Yangtze Optical Fibre and Cable Joint Stock Limited Company*
長飛光纖光纜股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6869)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

- Total revenue was RMB6,731.1 million (2014: RMB5,676.8 million), increased by approximately 18.6% (2014: 17.6%).

- Gross profit and gross profit margin were RMB1,304.2 million (2014: RMB1,087.6 million) and 19.4% (2014: 19.2%), respectively.

- Profit before interests (net finance costs) and tax ("**EBIT**") were RMB756.9 million (2014: RMB581.9 million) increased by approximately 30.1% (2014: 14.3%).

- Profit for the year attributable to equity shareholders of the Company was RMB570.7 million (2014: RMB466.3 million), increased by approximately 22.4% (2014: 12.4%).

- The Group's revenue from domestic business increased by approximately 17.5% (2014: 17.7%), when compared with the prior year. The Group's overseas revenue increased by approximately 33.0% (2014: 16.2%), when compared with the prior year.

- The board of directors of the Company (the "**Board**") recommended a final dividend of RMB0.174 (2014: RMB0.166) (before tax) per share.

Yangtze Optical Fibre and Cable Joint Stock Limited Company* 長飛光纖光纜股份有限公司 (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015, extracted from the audited consolidated financial statements of the Group as set out in its 2015 annual report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and audited by KPMG, the auditors of the Company. In addition, the annual results have also been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Renminbi)

	Note	**2015** *RMB'000*	2014 *RMB'000*
Revenue	*3*	**6,731,114**	5,676,782
Cost of sales		**(5,426,904)**	(4,589,224)
Gross profit		**1,304,210**	1,087,558
Other income	*4*	**87,196**	31,633
Selling expenses		**(162,994)**	(124,271)
Administrative expenses		**(551,452)**	(441,173)
Profit from operations		**676,960**	553,747
Finance income	*5*	**31,475**	52,041
Finance costs	*5*	**(156,371)**	(99,244)
Net finance costs		**(124,896)**	(47,203)
Share of results of associates		**268**	(1,021)
Share of results of joint ventures		**79,690**	29,215
Profit before taxation	*6*	**632,022**	534,738
Income tax	*7*	**(73,788)**	(70,701)
Profit for the year		**558,234**	464,037
Other comprehensive income for the year (item that may be reclassified subsequently to profit or loss):			
Available-for-sale securities		**51,065**	22,648
Income tax relating to available-for-sale securities		**(7,660)**	(3,398)
Exchange differences on translation of financial statements of overseas subsidiaries		**2,566**	–
Other comprehensive income for the year		**45,971**	19,250
Total comprehensive income for the year		**604,205**	483,287

	Note	**2015**	2014
		RMB'000	*RMB'000*
Profit for the year attributable to:			
Equity shareholders of the Company		**570,722**	466,344
Non-controlling interests		**(12,488)**	(2,307)
Profit for the year		**558,234**	464,037
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		**615,923**	485,594
Non-controlling interests		**(11,718)**	(2,307)
Total comprehensive income for the year		**604,205**	483,287
Earnings per share *(RMB)*			
Basic and diluted	*8*	**0.89**	0.95

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

(Expressed in Renminbi)

	Note	**2015**	2014
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**982,027**	782,530
Construction in progress		**88,743**	93,888
Intangible assets		**146,300**	151,019
Lease prepayments		**166,225**	117,788
Interest in associates		**10,747**	28,712
Interest in joint ventures		**720,312**	655,003
Other non-current assets		**429,670**	124,310
Deferred tax assets		**10,442**	25,964
Total non-current assets		**2,554,466**	1,979,214
Current assets			
Inventories		**678,062**	697,461
Trade and bills receivables	*10*	**2,119,178**	1,745,118
Deposits, prepayments and other receivables		**177,117**	152,530
Other financial assets		**6,861**	5,840
Cash and cash equivalents		**2,047,125**	2,010,953
Total current assets		**5,028,343**	4,611,902
Current liabilities			
Bank loans	*11*	**1,636,609**	1,465,229
Trade and bills payables	*12*	**852,334**	699,903
Accrued expenses and other payables		**468,047**	411,956
Income tax payable		**19,877**	7,179
Total current liabilities		**2,976,867**	2,584,267
Net current assets		**2,051,476**	2,027,635
Total assets less current liabilities		**4,605,942**	4,006,849

	Note	**2015**	2014
		RMB'000	*RMB'000*
Non-current liabilities			
Bank loans	*11*	**820,820**	1,018,878
Deferred income		**53,447**	76,480
Total non-current liabilities		**874,267**	1,095,358
Net assets		**3,731,675**	2,911,491
Capital and reserves			
Share capital	*13*	**682,115**	639,463
Reserves		**2,892,744**	2,174,335
Total equity attributable to equity shareholders of the Company		**3,574,859**	2,813,798
Non-controlling interests		**156,816**	97,693
Total equity		**3,731,675**	2,911,491

Notes:

1. CORPORATE INFORMATION

Yangtze Optical Fibre and Cable Company Ltd. 長飛光纖光纜有限公司 was established in the People's Republic of China (the "**PRC**" or "**China**") on 31 May 1988 as a sino-foreign equity joint venture. On 27 December 2013, it was renamed as Yangtze Optical Fibre and Cable Joint Stock Limited Company* 長飛光纖光纜股份有限公司 and was converted into a foreign invested joint stock limited liability company in the PRC. On the same date, the Company's equity was converted into 479,592,598 ordinary shares with a par value of RMB1.00 each.

The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 10 December 2014. On the same date, the Company issued a total number of 159,870,000 H shares with a par value of RMB1.00 each at a price of HK$7.39 per H share by way of public offering of the Company's H shares to Hong Kong and overseas investors.

On 18 December 2015, the Company completed the issuance of domestic shares and H shares to certain directors and selected employees and the private placement of H shares to four independent professional institutional investors. A total number of 42,652,000 shares (including H shares and domestic shares) with a par value of RMB1.00 each were issued at a subscription price of HK$7.15 per share, further details of which are set out in note 13 to the financial information as set out in this announcement.

The Group is principally engaged in the research, development, production and sale of optical fibre preforms, optical fibres, optical fibre cables and related products.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations promulgated by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**").

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE

The Group is principally engaged in the manufacturing and sales of optical fibre preforms, optical fibres, optical fibre cables and other related products and services. Revenue represents the sales value of goods supplied to customers, net of value added tax.

4. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Dividend income from available-for-sale equity securities	**156**	3,655
Royalty fees	**5,900**	6,300
Government grants	**47,788**	24,080
Rental income from operating leases	**822**	822
Gain on the remeasurement to fair value of Pre-existing interest	**425**	–
Gain on a bargain purchase	**29,974**	–
Gain on disposal of available-for-sale securities	**4,915**	–
Net loss on disposal of property, plant and equipment	**(2,189)**	(3,422)
Net realised and unrealised loss on trading securities	**(595)**	–
Others	**–**	198
	87,196	31,633

5. NET FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
(a) Finance income		
Interest income	**31,475**	9,299
Net foreign exchange gains	**–**	42,742
Finance income	**31,475**	52,041
(b) Finance costs		
Interest on bank loans	**(64,786)**	(68,632)
Less: interest expenses capitalised into construction in progress*	**1,087**	1,500
	(63,699)	(67,132)
Net foreign exchange losses	**(84,664)**	–
Other finance costs	**(1,099)**	(24,120)
Bank charges	**(6,909)**	(7,992)
Finance costs	**(156,371)**	(99,244)

* The borrowing costs have been capitalised at a rate of 2.52% (2014: 3.24%) per annum.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Staff costs

	2015	2014
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**425,802**	355,484
Contributions to defined contribution retirement plan	**41,710**	35,229
	467,512	390,713

(b) Other items

	2015	2014
	RMB'000	*RMB'000*
Amortisation		
– lease prepayments	**3,733**	328
– intangible assets	**4,719**	–
Depreciation		
– property, plant and equipment held for use under operating leases	**345**	461
– other property, plant and equipment	**115,687**	113,187
Research and development costs	**196,891**	153,713

7. INCOME TAX

(a) Taxation in the consolidated statement of comprehensive income represents:

	2015	2014
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**66,635**	66,489
Deferred tax		
Origination and reversal of temporary differences	**7,153**	4,212
	73,788	70,701

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2015	2014
	RMB'000	*RMB'000*
Profit before taxation	**632,022**	534,738
Notional tax on profit before taxation at PRC corporate income tax rate of 25%	**158,006**	133,685
Tax rate differentials	**(47,042)**	(43,453)
Effect of non-deductible expenses	**199**	5,340
Effect of non-taxable income	**(7,639)**	(914)
Effect attributable to the additional qualified tax deduction relating to research and development costs	**(21,011)**	(18,689)
Effect of share of results of associates and joint ventures	**(19,990)**	(7,049)
Effect of unrecognised tax losses	**11,265**	1,781
Actual tax expense	**73,788**	70,701

The Company and its PRC subsidiaries are subject to PRC corporate income tax at the statutory rate of 25%.

Pursuant to the corporate income tax law and the relevant approval documents, an approval document was issued by the relevant authority in October 2014, which stated that the Company can be recognised as an approved high-tech enterprise for another three years from 2015 to 2017. The Company was recognised as an approved high-tech enterprise and was entitled to a preferential income tax rate of 15% (2014: 15%) during 2015, subject to the fulfillment of the recognition criteria.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB570,722,000 (2014: RMB466,344,000) and the weighted average of 640,981,710 ordinary shares (2014: 488,790,598 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares	**2015**	2014
Issued ordinary shares at 1 January	**639,462,598**	479,592,598
Effect of new shares issued – note 13	**1,519,112**	9,198,000
Weighted average number of ordinary shares at 31 December	**640,981,710**	488,790,598

(b) Diluted earnings per share

The Company did not have any potential dilutive shares during both the current and prior years. Accordingly, diluted earnings per share are the same as basic earnings per share.

9. SEGMENT REPORTING

The Group manages its businesses by products. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments for the year. No operating segments have been aggregated to form the following reportable segments.

- Optical fibres and optical fibre preforms: this segment produces optical fibres and optical fibre preforms which are sold to external parties.

- Optical fibre cables: this segment produces optical fibre cables which are sold to external parties.

The Group combined other business activities that are not reportable in "Others". Revenue included in this category is mainly from sales of equipment, raw materials and other optical related products.

Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. The measure used for reporting segment results is gross profit.

The Group's assets, liabilities, other operating expenses, such as selling and administrative expenses, finance income and finance costs, and share of results of associates and joint ventures, are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expense, etc. is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below:

	Year ended 31 December 2015			
	Optical fibres and preforms	**Optical fibre cables**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Reportable segment revenue				
Gross revenue from external customers	**3,756,593**	**2,643,275**	**332,102**	**6,731,970**
Elimination of revenue relating to downstream transactions with joint ventures	**(116)**	**–**	**(740)**	**(856)**
Revenue from external customers	**3,756,477**	**2,643,275**	**331,362**	**6,731,114**
Reportable segment profit (gross profit)				
Segment profit before elimination of unrealised profits	**1,113,007**	**158,497**	**36,235**	**1,307,739**
Elimination of unrealised profits on downstream transactions with joint ventures	**(3,529)**	**–**	**–**	**(3,529)**
Reportable segment profit (gross profit)	**1,109,478**	**158,497**	**36,235**	**1,304,210**

	Year ended 31 December 2014			
	Optical fibres and preforms	Optical fibre cables	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue				
Gross revenue from external customers	3,197,335	1,989,433	457,021	5,643,789
Elimination of revenue relating to downstream transactions with joint ventures	32,317	–	676	32,993
Revenue from external customers	3,229,652	1,989,433	457,697	5,676,782
Reportable segment profit (gross profit)				
Segment profit before elimination of unrealised profits	815,727	173,908	72,616	1,062,251
Elimination of unrealised profits on downstream transactions with joint ventures	25,307	–	–	25,307
Reportable segment profit (gross profit)	841,034	173,908	72,616	1,087,558

10. TRADE AND BILLS RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables		
– related parties	**227,179**	212,867
– third parties	**1,732,005**	1,281,985
Bills receivable	**174,051**	264,458
Less: allowance for doubtful debts	**(14,057)**	(14,192)
	2,119,178	1,745,118

As of the end of the reporting period, the ageing analysis of the Group's trade and bills receivables, based on the invoice date and net of allowance for doubtful debts, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**1,671,587**	929,542
3 to 6 months	**176,609**	239,966
6 months to 1 year	**142,975**	270,018
1 to 2 years	**111,313**	234,010
2 to 3 years	**12,146**	66,523
Over 3 years	**4,548**	5,059
	2,119,178	1,745,118

During the years ended 31 December 2014 and 2015, the Group's customers included state-owned telecommunication network operators (the "**State-owned Telecommunication Operators**"), other independent third parties and certain joint ventures. The Group generally required the State-owned Telecommunication Operators to make 70%-80% payment upon delivery of goods and pay the remaining balance in one year. In addition, the Group granted credit periods of 30 to 90 days to those long standing third party customers with good payment history and the joint ventures. The credit period of individual customer is considered on a case-by-case basis and set out in the sales contracts, as appropriate. Normally, the Group does not obtain collateral from customers.

11. BANK LOANS

At 31 December 2015, the Group's bank loans are unsecured and repayable as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**1,636,609**	1,465,229
After 1 year but within 2 years	**325,012**	982,164
After 2 years but within 5 years	**453,808**	36,714
After 5 years	**42,000**	–
	820,820	1,018,878
	2,457,429	2,484,107

Certain of the Group's bank loans are subject to the fulfillment of covenants relating to the Group's assets/liabilities ratio, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the bank loans would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2014 and 2015, none of the covenants relating to bank loans had been breached.

12. TRADE AND BILLS PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables		
– related parties	**132,460**	166,188
– third parties	**658,254**	515,946
Bills payable	**61,620**	17,769
	852,334	699,903

As of the end of the reporting period, the ageing analysis of the Group's trade and bills payables, based on invoice date, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**846,567**	687,958
Over 1 year but within 2 years	**2,685**	3,873
Over 2 years but within 3 years	**534**	967
Over 3 years	**2,548**	7,105
	852,334	699,903

13. SHARE CAPITAL

On 10 December 2014, the Company issued a total number of 159,870,000 H shares to Hong Kong and overseas investors with a par value of RMB1.00 each through global initial public offering at a price of HK$7.39 per share. The aggregate net proceeds from the global initial public offering amounted to RMB892,409,000 (equivalent to HK$1,130,633,000). Accordingly, the Company's paid-up capital and capital reserves increased by RMB159,870,000 and RMB732,539,000, respectively, net of all relevant share issuing expenses.

On 18 December 2015, the Company completed (i) the issuance of 30,783,000 domestic shares to a limited partnership, which is wholly and beneficially owned by four directors and certain senior management members of the Company, and three other limited partnerships owned by selected employees of the Company, and the issuance of 1,205,000 H shares to two directors of the Company under the 2015 Core Employee Stock Ownership Scheme adopted by the Company (the "**Employee Stock Ownership Scheme**"); and (ii) the private placement of 10,664,000 H shares to four independent professional institutional investors, at a subscription price of HK$7.15 per share, all with the par value of RMB1.00 per share. The aggregate net proceeds from the above mentioned issuances and the private placement amounted to RMB189,512,000 (equivalent to HK$228,578,000) and RMB61,777,000 (equivalent to HK$73,892,000), respectively. Accordingly, the Company's paid-up capital and capital reserves increased by RMB42,652,000 and RMB208,637,000, net of all relevant share issuing expenses.

14. DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Final dividend proposed after the end of reporting period of RMB0.174 per ordinary share (2014: RMB0.166 per ordinary share)	**118,688**	106,151

The final dividends proposed after the end of the reporting period have not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the year

	2015	2014
	RMB'000	*RMB'000*
Final dividend declared in respect of the previous financial year	**106,151**	73,857

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

2015 was the first full financial year after the listing of the Company's H shares on 10 December 2014 (the "**Listing**"). Being one of the global leading optical fibre preform, optical fibre and optical fibre cable suppliers, the Group continued its growing momentum by utilising its available proceeds from the Listing, the private placement conducted during the year as well as internal generated resources to expand its production capacities through building new plants both locally and overseas as well as through an acquisition and co-operations with our strategic partners.

In 2015 and onwards, we still commit ourselves to extensive applications of optical fibre technology so as to become the leader of information transmission and intelligent connections and create additional value to our stakeholders.

During the year under review, the Group's revenue reached another year of record high to approximately RMB6,731.1 million, increased by approximately 18.6% as compared to 2014 of approximately RMB5,676.8 million. The Group reported a gross profit of RMB1,304.2 million, increased by approximately 19.9% as compared to 2014 of approximately RMB1,087.6 million. Excluding the finance costs and tax, the Group's EBIT increased significantly from RMB581.9 million in 2014 to RMB756.9 million in 2015, representing an increase of 30.1%. The Group's profit for the year attributable to the equity shareholders of the Company amounted to approximately RMB570.7 million, increased by approximately 22.4% as compared to 2014 of approximately RMB466.3 million.

Basic earnings per share was RMB0.89 per share (2014: RMB0.95 per share), which was calculated based on the enlarged weighted average number of shares issued, further details of which are set out in note 8 to the financial information as set out in this announcement.

On the other hand, the Company managed to generate positive cash flows from operating activities, further details of which are explained in the section headed "cash flow analysis" below.

2015 was another year of great significance to the Group. Apart from our satisfactory financial results, we also made some great achievements and earned certain recognitions during 2015, including three international quality awards, five national quality awards and three local quality awards. Our shares had been included in Morgan Stanley Capital International Global Small Cap Indexes on 29 May 2015 after less than six months of the Listing. The Company together with an international research company with headquarter based in United Kingdom called CRU jointly hosted the first Asia Pacific Optical Fibre and Cable Conference in Wuhan, China from 14 to 16 October 2015. This conference marked a milestone for China's optical fibre and cable business and our leading position in the industry. During 2015, we followed our footprints and our four major strategies namely, value chain extension, multi-processes, internationalisation, and diversification to implement our development and expansion plans. During 2015, we brought in eight new subsidiaries and two joint ventures through our own establishments, an acquisition and co-operations with local and global strategic partners and set up more presences in both China and overseas. Another 14 (2014: 8) overseas sales representative offices were newly opened in 2015 and the Group now has 22 overseas sales representative offices. Further details of our new subsidiaries and joint ventures are discussed below. Upon completion of all these investments, the Group's competitive advantage will become more solid and the Group's market position can be further strengthened.

Revenue

The Group's revenue for the year ended 31 December 2015 was approximately RMB6,731.1 million, representing an increase of 18.6% as compared to 2014 of approximately RMB5,676.8 million.

By product segment, a total revenue of approximately RMB3,756.5 million was contributed from our optical fibre preform and optical fibre segment, representing a growth of 16.3% as compared to 2014 of approximately RMB3,229.7 million and accounting for 55.8% (2014: 56.9%) of the Group's revenue; while a total revenue of RMB2,643.3 million was contributed from our optical fibre cable segment, representing a much higher growing momentum of 32.9% as compared to 2014 of approximately RMB1,989.4 million and accounting for 39.3% (2014: 35.0%) of the Group's revenue. The significant growth in the Group's revenue during 2015 was mainly due to the ramp up of 4G infrastructure construction by the State-owned Telecommunication Operators and the ongoing "Broadband China" initiatives announced by the Chinese government. These two factors had mainly driven up the demand for optical fibres and optical fibre cables during 2015. The recent shortage of supply of optical fibres and anti-dumping against imported preforms brought in additional momentum for growth in revenue, in particular, on the average selling price for both optical fibres and optical fibre preforms starting from the last quarter of 2015.

A total revenue of approximately RMB331.3 million was contributed from others, representing a decrease of 27.6% as compared to 2014 of approximately RMB457.7 million and accounting for 4.9% (2014: 8.1%) of the Group's revenue because of the significant decrease in sales of fibre drawing tower equipment despite the significant growth in sales of indoor cabling system. It is expected that this segment will catch up once again when our new businesses, such as active optical cables, indoor cabling, cloud computing and provision of services on internet constructions, grow.

By geographical segment, a total revenue of approximately RMB6,201.5 million was from customers in China, representing an increase of 17.5% (2014: 17.7%) as compared to 2014 of approximately RMB5,278.7 million and accounting for 92.1% of the Group's revenue. During 2015, the revenue for optical fibre cable in China grew by 30.1% while the optical fibre and optical fibre preform in China grew by 17.5%. Another key product type which reported a significant growth in revenue is the indoor cabling system. Its revenue in 2015 had been doubled. For overseas sales, a total revenue of approximately RMB529.6 million was reported in 2015, representing an increase of 33.0% (2014: 16.2%) as compared to 2014 of approximately RMB398.1 million and accounting for approximately 7.9% of the Group's revenue. The key drivers for the growth in overseas sales were the optical fibre cable and indoor cabling system. The former grew by 58% while the later grew by 5 times during 2015 when compared with those numbers in 2014.

During 2015, the Group had achieved strong business development in both local and overseas telecommunications operator market, which is one of the key stimulators for the significant growth in the Group's revenue.

Cost of sales

The Group's cost of sales for the year ended 31 December 2015 was approximately RMB5,426.9 million, representing an increase of 18.3% as compared to 2014 of approximately RMB4,589.2 million and accounting for 80.6% of the Group's revenue. The increase in cost of sales was in line with the increase in sales volume.

The Group's cost of sales included (i) raw material costs; (ii) manufacturing overheads (including depreciation on machinery and equipment, consumables, rental expenses, utilities and other manufacturing overheads); and (iii) direct labour costs.

In 2015, the Group's total raw material costs was approximately RMB4,918.4 million, representing an increase of 18.6% as compared to approximately RMB4,146.6 million in 2014.

For the year ended 31 December 2015, the Group's manufacturing overheads and direct labour costs amounted to approximately RMB508.5 million, representing an increase of 14.9% as compared to RMB442.6 million in 2014.

Gross profit and gross profit margin

For the year ended 31 December 2015, the Group reported a gross profit of RMB1,304.2 million, representing an increase of 19.9% as compared to RMB1,087.6 million in 2014 and the gross profit margin was kept at 19.4% in 2015 (2014: 19.2%). The slight increase in gross profit margin in 2015 was mainly due to the change in sales mix as well as the upward adjustment in average selling price for both optical fibre and preform starting from the last quarter of 2015. During 2015, we still had to engage those joint ventures as well as some independent third parties to manufacture optical fibre cables prior to our completion of all our optical fibre cable plants both locally and overseas. Although more optical fibre cable sales were transacted in 2015, part of these sales orders was satisfied by purchases from outsiders. This part of sales generated a relatively low gross profit margin than our self-produced optical fibre cables. Approximately 69.6% of optical fibre cable sales was not self-produced by ourselves but purchased from outsiders. Besides, the decrease in average selling price of optical fibre during the first half of 2015 eroded away some of the contributions from the recent upward adjustment in selling price on both optical fibres and preforms starting from the last quarter of 2015.

Other income

Other income was RMB87.2 million in 2015, representing 2.8 times of RMB31.6 million in 2014. The increase was mainly because more government grants were recognised during the year and the gain on a bargain purchase of RMB30.0 million was recognised from the business combination of NK Wuhan Cable Co., Ltd. ("**NK Wuhan**").

Selling expenses

The Group's selling expenses for the year ended 31 December 2015 were RMB163.0 million, representing an increase of 31.2% as compared to RMB124.3 million in 2014. The increase was mainly due to the set up of more overseas sales representative offices and the increase in freight charges incurred for both local and overseas sales.

Administrative expenses

The Group's administrative expenses for the year ended 31 December 2015 were RMB551.5 million, representing an increase of 25.0% as compared to RMB441.2 million in 2014. The increase was mainly due to the increase in research and development expenses, the increase in staff costs and the increase in royalty fee payable to Draka Comteq B.V. ("**Draka**"), a company incorporated in the Netherlands, a substantial shareholder of the Company, as well as more expenses were incurred by the Group because of the increase in the number of consolidated subsidiaries.

Net finance costs

The Group's net finance costs for the year ended 31 December 2015 were RMB124.9 million, representing an increase of 164.6% as compared to RMB47.2 million in 2014. The increase was mainly due to foreign exchange loss of RMB84.7 million so arising from the re-measurement of those foreign currency liabilities, which are mostly foreign currency denominated bank loans. Since the 11 August fixing reform in 2015, the Renminbi's middle price against US Dollars and Euro depreciated by 4.2% and 4.9%, respectively.

The interest rates of the bank loans in 2015 ranged from 0.72% to 3.92% per annum (2014: 1.54% to 4.43% per annum), while the annual effective interest rate for the borrowings in 2015 was 2.57% (2014: 3.10%).

Income tax

The Group's income tax for the year ended 31 December 2015 was RMB73.8 million, representing an increase of 4.4% as compared to RMB70.7 million. On the other hand, the effective tax rate decreased from 13.2% in 2014 to 11.7% in 2015. In 2014, the Company continued to be recognised as an approved high-tech enterprise for another three years starting from 2015 to 2017 and was entitled to a preferential tax rate of 15%.

Expansion of production capacities

During 2015, we had continuously upgraded our existing production facilities so as to maximise their annual production capacities and production efficiencies in order to cope with the strong orders demand from both locally and globally. All the existing production capacities for the three major products at headquarter in Wuhan had been fully utilised throughout the year. Hence, we are in need of additional capacities to cope with the upcoming growing demands in 2016 and onwards. The existing annual designed production capacities of the production base located in Wuhan as well as those newly added annual designed production capacities that had been completed during 2015 and to be completed onwards both locally and globally for optical fibre preforms, optical fibres and optical fibre cables will be increased by 44.7%, 62.8% and 134.0%, respectively, when compared with the production capacities of these three major products in 2014.

Capital expenditures

During the year, the Group incurred a total capital expenditure of approximately RMB322.3 million (2014: RMB390.1 million) for the purchases of property, plant and equipment, construction in progress and lease prepayments, which were primarily related to the production capacity expansion of our three major products and the improvement in production efficiency of our existing production capacity on optical fibre preforms and optical fibres both locally and globally.

Use of proceeds from the global offering

On 10 December 2014, the Company's H shares were listed on the Main Board of the Hong Kong Stock Exchange. A total of 159,870,000 H Shares with nominal value of RMB1.00 each of the Company were issued at HK$7.39 per share for a total of approximately RMB932.5 million (equivalent to approximately HK$1,181.4 million). The net proceeds from the abovementioned offering of the Company's H Shares (after deducting underwriting fees and related listing expenses) amounted to approximately RMB892.4 million (equivalent to approximately HK$1,130.6 million). Up to the year ended 31 December 2015, the net proceeds from the initial public offering had not yet been fully utilised. As at the date of this announcement, a total amount of approximately RMB858.3 million (equivalent to approximately HK$1,087.4 million) from the net proceeds from the Listing had been utilised in accordance with the percentage of uses as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 26 November 2014. The unutilised net proceeds have been deposited into short-term demand deposits in a bank account maintained by the Group. In 2016 and the upcoming years, the Company will continue to utilise the remaining net proceeds from the initial public offering for the purpose consistent with those set out in the prospectus.

Use of proceeds from the private placement

The Company issued an aggregate of 11,869,000 H shares and 30,783,000 domestic shares by way of private placement on 18 December 2015. Details of the private placement are set out in note 13 to the financial information as set out in this announcement. The aggregate net proceeds from the above private placement (after deducting underwriting fees and related issuing expenses) amounted to RMB251.3 million (equivalent to approximately HK$302.5 million) will be used to construct the Phase II project of YOFC Science & Technology Park in Qianjiang to expand the optical fibre preform production capacity of the Group and to support the development of the business of the Group, in particular, for capacity expansion both domestically and overseas, and as general working capital, respectively.

As at the date of this announcement, the Company had applied part of the net proceeds, which was consistent with the purpose of uses mentioned above.

Gearing ratio

The Group monitors its leverage using a gearing ratio, which is net debts divided by total equity. Net debts include all bank loans less cash and cash equivalents. The Group's gearing ratio as at 31 December 2015 was 11.0% (2014: 16.3%).

Cash flow analysis

The following table sets forth the selected cash flow data derived from the consolidated cash flow statement for the year ended 31 December 2015.

	2015	2014
	RMB'000	*RMB'000*
Net cash generated from operating activities	**550,820**	200,177
Net cash used in investing activities	**(507,833)**	(316,705)
Net cash (used in)/generated from financing activities	**(33,179)**	1,222,305
Net increase in cash and cash equivalents	**9,808**	1,105,777

The Group's net cash generated from operating activities increased by approximately RMB350.6 million, which was mainly due to the increase in profit before taxation by RMB97.3 million and the positive change in working capital of RMB240.4 million.

The Group's net cash used in investing activities increased by approximately RMB191.1 million, which was mainly due to the commencement of the construction of Phase II YOFC Science & Technology Park in Qianjiang and some other local and overseas projects.

The Group's net cash generated from financing activities decreased by approximately RMB1,255.5 million, which was mainly due to the cash inflows generated from the Listing completed on 10 December 2014 and more bank loans were obtained in 2014. During 2015, the level of bank loans maintained at the same level of the prior year and the net proceeds received from the private placement was less than the net proceeds received from the Listing.

Cash and cash equivalents as at 31 December 2015 were cash at banks and in hand, which were mainly in Renminbi, US Dollars, Euro, and HK Dollars.

Net current assets

As at 31 December 2015, the Group's net current assets was RMB2,051.5 million, increased slightly by RMB23.8 million from RMB2,027.6 million as at 31 December 2014. The slight increase in net current assets was mainly due to the combined effect of (i) the increase in trade and bills receivable by approximately RMB374.1 million being caused by the increase in revenue arising from the increasing demand for optical fibres and optical fibre cables as a result of the 4G infrastructure construction and the "Broadband China" national strategy; (ii) increase in trade and bills payables by approximately RMB152.4 million; and (iii) increase in current portion of bank loans of approximately RMB171.4 million.

Bank loans

As at 31 December 2015, the Group's bank loans were RMB2,457.4 million, representing a slight decrease of RMB26.7 million from approximately RMB2,484.1 million as at 31 December 2014. As at 31 December 2015, 41.8% of the Group's bank loans were fixed rate loans and 58.2% were floating rate loans. Out of the Group's bank loans, 69.8% was Euro loans, 22.6% was US Dollars loans, and the remaining balance of 7.6% was Renminbi loans.

Starting from 2014, market generally expects that US Dollars will be getting strong and the rise in interest rate by the Federal Reserve will become more frequent. Borrowing US Dollars loan will then become more costly. After the Renminbi fixing reform on 11 August 2015 and market expectation towards the rise of interest rate by the Federal Reserve becoming strong and Renminbi was getting weaker against US Dollars, the Group then had taken actions to lower down the level of US Dollars loans in October and November 2015 by using Euro loans to replace US Dollars loans. As a result, the percentage of the US Dollars loans decreased from 87.7% in 2014 to 22.6% in 2015, while the percentage of Euro loans increased from 12.3% in 2014 to 69.8% in 2015.

Commitments and contingencies

As at 31 December 2015, the Group's outstanding capital commitments in relation to property, plant and equipment amounted to approximately RMB943.9 million (2014: approximately RMB360.4 million), lease prepayment amounted to approximately RMB44.0 million (2014: approximately RMB52.2 million), and investment in equity securities amounted to approximately RMB226.8 million (2014: approximately RMB45.1 million). Out of total outstanding commitments as at 31 December 2015 of approximately RMB1,214.7 million (2014: RMB457.7 million), a total amount of approximately RMB428.9 million (2014: approximately RMB85.9 million) had been contracted for and the remaining balance of approximately RMB785.8 million (2014: approximately RMB371.8 million) had been authorised by the Board but not yet contracted for.

As at 31 December 2015, the Group did not have any material contingent liability.

CHARGE ON ASSETS

As at 31 December 2015, the Group did not charge any of its assets to secure any banking facility or bank loan.

FUNDING AND TREASURY POLICY

The Group adopts a conservative approach on its funding and treasury policy, which aims to maintain an optimal financial position and the most economic finance costs as well as minimise the Group's financial risks. The Group regularly reviews the funding requirements to ensure adequate financial resources to support its business operations and future investments and expansion plans as and when needed.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Most of the revenues and expenses are settled in Renminbi while some of the Group's sales, purchases and financial liabilities are denominated in US Dollars and Euro. Most of the bank deposits are in Renminbi, US Dollars, Euro and HK Dollars.

As at 31 December 2015, the Group did not enter into any foreign exchange contracts, interest or currency swaps or other financial derivatives. Owing to the surprise Renminbi devaluation in mid-August 2015 and Renminbi's weakness has been gathering speed, Renminbi against other foreign currencies was no longer as strong as in the past. As a result, this might bring up cost of purchases and the re-measurement of our foreign currency liabilities would result in foreign currency losses. Starting from 11 August 2015, the Group suffered from the unfavourable fluctuations in exchange rate movements between Renminbi and US Dollars or Euro, which resulted in foreign exchange losses of RMB84.7 million in 2015.

The Group will closely monitor the ongoing movements on exchange rates and will consider entering into hedging arrangements to minimise our foreign currency exposures in 2016 in view that high volatility in Renminbi will be the theme for 2016.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had approximately 2,802 full-time employees (2014: 1,805 full-time employees). The Group has designed an annual evaluation system to assess the performance of its employees. Such system forms the basis of determining whether an employee should be entitled to salary increments, bonuses or promotions. The salaries and bonuses that the employees receive are competitive with market rates. The Company has been in compliance with the relevant national and local labour and social welfare laws and regulations in China.

On 19 October 2015, the Company approved to adopt the Employees Stock Ownership Scheme, pursuant to which target participants of the scheme may subscribe for scheme units and the target participants of the scheme are core personnel playing a crucial role in the Company's overall performance and mid and long-term development, including directors, supervisors, senior management personnel, middle-level cadres and key employees of the Group (excluding independent non-executive directors and external supervisors). Details of the private placement of shares completed on 18 December 2015 are set out in note 13 to the financial information as set out in this announcement.

OFF-BALANCE SHEET ARRANGEMENTS

As at 31 December 2015, the Company entered into non-recourse trade receivables factoring arrangements with a commercial bank in China with a carrying amount of approximately RMB62.8 million (2014: RMB332.8 million). In addition, as at 31 December 2015, the Company discounted and endorsed certain bank bills receivable with a carrying amount of approximately RMB245.4 million (2014: RMB422.7 million) to certain commercial banks in China and its suppliers.

FORMATION OF OVERSEAS PRESENCES

Myanmar

In December 2014, the Company agreed to jointly establish an optical fibre cable joint venture in Myanmar (the "**Myanmar JV**") with a local partner in Myanmar to promote and develop optical fibre cables. The Myanmar JV is held as to 50% by the Company and as to 50% by the local partner in Myanmar. The initial paid-up capital of the Myanmar JV is US Dollars 4 million and the Company had already paid up its portion in full. During the year, the Myanmar JV had commenced its operations and the financial results of the Myanmar JV had been consolidated in the Group's financial statements as a joint venture from the date of its establishment.

Indonesia

In January 2015, the Company and PT Monas Permata Persada ("**PT Monas**") agreed to establish a joint venture (the "**Indonesia JV**") in Indonesia to promote and develop optical fibre manufacturing, sales and its related business. The Indonesia JV is held as to 70% by the Company and 30% by PT Monas. The paid-up capital of the Indonesia JV is US Dollars 10 million and the Company had paid up its portion in full. During the year, the Indonesia JV had started the construction of its production facilities and is expected to be completed during the second half of 2016. The financial results of the Indonesia JV had been consolidated in the Group's financial statements as a non-wholly owned subsidiary after its establishment.

Africa

In December 2015, the Board approved the establishment of an optical fibre cable plant in Africa. In January 2016, Yangtze Optics Africa Holdings Proprietary Limited (the "**Africa JV**") and Yangtze Optics Africa Cable Proprietary Limited were registered and the latter is a wholly-owned subsidiary of the Africa JV. The paid-up capital of the Africa JV is US Dollars 10 million and the Africa JV is held as to 74.9% by the Group and 25.1% by the local partner in Africa. The financial results of the Africa JV will be consolidated in the Group financial statements as a non-wholly owned subsidiary from the date of its establishment.

FORMATION OF NEW PRESENCES IN CHINA

Cabling Solutions JV

On 15 April 2015, the Company established a joint venture namely Shenzhen YOFC Connectivity Technologies Co., Ltd. with some ex-employees of the Company to promote and develop cabling system related products and solutions by making use of the Company's existing optical network distribution platform (the "**Cabling Solutions JV**"). Products manufactured by the Cabling Solutions JV include indoor cables, connectors, components and modules as well as integrated solutions which shall be applied for use in data centre, data centre interconnection, industrial control, and FTTx including fibre-to-the residence or home (FTTH), building (FTTB), desk (FTTD) or Antenna (FTTA). The Cabling Solutions JV is held as to 75% by the Company and the remaining 25% by certain ex-employees of the Company (all of whom are not connected persons of the Company as defined under the Hong Kong Listing Rules). The Cabling Solutions JV's paid-up capital was RMB30 million. The Company had contributed its part in full as at 31 December 2015 and the portion contributed by those ex-employees of the Company was subsequently paid up in full during 2016. The Cabling Solutions JV had commenced its operation with effect on 1 July 2015. The state of affairs and the financial results of the Cabling Solutions JV had been consolidated in the Group's financial statements as a non-wholly owned subsidiary since its commencement of operation.

Shenyang and Lanzhou Cable Plant

On 16 June 2015 and 13 July 2015, the Company established two wholly-owned subsidiaries namely Yangtze Optical Fibre and Cable Shenyang Co., Ltd. ("**YOFC Shenyang**") and Yangtze Optical Fibre and Cable Lanzhou Co., Ltd. ("**YOFC Lanzhou**"), respectively, so as to better serve our customers in the north eastern and north western part of China and to align with "One Belt, One Road" national strategy. Each of these subsidiaries is involved in the manufacture and distribution of optical fibre cables with an initial designed annual production capacities of 2 million fkm each. The paid-up capital of YOFC Shenyang and YOFC Lanzhou are RMB20 million and RMB30 million, respectively. A total of RMB15.2 million was contributed by the Company to YOFC Shenyang and the paid up capital to YOFC Lanzhou had been fully paid up by the Company during the year. The remaining balance of RMB4.8 million capital contribution to YOFC Shenyang was subsequently paid up in full in 2016.

YOFC Qianjiang

On 28 July 2015, the Company established another wholly-owned subsidiary called Yangtze Optical Fibre (Qianjiang) Co., Ltd. ("**YOFC Qianjiang**") for the capacity expansion for optical fibre preform and optical fibre. The total paid-up capital of YOFC Qianjiang as at 31 December 2015 was RMB280 million and was subsequently increased to RMB404 million on 1 March 2016. The Company will fulfill its capital contribution according to the construction plan.

Hubei Flying JV

On 12 August 2015, the Company established a joint venture called Hubei Flying Optical Fibre Material Co., Ltd. (the "**Hubei Flying JV**") with a partner originating from Sichuan to manufacture silicon tetrachloride so as to cope with the future consumption of silicon tetrachloride by the Group as a result of our preform capacity expansion in Qianjiang. The planned annual production capacity would be 10,000 tons high purity silicon tetrachloride and the construction would be divided into two phases. The total paid-up capital of this joint venture was RMB60 million and this joint venture was held as to 87% by the Company and 13% by that joint venture partner. As at 31 December 2015, both parties have not yet paid their respective portion of capital contribution. The financial results of the Hubei Flying JV will be consolidated in the Group's financial statements as a non-wholly owned subsidiary since its commencement of operations.

Preform JV

On 18 August 2015, the Company and Shin-Etsu jointly established a joint venture in Qianjiang (the "**Preform JV**") so as to promote and develop optical fibre preform manufacturing, sales and its related businesses by using alternative preform production technology. The Preform JV is held as to 49% by the Company and 51% by Shin-Etsu and the paid-up capital of the Preform JV is JPY8,000 million and each party will make their respective contribution in cash in accordance with their respective equity holdings in the Preform JV during 2016. The Preform JV has already commenced the design of the relevant production base during 2015. The financial results of the Preform JV will be consolidated in the Group's financial statements as a joint venture after its establishment.

New Fibre JV

On 8 December 2015, the Company established a joint venture namely Ally First Optical Fibre and Cable Co., Ltd. (the "**New Fibre JV**") with six local cable manufacturing partners in Zhejiang to set up an optical fibre production base in Lin'an, Zhejiang. The New Fibre JV is held as to 51% by the Company and the remaining 49% is held by a number of local partners in Lin'an. The paid-up capital of the New Fibre JV is RMB186.0 million and a total amount of RMB47.5 million had been paid up by the Company before 31 December 2015. The financial results of the New Fibre JV had been consolidated in the Group's financial statements as a non-wholly owned subsidiary after its establishment.

The establishment of all the above joint ventures and subsidiaries as disclosed under the sections headed "Formation of Overseas Presences" and "Formation of New Presences in China" did not constitute notifiable transactions or connected transactions of the Company under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

ACQUISITION

NK Wuhan

On 25 December 2015, the Company completed the acquisition of 60% equity interests in NK Wuhan from NK China Investments B.V. ("**NK China**") at a consideration of RMB18 million. The consideration for the acquisition was determined after arm's length negotiation between the Company and NK China with reference to NK Wuhan's business prospect and its latest financial position. Upon completion, a gain on bargain purchase of RMB30.0 million was resulted.

Since NK China is an indirectly wholly-owned subsidiary of Prysmian S.p.A., thus a fellow subsidiary of Draka, NK China is defined as a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules and this transaction constituted a connected transaction of the Company. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules.

NK Wuhan is principally engaged in the manufacture and sales of radio frequency copper coaxial cables and related products. The acquisition is part of the Group's continued growth strategy and it can enhance the Group's competitiveness in the cable industry in China and enable the Group to have a more diversified products mix. Further details of the acquisition are set out in the Company's announcement dated 18 June 2015. Upon completion of the acquisition, the financial results of NK Wuhan had been consolidated in the Group's financial statements as a non-wholly owned subsidiary.

OUTLOOK

In 2016, the launch of the "Broadband China" national strategy by the Chinese Government, the roll-out of 4G LTE licenses and fibre-to-the-home (FTTH) by the State-owned Telecommunication Operators are still continuing. Together with some other new initiatives announced by the Chinese Government during 2015 such as "Internet Plus", raising network speed, lowering data tariffs, the enhancement of network capabilities as well as the extension of internet infrastructure to all villages, the Group would align our strategies in line with the national strategies in the coming years and deploy more resources to maximise the shareholders' return in the years to come.

In 2016, the Group will put every effort to execute and implement all our production capacity expansion plans on all of our three major products streams and to make sure that all these expansion plans can be completed on schedule or even ahead of our predetermined schedules so as to grasp all the available market opportunities both locally and globally.

Our strategic goal remains unchanged which is to become the market leader of the industry and to solidify our existing leading market position. The Group will focus on its four key strategies namely value chain extension, the continuous development of multi-processes production technologies on optical fibre preforms, internationalisation, and diversification in order to have a continuous success in our businesses. All these can enhance our competitiveness in the market as well as enrich our product mix and then ultimately improve our profitability.

The completion of arbitration on anti-dumping on imported preforms on 19 August 2015 creates certain degree of barrier to those foreign suppliers from Japan and United States selling preforms into the China market. It is because anti-dumping duties ranging from 8% to 42% have been imposed against them starting from August 2015. Starting from the last few months of 2015, China market is in shortage of supply on optical fibre preforms and optical fibres. There was an indication in the last quarter of 2015 that the selling prices of optical fibre preforms and optical fibres started to increase and the upward adjustments in selling prices on these two products are expected to be continued in 2016.

With the deployment of "One Belt, One Road" national strategy in the coming years, the construction of internet infrastructure network between the PRC and its neighbouring countries as well as African countries has become a heat topic in discussion. In order to align with this fundamental strategy, we have already built our presences in China and overseas so as to capture the relevant opportunities to be created from it. This strategy can create further demand for optical fibres and optical fibre cables. With our presences in China, Indonesia and Africa, the Group shall be ready to be involved in the "One Belt, One Road" strategy and bring in additional income to the stakeholders.

The Group through EverPro Technologies Company Limited ("**EverPro**"), a non-wholly owned subsidiary of the Company, was involved in active optical cable ("**AOC**") business. During 2015, EverPro had put its primary focus on research and market development. On research and development side, EverPro had made some great achievements by (i) improving its existing integrated circuits development platform; (ii) introducing a newly developed HDMI AOC cables equipped with specialty fibres offering to consumer market for application to 4K super high resolution TV; and (iii) developing new AOC series with 10G, 40G, 100G, and 400G which are all applicable to data centre. Cloud computing would be the next step for EverPro to explore in 2016. On marketing side, EverPro had announced its new brand called "FIBBR" in September 2015 and is the first company launching the HDMI 4K super high resolution optical cables into the market. FIBBR's products are now available for sale in department stores, supermarkets and online electronic consumer platforms in both China and US namely jd.com, TMALL.com, Walmart, Frys and Neweggs. After years of marketing, EverPro's AOC related products have been well accepted by both local and global customers and some of them have already passed through their respective product certifications and are ready for bulk purchases from EverPro. Provision of cloud computing or “zero client” solution to schools (zero client solution is a desktop virtualisation solution containing 1 PC or server, a set of high speed USB3.0 AOCs and zero client stations as well as a variety of peripherals that provides up to 20 users PC-like working environment simultaneously with lower cost, less IT management and maintenance effort and significantly reduced energy consumption by sharing computing resources) have marked another milestone in 2015 with more than 30 schools in China having used our products and solutions. With our continued effort spent on EverPro, this segment will become another sales and profitability stimulator to the Group in the coming future.

Other than the above, the Group has already set up new entities or business units to expand its specialty fibre and cable business, integrated system and cabling solution business and network construction projects business as well as the provision of technological services on cabling network business. All these can enable the Group to further diversify its business and equip with better resources with strong potential for growth, then finally create higher value for its shareholders.

During 2015, the Chinese government had introduced a ten-year plan on Made in China 2025 (“**MiC 2025**”) which aims at improving China’s manufacturing process with comprehensive upgrading. MiC 2025 draws inspiration from Germany’s industrie 4.0 as China aims to make use of advanced technologies like the Internet of Things, cloud computing and big data to upgrade the manufacturing processes. YOFC, being selected as one of the intelligent manufacturing pilot companies among the first 46 companies being announced by the Ministry of Industry and Information Technology of the People’s Republic of China for participating in MiC 2025. The Group, as a whole, will use its best endeavour deploying its resources for MiC 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Save for the Company’s private placement completed on 18 December 2015 as described in note 13 to the financial information as set out in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2015.

AUDIT COMMITTEE

The Company established the audit committee with written terms of reference in compliance with the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules (the "**CG Code**"). The Company has updated the terms of reference reflecting the changes in the CG Code in respect of the Company's risk management and internal control systems. As at the date of this announcement, the audit committee of the Company comprises three members, namely Mr. Ngai Wai Fung, Mr. Ip Sik On Simon and Mr. Li Zhuo, the independent non-executive directors of the Company. Mr. Ngai Wai Fung is the chairman of the audit committee.

The audit committee has reviewed and discussed the annual results of the Group for the year ended 31 December 2015. The audit committee has also reviewed with the management and the Company's auditors, KPMG, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the audit of the consolidated financial statements for the year ended 31 December 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company incorporated in the PRC and listed on the Hong Kong Stock Exchange, the Company has to comply with the relevant provisions of the Hong Kong Listing Rules and to abide by the PRC Company Law and the applicable laws, regulations and regulatory requirements of Hong Kong and the PRC as the basis for the Company's corporate governance.

The Company has adopted all the code provisions set out in the CG Code and has complied with all the code provisions under the CG Code during the year ended 31 December 2015.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Company Securities Dealing Regulations on Directors, Supervisors and Related Employees (the "**Company's Code**") as its own code regarding securities transactions by directors and supervisors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Hong Kong Listing Rules. Having made specific enquiries in writing of the directors and supervisors of the Company, all directors and supervisors of the Company have confirmed that they have complied with the required standard set out in the Model Code and the Company's Code regarding securities transactions throughout the year ended 31 December 2015.

PROPOSED FINAL DIVIDEND

The Board proposed the distribution of a final dividend for the year ended 31 December 2015 of RMB0.174 (2014: RMB0.166) (before considering any tax effect) per share totaling RMB118,688,000 (2014: RMB106,151,000) (the "**2015 Final Dividend**"), which will be subject to the approval of shareholders of the Company at the forthcoming 2015 annual general meeting ("**AGM**"). Dividend payable to holders of domestic shares will be paid in Renminbi, whereas dividend payable to holders of the H shares will be declared in Renminbi and paid in Hong Kong dollars (other than dividends in respect of the H shares held by Draka. which will be paid in Euro), the exchange rate of which will be calculated based on the average exchange rate published by The People's Bank of China during the week prior to the AGM. Subject to the approval of the AGM, the 2015 Final Dividend will be paid on 29 July 2016. Further announcement containing the information in relation to the book closure period for determining entitlement to receive the 2015 Final Dividend will be published by the Company in due course.

In accordance with the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules effective on 1 January 2008, where a PRC domestic enterprise distributes dividends for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the final dividend as enterprise income tax, distribute the final dividend to non-resident enterprise shareholders, i.e. any shareholders who hold the Company's shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organizations and groups.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協定待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)) (the "**Tax Treaties Notice**"), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between Mainland China, Hong Kong or Macau. For individual holders of H shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H Shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H shares in the distribution of the dividend accordingly.

The Company will identify the country of domicile of the individual holders of H shares according to their registered address on the H share register of members of the Company (the "**Registered Address**"). If the domicile of an individual holders of H shares is not the same as the Registered Address or if the individual holders of H shares would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual holders of H shares shall notify and provide relevant supporting documents to the Company. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement the relevant tax withholding provisions and arrangements. Individual holders of H shares may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Tax Treaties Notice if they do not provide the relevant supporting documents to the Company.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from or in connection with any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements.

Shareholders are recommended to consult their tax advisors regarding the PRC, Hong Kong and other tax implications arising from or in connection with their holding and disposal of the H shares of the Company.

The Board is not aware that any shareholder of the Company has waived or agreed to waive any dividends.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2015 will be despatched to shareholders and made available on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.yofc.com) in due course.

FORWARD-LOOKING STATEMENTS

The Company would also like to caution readers about the forward-looking nature of certain of the above statements. These forward-looking statements are subject to risks and uncertainties and assumptions, some of which are beyond our control. Potential risks and uncertainties include those concerning the continued growth of the telecommunications industry in China, the development of the regulatory environment and our ability to successfully execute our business strategies. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. The Company does not intend to update these forward-looking statements. Actual results may differ materially from the information contained in the forward-looking statements as a result of a number of factors.

By order of the Board
Yangtze Optical Fibre and Cable Joint Stock Limited Company*
長飛光纖光纜股份有限公司
Wen Huiguo
Chairman

Wuhan, PRC, 24 March 2016

As at the date of this announcement, the board of the Company comprises Wen Huiguo and Frank Franciscus Dorjee, as executive directors; Ma Jie, Yao Jingming, Philippe Claude Vanhille, Yeung Kwok Ki Anthony, Xiong Xiangfeng and Zheng Huili, as non-executive directors; Ngai Wai Fung, Ip Sik On Simon, Li Ping and Li Zhuo, as independent non-executive directors.

* *For identification purposes only*