are fair and reasonable and comparable to those offered by unrelated third parties.

- 2.2 The Transaction will be entered into by means of a purchase order (hereinafter “**Purchase Order**”) issued by YOFC or any of its Subsidiaries and accepted by YOFC Shanghai. A Purchase Order shall be deemed accepted by YOFC Shanghai either when a written confirmation thereof has been issued by YOFC Shanghai and delivered to YOFC or any of its Subsidiaries or, even where said written confirmation has not been issued, when YOFC Shanghai starts the performance of the Purchase Order. The Parties further acknowledge and agree that the Purchase Orders may set forth specific terms and conditions including, without being limited to, on product specifications, quantity, payment date and method, delivery arrangements, liabilities and warranties. The Parties agree that if there is an

inconsistency between the transaction principles set out in Clause 2.1 of this Agreement and the provisions of the Purchase Orders, the provisions of this Agreement shall prevail.

- 2.3 The Parties expressly agree that YOFC and its Subsidiaries have not, and shall not be considered to have, undertaken any commitment to purchase from YOFC Shanghai a specific quantity of Products and, accordingly, that the execution of this Agreement shall not bind YOFC or its Subsidiaries nor create an expectation by YOFC Shanghai to enter into any Purchase Order with YOFC or its Subsidiaries with regard to the subject matter of this Agreement. Any estimate or forecast furnished by YOFC or its Subsidiaries herein or in any Purchase Order shall not constitute commitment to purchase.
- 2.4 The Parties agree that the annual caps for the Transactions, in which YOFC Group is the purchaser and YOFC Shanghai is the seller, in respect of the years ending December 31, 2023, 2024 and 2025, shall be RMB450 million, RMB450 million, and RMB450 million, respectively.

3. TERM

3.1 Term

This Agreement shall take retrospective effect from January 1, 2023 upon the passing of the resolution for approval of this Agreement at the EGM and shall be valid until either (i) the expiry of a period of three (3) years commencing from the effective date of this Agreement or (ii) the date on which Draka ceases to be a Connected Person of YOFC, whichever comes earlier (the “Term”).

On the expiration of the Term, this Agreement will terminate without the necessity of any notice. Any automatic renewal of this Agreement is expressly excluded.

- 3.2 Unless this Agreement is terminated earlier due to Draka ceasing to be a Connected Person of YOFC, the Parties agree to negotiate in good faith the possibility to extend the duration of this Agreement for a further term of three (3) years within two (2) months prior to the expiry of the term set forth under clause 3.1(i) above.

4. GENERAL PROVISIONS

4.1 Compliance with Agreement

YOFC shall procure that its Subsidiaries comply with the provisions of this Agreement if and when its Subsidiaries enter into any Transactions.

4.2 Variation

No variation or amendment of this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the Parties.

4.3 Invalidity

Each of the provisions of this Agreement is severable. If any such provision is held by court or tribunal of competent jurisdiction to be unenforceable or contrary to the law, the remaining provisions of this Agreement shall remain in full force

and effect to the extent that the interest of the Parties hereto can be realized. In such case, the Parties shall negotiate in good faith an amendment to this Agreement as permitted by law which fulfils the intention of the Parties when entering into this Agreement.

4.4 **Counterparts**

This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. A Party may enter into this Agreement by executing any such counterpart.

4.5 **Governing Law and Disputes Resolution**

- (a) This Agreement shall be governed by and construed in accordance with the laws of the People's Republic of China.
- (b) Any dispute arising from the execution of or in connection with this Agreement shall be settled through friendly consultations between the Parties. In case no settlement can be reached through consultations, any dispute arising from or in connection with this Agreement shall be submitted to China International Economic and Trade Arbitration Commission (the "CIETAC") for arbitration which shall be conducted in accordance with the CIETAC's arbitration rules in effect at the time of applying for arbitration. The arbitral tribunal shall consist of three (3) arbitrators, one to be appointed by each party and the presiding arbitrator to be appointed by the two appointed arbitrators within 15 days of the second arbitrator being appointed, failing which by the CIETAC. The proceedings will be conducted in the Chinese language. Arbitration awards made by the CIETAC shall be final and binding on both Parties and shall be enforceable in any court of competent jurisdiction inside or outside the People's Republic of China. The Parties hereby expressly agree to carry out such arbitration award without delay. During such consultations or arbitration, the Parties shall, with the exception of the matters in dispute, continue to perform their respective obligations under this Agreement.

This Agreement is entered into by or on behalf of the Parties on the date stated on the first page of this Agreement.

SIGNED by Ma Jie)
for and on behalf of)
YANGTZE OPTICAL FIBRE AND)
CABLE JOINT STOCK LIMITED)
COMPANY)
in the presence of:)
)



SIGNED by Zhuang Dan)
for and on behalf of)
YANGTZE OPTICAL FIBRE AND)
CABLE (SHANGHAI) CO., LTD.)
in the presence of:)
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