

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Yangtze Optical Fibre and Cable Joint Stock Limited Company, you should at once hand this circular together with the accompanying proxy form to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.



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)

**PROPOSED EMPLOYEE STOCK OWNERSHIP SCHEME
PRIVATE PLACEMENT OF DOMESTIC SHARES AND H SHARES
GENERAL MANDATE
CONNECTED H SHARE SUBSCRIPTION
CONNECTED DOMESTIC SHARE SUBSCRIPTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING, DOMESTIC
SHARE CLASS MEETING AND H SHARE CLASS MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 7 to 28 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 29 of this circular. A letter from the Independent Financial Adviser, China Industrial Securities International Capital Limited, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 30 to 50 of this circular.

A notice convening each of the EGM, the Domestic Share Class Meeting and the H Share Class Meeting to be held at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Monday, October 19, 2015 at 10:00 a.m., 10:30 a.m. and 11:00 a.m., respectively, is set out on pages 77 to 80, pages 81 to 83, and pages 84 to 86 of this circular, respectively.

If you intend to appoint a proxy to attend the EGM, the Domestic Share Class Meeting and/or the H Share Class Meeting, you are required to complete and return the accompanying proxy forms in accordance with the instructions printed thereon. The proxy forms should be returned to the Company's H share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for holder of H Shares, and to the Company's Board of Directors' Office, at No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC (Postal code: 430073), for holder of Domestic Shares by hand or by post not less than 24 hours before the time appointed for holding the EGM, the Domestic Share Class Meeting and/or the H Share Class Meeting or any adjourned meeting thereof (as the case may be). Completion and return of the proxy forms will not preclude you from attending and voting in person at the EGM, the Domestic Share Class Meeting and/or the H Share Class Meeting or at any adjourned meeting (as the case may be) should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

If you intend to attend the EGM, the Domestic Share Class Meeting and/or the H Share Class Meeting in person or by proxy, you are required to complete and return the reply slips to the Company's H share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, or to the Company's Board of Directors' Office, at No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC (Postal code: 430073), on or before Tuesday, September 29, 2015.

* For identification purposes only

September 2, 2015

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“China Huaxin”	China Huaxin Post and Telecommunication Economy Development Center (中國華信郵電經濟開發中心), an entity incorporated in the PRC. It is a substantial shareholder and a connected person of the Company
“Company”	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 PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
“Connected Domestic Share Subscribers”	four (4) Directors, namely Mr. Wen Huiguo, Mr. Yao Jingming, Mr. Xiong Xiangfeng and Ms. Zheng Huili, seven (7) senior management members of the Company, namely Mr. Zhuang Dan, Mr. Jan Bongaerts, Mr. Zhang Mu, Mr. Yan Changkun, Mr. Luo Jie, Mr. Yu Jianwu and Mr. Zhang Yanxiang, who are directors and/or supervisors of the subsidiaries of the Company and one (1) supervisor of the Company, namely Mr. Jiang Zhikang
“Connected Domestic Share Subscription”	the proposed subscription of the New Domestic Shares LP Units by the Connected Domestic Share Subscribers and the proposed issue and allotment of Subscribed Domestic Shares by the Company to the Limited Partnership pursuant to the terms of the LP Unit Subscription Agreements
“Connected H Share Subscribers”	Mr. Frank Franciscus Dorjee and Mr. Yeung Kwok Ki Anthony, both of whom are Directors and therefore connected persons of the Company
“Connected H Share Subscription”	the proposed subscription of the Subscribed H Shares by the two Directors, namely Mr. Frank Franciscus Dorjee and Mr. Yeung Kwok Ki Anthony, pursuant to the terms of the H Share Subscription Agreements
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

* For identification purposes only

DEFINITIONS

“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“Domestic Share Class Meeting”	a class meeting of holders of the Domestic Shares of the Company to be held at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Monday, October 19, 2015 at 10:30 a.m., or any adjournment thereof, to consider and, if thought fit, approve the Proposed Employee Stock Ownership Scheme and the Private Placement
“Domestic Shares”	ordinary shares of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Draka”	Draka Comteq B.V., a company incorporated in the Netherlands on May 14, 2004 and wholly-owned by Draka Holding B.V.. It is a substantial shareholder and a connected person of the Company
“EGM”	an extraordinary general meeting of the Company to be held at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Monday, October 19, 2015 at 10:00 a.m., or any adjournment thereof, to consider and, if thought fit, approve the Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate, the Connected H Share Subscription and the Connected Domestic Share Subscription
“Employee LPs Domestic Share Subscription”	the proposed subscription of 16,531,000 new Domestic Shares by the limited partnerships to be established and owned by selected employees pursuant to the Proposed Employee Stock Ownership Scheme
“General Mandate”	the general mandate to be obtained at the EGM, pursuant to which the Board shall be authorized to allot or issue not more than 20% of the issued H Shares at the time the special resolution approving the general mandate is passed

DEFINITIONS

“General Meetings”	EGM, as well as an H Share class meeting and a Domestic Share class meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate, the Connected H Share Subscription and the Connected Domestic Share Subscription
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share Class Meeting”	a class meeting of holders of the H Shares of the Company to be held at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Monday, October 19, 2015 at 11:00 a.m., or any adjournment thereof, to consider and, if thought fit, approve the Proposed Employee Stock Ownership Scheme and the Private Placement
“H Share Placing”	the proposed placing of a total of not more than 10,664,000 new H Shares to certain institutional investors
“H Shares”	overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“H Share Subscription Agreements”	two (2) subscription agreements separately entered into between each of Mr. Frank Franciscus Dorjee and Mr. Yeung Kwok Ki Anthony and the Company on July 28, 2015 in relation to the subscription of the Subscribed H Shares in cash by Mr. Frank Franciscus Dorjee and Mr. Yeung Kwok Ki Anthony under the Private Placement in connection with the Proposed Employee Stock Ownership Scheme

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Ngai Wai Fung, Mr. Ip Sik On Simon, Mr. Li Ping and Mr. Li Zhuo, established to advise the Independent Shareholders on the Connected H Share Subscription and the Connected Domestic Share Subscription
“Independent Financial Adviser” or “China Industrial Securities”	China Industrial Securities International Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the Connected H Share Subscription and the Connected Domestic Share Subscription
“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules, and in relation to the Company means the Shareholders other than the Connected H Share Subscribers, the Connected Domestic Share Subscribers and other eligible senior management and core employees who will participate in the Proposed Employee Stock Ownership Scheme (to the extent any of them hold any interest in any Shares) and their respective associates
“Latest Practicable Date”	August 30, 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Limited Partnership”	the limited partnership to be established under the laws of the PRC for the purpose of holding, among others, the Subscribed Domestic Shares
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“LP Unit Subscription Agreements”	twelve (12) limited partnership unit subscription agreements separately entered into between each of the Connected Domestic Share Subscribers and the Company on July 28, 2015 and August 29, 2015 in relation to the subscription of the New Domestic Shares LP Units in cash by the Connected Domestic Share Subscribers and the issue and allotment of the Subscribed Domestic Shares to the Limited Partnership under the Private Placement in connection with the Proposed Employee Stock Ownership Scheme
“New Domestic Shares LP Units”	the number of units of the Limited Partnership to be subscribed for by, and to be issued to, the Connected Domestic Share Subscribers, which units shall represent the Connected Domestic Share Subscribers’ entitlement to the Subscribed Domestic Shares subject to the terms of the Proposed Employee Stock Ownership Scheme
“Placing Agreement”	such placing agreement or subscription agreements to be entered into by the Company with a placing agent or directly with places in relation to the H Share Placing (where more than one such agreement is entered into, they are entered into on the same date)
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Private Placement”	the private placement of 30,783,000 new Domestic Shares and 11,869,000 new H Shares to be carried out for the purpose of implementing the Proposed Employee Stock Ownership Scheme and the H Share Placing
“Proposed Employee Stock Ownership Scheme”	Proposed 2015 Core Employees Stock Ownership Scheme of Yangtze Optical Fibre and Cable Joint Stock Limited Company* (長飛光纖光纜股份有限公司), the terms of which are set out in Appendix I to this circular
“RMB”	Renminbi, the lawful currency of the PRC

* For identification purposes only

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Domestic Shares and/or H Shares
“Shareholder(s)”	holders of Shares
“Specific Mandates”	specific mandates to be sought from the Independent Shareholders at the EGM for the allotment and issue of the Subscribed H Shares to the Connected H Share Subscribers and the Subscribed Domestic Shares to the Limited Partnership upon completion of the Connected H Share Subscription and the Connected Domestic Share Subscription, respectively and the specific mandates to be sought from the Shareholders at the EGM for the allotment and issue of the new Domestic Shares under the Employee LPs Domestic Share Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribed Domestic Shares”	14,252,000 new Domestic Shares in aggregate to be issued and allotted by the Company to the Limited Partnership pursuant to the LP Unit Subscription Agreements
“Subscribed H Shares”	1,205,000 new H Shares in aggregate to be issued and allotted by the Company to the Connected H Share Subscribers pursuant to the H Share Subscription Agreements
“subsidiaries”	has the meaning ascribed thereto in the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“trading days”	the day on which the Stock Exchange opens for trading of or dealing in the H Shares
“Yangtze Communications”	Wuhan Yangtze Communications Industry Group Co., Ltd. (武漢長江通信產業集團股份有限公司), a company incorporated in the PRC. It is a substantial shareholder and a connected person of the Company



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)

Executive Directors:

Mr. WEN Huiguo (*Chairman*)
Mr. Frank Franciscus DORJEE

Non-executive Directors:

Mr. MA Jie
Mr. YAO Jingming
Mr. Philippe Claude VANHILLE
Mr. YEUNG Kwok Ki Anthony
Mr. XIONG Xiangfeng
Ms. ZHENG Huili

Independent Non-executive Directors:

Mr. NGAI Wai Fung
Mr. IP Sik On Simon
Mr. LI Ping
Mr. LI Zhuo

Registered Office:

No. 9 Guanggu Avenue
East Lake High-tech
Development Zone
Wuhan, Hubei Province
PRC

Principal Place of Business in Hong Kong:

Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

September 2, 2015

To the Shareholders

Dear Sir or Madam,

**PROPOSED EMPLOYEE STOCK OWNERSHIP SCHEME
PRIVATE PLACEMENT OF DOMESTIC SHARES AND H SHARES
GENERAL MANDATE
CONNECTED H SHARE SUBSCRIPTION
CONNECTED DOMESTIC SHARE SUBSCRIPTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING, DOMESTIC
SHARE CLASS MEETING AND H SHARE CLASS MEETING**

1. INTRODUCTION

Reference is made to the announcements of the Company dated June 10, 2015, July 28, 2015 and August 30, 2015 in relation to, inter alia, the Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate, the Connected H Share Subscription and the Connected Domestic Share Subscription.

* *For identification purposes only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) the information of the Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate, the Connected H Share Subscription and the Connected Domestic Share Subscription; (ii) a letter from China Industrial Securities International Capital Limited (containing its advice to the Independent Board Committee and the Independent Shareholders on the Connected H Share Subscription and the Connected Domestic Share Subscription); (iii) recommendation of the Independent Board Committee to the Independent Shareholders; and (iv) the notice of the EGM, the Domestic Share Class Meeting and the H Share Class Meeting.

2. PROPOSED EMPLOYEE STOCK OWNERSHIP SCHEME

To further enhance the Company's corporate governance structure, incentivize the Company's management and core personnel team and to establish a sound mid- to long-term incentive plan that provides for both incentives and restrictions, the Board has approved the Proposed Employee Stock Ownership Scheme.

The eligible participants of the Proposed Employee Stock Ownership Scheme, the number of which shall not be more than 180, are Directors (excluding independent non-executive Directors), supervisor, senior management personnel and core employees. Funds of the eligible participants of the Proposed Employee Stock Ownership Scheme shall be derived from their legitimate salary as well as funds raised through other legal means.

A full text of the Proposed Employee Stock Ownership Scheme is set out in Appendix I to this circular.

3. PRIVATE PLACEMENT OF DOMESTIC SHARES AND H SHARES

A. The non-public issuance of Domestic Shares and H Shares

On June 10, 2015, the Board resolved to submit to the Shareholders for their consideration and approval special resolutions in connection with the Private Placement for the purpose of implementing the Proposed Employee Stock Ownership Scheme. The non-public issuance plan for the Private Placement is set out in Appendix II to this circular.

LETTER FROM THE BOARD

The Shares to be issued under the Private Placement are new Domestic Shares and new H Shares with a par value of RMB1.00 each. The Private Placement will be carried out by way of non-public issuance of new Domestic Shares and new H Shares and will comprise of the following components:-

(1) *Employee LPs Domestic Share Subscription and Connected Domestic Share Subscription*

(a) Employee LPs Domestic Share Subscription

A total of 16,531,000 new Domestic Shares will be subscribed for and issued to three limited partnerships to be established under the laws of the PRC, which limited partnerships shall be beneficially held by certain eligible participants of the Proposed Employee Stock Ownership Scheme, being senior management and core employees. These senior management and core employees will subscribe for units in the limited partnerships which correspond to the number of underlying new Domestic Shares that they are entitled to pursuant to the Proposed Employee Stock Ownership Scheme. As at the Latest Practicable Date, there are 143 eligible senior management and core employees participating in the Proposed Employee Stock Ownership Scheme, representing 15,442,000 underlying new Domestic Shares. These 143 senior management and core employees are third parties independent to the Company and its connected persons. The remaining 1,089,000 new Domestic Shares will be held by one of the limited partnerships as a reserve pool for other eligible senior management and core employees who are third parties independent to the Company and its connected persons, or to facilitate any adjustments to current entitlements. Such reserve pool of Domestic Shares may be granted to such eligible senior management and core employees in multiple tranches during the term of the Proposed Employee Stock Ownership Scheme, that is ten years, starting from the date when the new Domestic Shares are registered under the names of the limited partnerships as described above. The 16,531,000 new Domestic Shares to be issued under the Employee LPs Domestic Share Subscription, including the 1,089,000 Domestic Shares to be held as a reserve pool, will be issued pursuant to the Specific Mandates to be sought from the Shareholders at the General Meetings. The Specific Mandates, if granted, will be valid for a period of 12 months from the date on which the relevant resolutions approving the Specific Mandates are passed.

The 16,531,000 new Domestic Shares to be issued under the Employee LPs Domestic Share Subscription represent:

- (i) approximately 5.51% of the total number of Domestic Shares in issue and approximately 2.59% of the existing total issued share capital of the Company; and

LETTER FROM THE BOARD

- (ii) approximately 5.00% of the enlarged total issued Domestic Shares of the Company and approximately 2.42% of the enlarged total issued share capital of the Company upon completion of the Private Placement.

Taking into account the fact that the Domestic Shares are not publicly traded and therefore have little liquidity, it is decided that the Domestic Shares will be issued at a price of HK\$7.15 per Domestic Share, representing approximately 85% of the average closing price of the H Shares for the 90 trading days immediately before 10 June 2015, the date when the Private Placement was first announced by the Company. Sources of funding for employees participating in the Proposed Employee Stock Ownership Scheme shall be derived from the legitimate salary of the employees as well as funds raised through other legal means. The Domestic Shares to be issued under the Employee LPs Domestic Share Subscription shall be subject to the same lock up provisions as the Domestic Shares to be issued under the Connected Domestic Share Subscription, details of which are set out under the section headed “LP Unit Subscription Agreements” below.

(b) Connected Domestic Share Subscription

A total of 14,252,000 new Domestic Shares will be issued and allotted to the Limited Partnership, which is a limited partnership to be established under the laws of the PRC. A total of 12 Connected Domestic Share Subscribers have conditionally agreed to subscribe for New Domestic Shares LP Units of the Limited Partnership, which represent the 14,252,000 underlying new Domestic Shares to be issued and allotted to the Limited Partnership. Further details of the Connected Domestic Share Subscription are set out under the section headed “LP Unit Subscription Agreements” below. The 14,252,000 new Domestic Shares to be issued under the Connected Domestic Share Subscription will be issued pursuant to the Specific Mandates to be sought from the Independent Shareholders at the General Meetings. The Specific Mandates, if granted, will be valid for a period of 12 months from the date on which the relevant resolutions approving the Specific Mandates are passed.

LETTER FROM THE BOARD

(2) *Connected H Share Subscription and H Share Placing*

(a) Connected H Share Subscription

A total of 1,205,000 new H Shares will be issued and allotted to the Connected H Share Subscribers. Further details of the Connected H Share Subscription are set out under the section headed “H Share Subscription Agreements” below. The 1,205,000 new H Shares to be issued under the Connected H Share Subscription will be issued pursuant to the Specific Mandates to be sought from the Independent Shareholders at the General Meetings. An application will be made to the Stock Exchange for the listing and trading of the H Shares to be issued under the Connected H Share Subscription. The Specific Mandates, if granted, will be valid for a period of 12 months from the date on which the relevant resolutions approving the Specific Mandates are passed.

(b) H Share Placing

As certain participants of the Proposed Employee Stock Ownership Scheme are connected persons, their holdings in the Company will not count towards the public float. Accordingly, the company will conduct the H Share Placing, which shall take place at the same time or before the Employee LPs Domestic Share Subscription, the Connected Domestic Share Subscription and the Connected H Share Subscription in order to ensure that the minimum public float requirement is met at all times. A total of 10,664,000 new H Shares will be placed to certain institutional investors to be identified. It is anticipated that a placing agent will be engaged and the placing of H Shares under the H Share Placing will be conducted within one month of the receipt of approval from the CSRC for the private placement of H Shares, although any blackout period for directors’ dealings in securities of the Company will not count towards the one month period. The issue price for the H Shares to be issued under the H Share Placing will be determined by the Company and the placing agent to be appointed after careful consideration of factors including shareholders’ interests, global capital market conditions, valuation of comparable companies and prevailing price for the H Shares at the time the issue takes place. The issue price for the H Shares shall not be lower than 85% of the average closing price of the H Shares for the five (5) trading days immediately before the Placing Agreement is entered into. An application will be made to the Stock Exchange for the listing and trading of the H Shares to be issued under the H Share Placing. The H Shares to be issued under the H Share Placing shall not be subject to any lock up provision.

LETTER FROM THE BOARD

The 10,664,000 new H Shares to be issued under the H Share Placing represent:

- (i) approximately 3.14% of the total number of H Shares in issue and approximately 1.67% of the existing total issued share capital of the Company; and
- (ii) approximately 3.03% of the enlarged total issued H Shares of the Company and approximately 1.56% of the enlarged total issued share capital of the Company upon completion of the Private Placement.

In order to meet the minimum public float requirement under the Listing Rules, it is expected that 10,664,000 new H Shares will be placed under the H Share Placing and that the H Share Placing will complete pursuant to the terms of the Placing Agreement and the Company will allot and issue Domestic Shares and H Shares under the Connected H Share Subscription, the Connected Domestic Share Subscription and the Employee LPs Domestic Share Subscription on the same day as it issues and allots H Shares under the H Share Placing.

B. H Share Subscription Agreements

Date:

July 28, 2015

Parties:

The Company entered into two H Share Subscription Agreements with each of the two Connected H Share Subscribers. Save for the number of new H Shares to be subscribed for by each Connected H Share Subscriber, all other terms and conditions under the H Share Subscription Agreements are substantially the same.

LETTER FROM THE BOARD

Subscribed H Shares:

Pursuant to the H Share Subscription Agreements, the Connected H Share Subscribers have conditionally agreed to subscribe for in cash, and the Company has conditionally agreed to allot and issue, a total of 1,205,000 new H Shares. The names and positions of the Connected H Share Subscribers and the number of Subscribed H Shares to be subscribed by the Connected H Share Subscribers under the H Share Subscription Agreements are set out below:

Name	Position	Number of Subscribed H Shares
Frank Franciscus Dorjee (范 • 德意)	Executive Director of the Company	500,000
Yeung Kwok Ki Anthony (楊國琦)	Non-executive Director of the Company	705,000

The Subscribed H Shares represent:

- (i) approximately 0.35% of the total number of H Shares in issue and approximately 0.19% of the existing total issued share capital of the Company; and
- (ii) approximately 0.34% of the enlarged total issued H Shares of the Company and approximately 0.18% of the enlarged total issued share capital of the Company upon completion of the Private Placement.

The Subscribed H Shares, when fully paid up and issued, will rank *pari passu* in all respects amongst themselves and with the H Shares in issue at the time of issue and allotment of the Subscribed H Shares and in particular will rank in full for all dividends and other distributions declared, made or paid hereafter.

Subscription Price:

The subscription price for each Subscribed H Share shall be 85% of the average closing price of the H Shares for the five (5) Trading Days immediately before the date of the Placing Agreement, subject to a floor price of HK\$7.15 per Subscribed H Share. It is anticipated that the H Share Placing will be conducted relying on the General Mandate to be obtained at an extraordinary general meeting to be convened and the Placing Agreement in connection with the H Share Placing will be entered into within one month of the receipt of the CSRC approval of the Private Placement although any blackout period for directors' dealings in securities of the Company will not count towards the one month period.

LETTER FROM THE BOARD

The subscription price for the Subscribed H Shares (including the floor price) was determined on an arm's length basis between the Company and each Connected H Share Subscriber with reference to the subscription price of the Subscribed Domestic Shares. The Directors (excluding the Connected H Share Subscribers) consider that the subscription price for the Subscribed H Shares (including the floor price) is fair and reasonable under the current market conditions and in light of the recent price performance of the H Shares and the freely tradable nature of the H Shares.

Conditions to the H Share Subscription Agreements:

The completion of the subscription by the Connected H Share Subscribers of new H Shares pursuant to the H Share Subscription Agreements shall be conditional upon the following conditions having been fulfilled:

- (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all of the Subscribed H Shares on the Stock Exchange;
- (ii) the passing by Shareholders of resolutions approving the Proposed Employee Stock Ownership Scheme and the Private Placement at an extraordinary general meeting, a Domestic Share class meeting and an H Share class meeting (as applicable);
- (iii) the passing by Independent Shareholders of a resolution approving the issue and allotment of the new H Shares by the Company pursuant to the terms and conditions of the H Share Subscription Agreements and the other arrangements contemplated by the H Share Subscription Agreements;
- (iv) the granting of a general mandate to the Board to allot and issue new Shares by Shareholders that is capable and sufficient to cover the allotment and issue of the new H Shares under the Placing Agreement; and
- (v) all necessary PRC governmental and regulatory approvals and consents regarding the subscription of the Subscribed H Shares and other arrangements contemplated by the H Share Subscription Agreements having been obtained by the Company.

LETTER FROM THE BOARD

Payment of Subscription Price and Completion under the H Share Subscription Agreements:

Pursuant to the H Share Subscription Agreements, after all the conditions of the H Share Subscription Agreements set out above are satisfied, the Company will provide the Connected H Share Subscribers with a written notice setting out the fact that all the conditions have been satisfied, the date and time of completion of the subscription, the number of new H Shares to be subscribed for by the Connected H Share Subscribers, the subscription price per new H Share and the total amount of the subscription price payable by the Connected H Share Subscribers, and details of the account designated for direct transfer of the subscription price by the Connected H Share Subscribers to the Company. As Connected H Share Subscribers are connected persons, their holdings in the Company will not count towards the public float. Accordingly, the Company will conduct the H Share Placing, which shall take place at the same time or before the Connected H Share Subscription in order to ensure that the minimum public float requirement is met at all times. In addition, pursuant to the H Share Subscription Agreements, the subscription price for each Subscribed H Share shall be 85% of the average closing price of the H Shares for the five (5) Trading Days immediately before the date of the Placing Agreement, subject to a floor price of HK\$7.15 per Subscribed H Share. In other words, the Placing Agreement has to be entered into by the Company before the subscription price for the Subscribed H Share can be determined, thus the completion of the Connected H Share Subscription could not take place before the Placing Agreement is signed. The Company undertakes to comply with the minimum public float requirement under the Listing Rules at all times and in case where the Company expects that such requirement could not be complied with upon completion of the Connected H Share Subscription, the Company would not proceed with the completion of the Connected H Share Subscription.

Lock-up arrangement:

Pursuant to the H Share Subscription Agreements, each of the two Connected H Share Subscribers undertakes to the Company that, without the prior written consent of the Company, he will not, and, where applicable, will procure that his nominee(s) will not, at any time during the period of 24 months following the date of completion of the subscription of the Subscribed H Shares, directly or indirectly, dispose of any of the Subscribed H Shares and any shares or other securities of the Company deriving from the Subscribed H Shares, including but not limited to any bonus issue or capitalization issue.

LETTER FROM THE BOARD

C. LP Unit Subscription Agreements

Date:

July 28, 2015 and August 29, 2015

Parties:

The Company entered into eleven (11) LP Unit Subscription Agreements with each of the Connected Domestic Share Subscribers, except for Mr. Jiang Zhikang, on July 28, 2015 and a LP Unit Subscription Agreement with Mr. Jiang Zhikang on August 29, 2015. Save for the number of the New Domestic Shares LP Units to be subscribed for by each Connected Domestic Share Subscriber, all other terms and conditions under the LP Unit Subscription Agreements are substantially the same.

New Domestic Shares LP Units:

Pursuant to LP Unit Subscription Agreements, the Connected Domestic Share Subscribers have conditionally agreed to indirectly subscribe for New Domestic Shares by subscribing for New Domestic Shares LP Units of the Limited Partnership representing a total of 14,252,000 underlying Domestic Shares and the Company has conditionally agreed to allot and issue a total of 14,252,000 Domestic Shares to the Limited Partnership as part of the new Domestic Shares to be issued under the Proposed Employee Stock Ownership Scheme, at a price of HK\$7.15 per underlying Domestic Share. The Limited Partnership will be wholly and beneficially owned by the Connected Domestic Share Subscribers. The names and positions of the Connected Domestic Share Subscribers and the number of underlying new Domestic Shares represented by the New Domestic Shares LP Units to be subscribed by the Connected Domestic Share Subscribers under the LP Unit Subscription Agreements are set out below:

Name	Position	Number of Underlying New Domestic Shares represented by the New Domestic Shares LP Units	Total Subscription Price
Wen Huiguo (文會國)	Chairman of the Board and Executive Director of the Company	2,350,000	HK\$16,802,500
Yao Jingming (姚井明)	Non-executive Director of the Company	500,000	HK\$3,575,000
Xiong Xiangfeng (熊向峰)	Non-executive Director of the Company	705,000	HK\$5,040,750

LETTER FROM THE BOARD

Name	Position	Number of Underlying New Domestic Shares represented by the New Domestic Shares LP Units	Total Subscription Price
Zheng Huili (鄭慧麗)	Non-executive Director of the Company	705,000	HK\$5,040,750
Zhuang Dan (莊丹)	General Manager, director of Yangtze Optical Fibre and Cable Company (Hong Kong) Limited, EverPro Technologies Company Limited (長芯盛(武漢)科技有限公司), EverProsper Technologies Company Limited, Yangtze Optical Fibre and Cable (Shanghai) Co., Ltd. (長飛光纖光纜(上海)有限公司), Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd. (江蘇長飛中利光纖光纜有限公司), Yangtze Optical Fibre and Cable Sichuan Co., Ltd. (長飛光纖光纜四川有限公司), Yangtze Optical Fibre and Cable Shenyang Co., Ltd. (長飛光纖光纜沈陽有限公司), Yangtze Optical Fibre and Cable Lanzhou Co., Ltd. (長飛光纖光纜蘭州有限公司) and PT Yangtze Optical Fibre Indonesia (長飛光纖印度尼西亞有限公司)	2,350,000	HK\$16,802,500
Jan Bongaerts (揚幫卡)	First Deputy General Manager, director of Yangtze Optical Fibre and Cable Company (Hong Kong) Limited, Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd. (江蘇長飛中利光纖光纜有限公司) and PT Yangtze Optical Fibre Indonesia (長飛光纖印度尼西亞有限公司)	2,350,000	HK\$16,802,500

LETTER FROM THE BOARD

Name	Position	Number of Underlying New Domestic Shares represented by the New Domestic Shares LP Units	Total Subscription Price
Zhang Mu (張穆)	Deputy General Manager and the general manager of the strategic center, director of EverPro Technologies Company Limited (長芯盛(武漢)科技有限公司), EverProsper Technologies Company Limited, Yangtze Optical Fibre and Cable (Shanghai) Co., Ltd. (長飛光纖光纜(上海)有限公司), Yangtze Optical Fibre and Cable Shenyang Co., Ltd. (長飛光纖光纜沈陽有限公司) and PT Yangtze Optical Fibre Indonesia (長飛光纖印度尼西亞有限公司) and supervisor of Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd. (江蘇長飛中利光纖光纜有限公司)	1,015,000	HK\$7,257,250
Yan Changkun (閔長鵬)	Deputy General Manager and the general manager of the manufacturing center, director of EverPro Technologies Company Limited (長芯盛(武漢)科技有限公司), Yangtze Optical Fibre and Cable Lanzhou Co., Ltd. (長飛光纖光纜蘭州有限公司) and PT Yangtze Optical Fibre Indonesia (長飛光纖印度尼西亞有限公司)	972,000	HK\$6,949,800
Luo Jie (羅杰)	Chief Technology Officer, supervisor of EverPro Technologies Company Limited (長芯盛(武漢)科技有限公司)	863,000	HK\$6,170,450
Yu Jianwu (喻建武)	Chief Marketing and Strategic Officer, director of Yangtze Optical Fibre and Cable (Shanghai) Co., Ltd. (長飛光纖光纜(上海)有限公司)	872,000	HK\$6,234,800

LETTER FROM THE BOARD

Name	Position	Number of Underlying New Domestic Shares represented by the New Domestic Shares LP Units	Total Subscription Price
Zhang Yanxiang (張雁翔)	Chief Sales Officer and the general manager of the sales center, director of Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd. (江蘇長飛中利光纖光纜有限公司) and Yangtze Optical Fibre and Cable Sichuan Co., Ltd. (長飛光纖光纜四川有限公司)	847,000	HK\$6,056,050
Jiang Zhikang (江志康)	Supervisor of the Company and the general manager of the operation management center of the Company	723,000	HK\$5,169,450

Note: Yangtze Optical Fibre and Cable Company (Hong Kong) Limited, EverPro Technologies Company Limited (長芯盛(武漢)科技有限公司), EverProsper Technologies Company Limited, Yangtze Optical Fibre and Cable Shenyang Co., Ltd. (長飛光纖光纜沈陽有限公司), Yangtze Optical Fibre and Cable Lanzhou Co., Ltd. (長飛光纖光纜蘭州有限公司) and PT Yangtze Optical Fibre Indonesia (長飛光纖印度尼西亞有限公司) are subsidiaries of the Company, in which the Company's effective interests are 100%, 69.23%, 69.23%, 100%, 100% and 70%, respectively. Yangtze Optical Fibre and Cable (Shanghai) Co., Ltd. (長飛光纖光纜(上海)有限公司), Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd. (江蘇長飛中利光纖光纜有限公司) and Yangtze Optical Fibre and Cable Sichuan Co., Ltd. (長飛光纖光纜四川有限公司) are joint ventures in which the Company's effective interests are 75%, 51% and 51%, respectively.

The Subscribed Domestic Shares represent:

- (i) approximately 4.75% of the total number of Domestic Shares in issue and approximately 2.23% of the existing total issued share capital of the Company; and
- (ii) approximately 4.31% of the enlarged total issued Domestic Shares of the Company and 2.09% of the enlarged total issued share capital of the Company upon completion of the Private Placement.

The Subscribed Domestic Shares, when fully paid up and issued, will rank *pari passu* in all respects amongst themselves and with the Domestic Shares in issue at the time of issue and allotment of the Subscribed Domestic Shares and in particular will rank in full for all dividends and other distributions declared, made or paid hereafter.

LETTER FROM THE BOARD

Subscription Price:

Taking into account the fact that the Subscribed Domestic Shares are not publicly traded and therefore have little liquidity, it is determined that the Subscribed Domestic Shares will be issued at a price of HK\$7.15 per Subscribed Domestic Share, representing approximately 85% of the average closing price of the H Shares for the 90 trading days immediately before June 10, 2015, that is the date of the announcement relating to the Proposed Employee Stock Ownership Scheme.

Conditions to the LP Unit Subscription Agreements:

The completion of the subscription by the Connected Domestic Share Subscribers of the New Domestic Shares LP Units and the issue and allotment of the Subscribed Domestic Shares to the Limited Partnership by the Company pursuant to the LP Unit Subscription Agreements shall be conditional upon the following conditions having been fulfilled:

- (i) the passing by Shareholders of resolutions approving the Proposed Employee Stock Ownership Scheme and the Private Placement at an extraordinary general meeting, a Domestic Share class meeting and a H Share class meeting (as applicable);
- (ii) the passing by Independent Shareholders of a resolution approving the issue and allotment of the new Domestic Shares and the New Domestic Shares LP Units pursuant to the terms and conditions of the LP Unit Subscription Agreements and the other arrangements contemplated by the LP Unit Subscription Agreements; and
- (iii) all necessary PRC governmental and regulatory approvals and consents regarding the subscription of the New Domestic Shares LP Units and other arrangements contemplated by the LP Units Subscription Agreements having been obtained by the Company.

Payment of Subscription Price and Completion under the LP Unit Subscription Agreements:

Pursuant to the LP Unit Subscription Agreements, after all the conditions of the LP Unit Subscription Agreements set out above are satisfied, the Company will provide the Connected Domestic Share Subscribers with a written notice setting out the fact that all the conditions have been satisfied, the date and time of completion of the subscription and details of the account designated for direct transfer of the subscription price by the Connected Domestic Share Subscribers to the Company. At completion, the Limited Partnership shall allot the New Domestic Shares LP Units to the Connected Domestic Share Subscribers and shall register the Connected Domestic Share Subscribers as a limited partner of the Limited Partnership in respect of the New Domestic Shares LP Units and the Company shall allot the Subscribed Domestic Shares to the Limited Partnership and shall register the Limited Partnership as member of the Company in respect of the Subscribed

LETTER FROM THE BOARD

Domestic Shares. As Connected Domestic Share Subscribers are connected persons, their holdings in the Company will not count towards the public float. Accordingly, the Company will conduct the H Share Placing, which shall take place at the same time or before the issue and allotment of the Subscribed Domestic Shares and the Connected H Share Subscription in order to ensure that the minimum public float requirement is met at all times. The Company undertakes to comply with the minimum public float requirement under the Listing Rules at all times and in case where the Company expects that such requirement could not be complied with upon the issue and allotment of the Subscribed Domestic Shares, the Company would not proceed with the issue and allotment of the Subscribed Domestic Shares.

Lock-up arrangement:

Pursuant to the LP Unit Subscription Agreements, each of the 12 Connected Domestic Share Subscribers undertakes to the Company that, without the prior written consent of the Company, he/she will not, and, where applicable, will procure that his/her nominee(s) will not, at any time during the period of 24 months following the date of completion of the subscription by the Connected Domestic Share Subscribers of the New Domestic Shares LP Units and the issue and allotment of the Subscribed Domestic Shares to the Limited Partnership by the Company, directly or indirectly, dispose of any of the New Domestic Shares LP Units, the Subscribed Domestic Shares and any shares or other securities of the Company deriving from the Subscribed Domestic Shares, including but not limited to any bonus issue or capitalization issue.

D. Specific Mandate

The Subscribed H Shares and the Subscribed Domestic Shares will be issued pursuant to the Specific Mandates to be sought from the Independent Shareholders at the General Meetings.

4. GENERAL MANDATE

At the EGM a special resolution will be proposed for the grant of the General Mandate to the Board to authorize, allot or issue not more than 20% of the issued H Shares at the time the special resolution is passed. It is anticipated that the H Share Placing will be conducted relying on the General Mandate. Other than the H Share Placing, the Company has no current intention to issue further H Shares under the General Mandate.

The Board will exercise its authority under the General Mandate in accordance with applicable laws and regulations and with the necessary approvals from the CSRC and the other relevant PRC regulatory authorities. The Company will issue and allot the New H Shares under the H Share Placing pursuant to the General Mandate to be approved by the Shareholders at the EGM. Rule 13.36(5) of the Listing Rules will be complied with when the power under the General Mandate is exercised by the Board.

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Subject to the passing of the special resolution for the approval of the General Mandate at the EGM, the General Mandate shall become effective immediately upon the passing of the special resolution for the approval of the General Mandate and will continue to be in force up to the earlier of (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of 12 months following the date of passing of the special resolution to approve the General Mandate is approved at the EGM; or (c) the date on which the General Mandate granted to the Board is revoked or varied by a special resolution of the Shareholders in a general meeting.

5. APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscribed H Shares.

6. REASONS FOR AND BENEFITS OF THE PRIVATE PLACEMENT (INCLUDING THE CONNECTED H SHARE SUBSCRIPTION AND THE CONNECTED DOMESTIC SHARE SUBSCRIPTION)

The Board considers that the adoption of the Proposed Employee Stock Ownership Scheme can further enhance the Company's corporate governance structure, incentivize the Company's management and core personnel team and it is a sound mid- to long-term incentive plan that provides for both incentives and restrictions. The purpose of the Private Placement, which involves, among other things, the Connected H Share Subscription and the Connected Domestic Share Subscription, is to implement the Proposed Employee Stock Ownership Scheme.

The Directors (including the independent non-executive Directors) consider that the Proposed Employee Stock Ownership Scheme is in the interest of the Company and the Shareholders as a whole. As all executive Directors, namely Wen Huiguo, Frank Franciscus Dorjee and all non-executive Directors, namely Ma Jie, Yao Jingming, Philippe Claude Vanhille, Yeung Kwok Ki Anthony, Xiong Xiangfeng and Zheng Huili are entitled to participate in the Proposed Employee Stock Ownership Scheme, they have therefore abstained from voting in the board resolutions approving the Proposed Employee Stock Ownership Scheme and the Private Placement. The Independent Board Committee, having taken into account the advice of China Industrial Securities, considers that the terms of the Connected H Share Subscription and the Connected Domestic Share Subscription are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and its Shareholders as a whole.

7. USE OF PROCEEDS FROM THE PRIVATE PLACEMENT (INCLUDING THE CONNECTED H SHARE SUBSCRIPTION AND THE CONNECTED DOMESTIC SHARE SUBSCRIPTION)

Based on the minimum subscription price for the Subscribed H Shares of HK\$7.15 and the subscription price for the Subscribed Domestic Shares of HK\$7.15, the aggregate gross proceeds from the Private Placement (including the Employee LPs Domestic Share Subscription, the Connected H Share Subscription and the Connected Domestic Share Subscription but excluding the H Share Placing) are expected to be at least

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HK\$228,714,200. Such proceeds are intended to be utilized by the Company to construct the Phase II project of YOFC Science & Technology Park in Qianjiang to expand the optical fibre preform production capacity of the Company. The Company has only started this project recently and site selection and feasibility study of the project have been completed. It is anticipated that this project will be carried out in three phases and after the completion of the first phase, the Company's optical fibre preform production capacity can increase by 500 tonnes. The implementation of the first phase of the Phase II project of YOFC Science & Technology Park in Qianjiang is expected to commence in October 2015 and the Company intends to apply the proceeds from the Private Placement towards this project as soon as the proceeds are received.

The amount of gross proceeds from the H Share Placing cannot be determined at this stage as the price for the H Share Placing is yet to be determined. The net proceeds from the H Share Placing are intended to be utilized by the Company to support the development of the business of the Group and as general working capital.

8. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company as at the date of this circular and immediately after completion of the Private Placement are set out in the table below:

As at the date of this circular:

Name of Shareholders	Number of Shares held	Percentage of the issued Domestic Shares of the Company	Percentage of the issued H Shares of the Company	Percentage of the total issued Shares of the Company
China Huaxin	179,827,794 Domestic Shares	59.99%	–	28.12%
Draka	179,827,794 H Shares	–	52.94%	28.12%
Yangtze Communications	119,937,010 Domestic Shares	40.01%	–	18.76%
Other public holders of H Shares	159,870,000 H Shares	–	47.06%	25.00%
	639,462,598 Shares	100.00%	100.00%	100.00%
	639,462,598 Shares	100.00%	100.00%	100.00%

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Immediately after completion of the Private Placement:

Name of Shareholders	Number of Shares held	Percentage of the issued Domestic Shares of the Company	Percentage of the issued H Shares of the Company	Percentage of the total issued Shares of the Company
China Huaxin	179,827,794 Domestic Shares	54.40%	–	26.37%
Draka	179,827,794 H Shares	–	51.15%	26.37%
Yangtze Communications	119,937,010 Domestic Shares	36.28%	–	17.58%
Connected H Share Subscribers Limited Partnership (representing holdings of the Connected Domestic Share Subscribers)	1,205,000 H Shares	–	0.34%	0.18%
Other limited partnerships to be established and owned by selected employees under the Proposed Employee Stock Ownership Scheme	14,252,000 Domestic Shares	4.31%	–	2.09%
	15,442,000 Domestic Shares (granted)	4.67%	–	2.26%
	1,089,000 Domestic Shares (in reserve pool)	0.33%	–	0.16%
Other public holders of H Shares	170,534,000 H Shares	–	48.51%	25.00%
	682,114,598 Shares	100.00%	100.00%	100.00%
	682,114,598 Shares	100.00%	100.00%	100.00%

LETTER FROM THE BOARD

As the Connected H Share Subscribers and the Connected Domestic Share Subscribers are connected persons, their holdings in the Company will not count towards the public float. Accordingly, the Company will conduct the H Share Placing, which shall take place at the same time or before the Employee LPs Domestic Share Subscription, the Connected Domestic Share Subscription and the Connected H Share Subscription in order to ensure that the minimum public float requirement is met at all times. In addition, pursuant to the H Share Subscription Agreements, the subscription price for each Subscribed H Share shall be 85% of the average closing price of the H Shares for the five (5) Trading Days immediately before the date of the Placing Agreement, subject to a floor price of HK\$7.15 per Subscribed H Share. In other words, the Placing Agreement has to be entered into by the Company before the subscription price for the Subscribed H Share can be determined, thus the completion of the Connected H Share Subscription could not take place before the Placing Agreement is signed. The Company undertakes to comply with the minimum public float requirement under the Listing Rules at all times and in case where the Company expects that such requirement could not be complied with upon the completion of the Connected H Share Subscription and the Connected Domestic Share Subscription, the Company would not proceed with the issue and allotment of the Subscribed H Shares and the Subscribed Domestic Shares.

9. FUND RAISING IN THE PAST TWELVE MONTHS

Apart from the issue of H shares of the Company by way of Hong Kong public offering and international offering in late 2014, the Company has not conducted any fund raising activities involving the issue of equity within the 12 months immediately prior to the date of this circular.

10. LISTING RULES IMPLICATIONS

The Connected H Share Subscribers include two Directors, namely Mr. Frank Franciscus Dorjee and Mr. Yeung Kwok Ki Anthony. The Connected Domestic Share Subscribers include four Directors, namely Mr. Wen Huiguo, Mr. Yao Jingming, Mr. Xiong Xiangfeng and Ms. Zheng Huili, seven senior management members of the Company, namely Mr. Zhuang Dan, Mr. Jan Bongaerts, Mr. Zhang Mu, Mr. Yan Changkun, Mr. Luo Jie, Mr. Yu Jianwu and Mr. Zhang Yanxiang, who are directors and/or supervisors of the subsidiaries of the Company and a supervisor of the Company, namely Mr. Jiang Zhikang. The Limited Partnership will be wholly and beneficially owned by the Connected Domestic Share Subscribers. The Connected H Share Subscribers, the Connected Domestic Share Subscribers and the Limited Partnership are connected persons of the Company under the Listing Rules and the transactions contemplated under the H Share Subscription Agreements and the LP Unit Subscription Agreements constitute connected transactions of the Company and are subject to the annual reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

11. INFORMATION ON THE COMPANY

The Company is principally engaged in the manufacture and sales of optical fibre preforms, optical fibres and optical fibre cables with various standard specifications that are widely used in the telecommunications industry and the provision of other related products and services.

LETTER FROM THE BOARD

12. EGM, DOMESTIC SHARE CLASS MEETING AND H SHARE CLASS MEETING

The Company proposes to convene the EGM, the H Share Class Meeting and the Domestic Share Class Meeting, in sequence, to consider and, if thought fit, approve the Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate, the Connected H Share Subscription and the Connected Domestic Share Subscription, at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Monday, October 19, 2015 at 10:00 a.m., 10:30 a.m. and 11:00 a.m.. The notice of the EGM, the Domestic Share Class Meeting and the H Share Class Meeting are set out on pages 77 to 80, pages 81 to 83, and pages 84 to 86 of this circular, respectively.

In order to determine the holders of H Shares who are entitled to attend the EGM and the H Share Class Meeting, the H Shares register of members of the Company will be closed from Saturday, September 19, 2015 to Monday, October 19, 2015 (both days inclusive), during which period no transfer of H Shares will be effected. Holders of H Shares who wish to attend the EGM and the H Share Class Meeting but have not registered the transfer documents are required to deposit the transfer document together with the relevant share certificates at the H share registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, at or before 4:30 p.m. on Friday, September 18, 2015. Holders of H Shares whose names appear on the H Shares register of members of the Company at the close of business on Friday, September 18, 2015 are entitled to attend the EGM and the H Share Class Meeting.

A reply slip and a proxy form for use at each of the EGM, the Domestic Share Class Meeting and the H Share Class Meeting is enclosed with this circular. If you intend to appoint a proxy to attend the EGM, the Domestic Share Class Meeting and/or H Share Class Meeting, you are required to complete and return the accompanying proxy forms in accordance with the instructions printed thereon. The proxy forms should be returned to the Company's H share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for holder of H Shares and to the Company's Board of Directors' Office at No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC (Postal code: 430073) for holder of Domestic Shares by hand or by post not less than 24 hours before the time appointed for holding the EGM, the Domestic Share Class Meeting, and/or H Share Class Meeting or any adjourned meeting thereof (as the case may be). Completion and return of the proxy forms will not preclude you from attending and voting in person at the EGM, the Domestic Share Class Meeting and/or H Share Class Meeting or at any adjourned meeting (as the case may be) should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked. If you intend to attend the EGM, the Domestic Share Class Meeting and/or H Share Class Meeting (as the case may be) in person or by proxy, you are required to complete and return the reply slips to the Company's H share registrar, Tricor Investor Services Limited, for holder of H Shares or to the Company's Board of Directors' Office for holder of Domestic Shares, at the above addresses, on or before Tuesday, September 29, 2015.

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13. VOTING BY WAY OF POLL

Under the Listing Rules, the Connected H Share Subscription and the Connected Domestic Share Subscription are subject to the approval of the Independent Shareholders. Any connected person with a material interest in the Connected H Share Subscription and the Connected Domestic Share Subscription, and any Shareholder with a material interest in the Connected H Share Subscription and the Connected Domestic Share Subscription and its associates shall abstain from voting on the resolution approving the Connected H Share Subscription and the Connected Domestic Share Subscription. At the EGM, the Domestic Share Class Meeting and the H Share Class Meeting, the Connected Domestic Share Subscribers, the Connected H Share Subscribers and other eligible senior management and core employees who will participate in the Proposed Employee Stock Ownership Scheme (to the extent any of them holds any Shares) and their respective associates will be required to abstain from voting on the resolutions to approve the Connected H Share Subscription, the Connected Domestic Share Subscription, the Specific Mandates and the Proposed Employee Stock Ownership Scheme.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the EGM, the Domestic Share Class Meeting and the H Share Class Meeting will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

14. RECOMMENDATION

China Industrial Securities has been retained as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Connected H Share Subscription and the Connected Domestic Share Subscription. China Industrial Securities considers that the terms of the Connected H Share Subscription and the Connected Domestic Share Subscription are on normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole. Accordingly, China Industrial Securities advises the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant resolutions regarding the Connected H Share Subscription and the Connected Domestic Share Subscription to be proposed at the EGM, the Domestic Share Class Meeting and/or the H Share Class Meeting. The text of the letter from China Industrial Securities containing its advice and the principal factors and reasons it has taken into consideration in arriving at its advice is set out on pages 30 to 50 of this circular.

The Independent Board Committee, having taken into account the advice of China Industrial Securities, considers that the terms of the Connected H Share Subscription and the Connected Domestic Share Subscription are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends that Independent Shareholders vote in favour of the relevant resolutions regarding the Connected H Share Subscription and the Connected Domestic Share Subscription to be

LETTER FROM THE BOARD

proposed at the EGM, the Domestic Share Class Meeting and/or the H Share Class Meeting. The text of the letter from the Independent Board Committee is set out on page 29 of this circular.

The Directors (including the independent non-executive Directors) consider that the Proposed Employee Stock Ownership Scheme, the Private Placement and the General Mandate are in the interest of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) are also of the view that the terms of the Connected H Share Subscription and the Connected Domestic Share Subscription are fair and reasonable and in the interests of the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM, the Domestic Share Class Meeting and/or the H Share Class Meeting.

15. FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on page 29 of this circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in respect of the Connected H Share Subscription and Connected Domestic Share Subscription set out on pages 30 to 50 of this circular.

Your attention is also drawn to the general information set out in Appendix III to this circular.

Shareholders and potential investors should note that the Proposed Employee Stock Ownership Scheme and the matters including the Private Placement are subject to approval of Shareholders and certain regulatory approvals and may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

Yours faithfully

For and on behalf 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

* For identification purposes only



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)

September 2, 2015

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company to the Shareholders dated September 2, 2015 (the “**Circular**”) of which this letter forms part. Terms used herein shall have the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Connected H Share Subscription and the Connected Domestic Share Subscription are fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

China Industrial Securities International Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise us and the Independent Shareholders in respect of the Connected H Share Subscription and the Connected Domestic Share Subscription.

We wish to draw your attention to the letter from the Board set out on pages 7 to 28 of the Circular which contains, among others, information on the Connected H Share Subscription and the Connected Domestic Share Subscription, as well as the letter from the Independent Financial Adviser set out on pages 30 to 50 of the Circular which contains its advice and recommendations in respect of the Connected H Share Subscription and the Connected Domestic Share Subscription and the principal factors and the reasons taken into consideration for its advice and recommendations.

Having taken into account the advice of the Independent Financial Adviser, we consider that the terms of the Connected H Share Subscription and the Connected Domestic Share Subscription are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the relevant resolution regarding the Connected H Share Subscription and the Connected Domestic Share Subscription to be proposed at the EGM, the Domestic Share Class Meeting and/or the H Share Class Meeting.

Yours faithfully,
Independent Board Committee

Mr. NGAI Wai Fung
*Independent
non-executive
Director*

Mr. IP Sik On Simon
*Independent
non-executive
Director*

Mr. LI Ping
*Independent
non-executive
Director*

Mr. LI Zhuo
*Independent
non-executive
Director*

* For identification purposes only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from China Industrial Securities International Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



30/F
AIA Central
1 Connaught Road Central
Hong Kong

September 2 2015

To: The Independent Board Committee and the Independent Shareholders of Yangtze Optical Fibre and Cable Joint Stock Limited Company

Dear Sirs,

CONNECTED H SHARE SUBSCRIPTION AND CONNECTED DOMESTIC SHARE SUBSCRIPTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected H Share Subscription and the Connected Domestic Share Subscription, and the terms thereunder, particulars of which are set out in the letter from the Board (the "**Letter from the Board**") of the circular to the Shareholders dated September 2 2015 (the "**Circular**"), of which this letter forms apart. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Connected H Share Subscription

As set out in the Letter from the Board, on 28 July 2015, the Company entered into two H share Subscription Agreements with each of the two Connected H Share Subscribers, namely (i) Mr. Frank Franciscus Dorjee ("**Mr. Dorjee**"), an executive Director; and (ii) Mr. Yeung Kwok Ki Anthony ("**Mr. Yeung**"), a non-executive Director. Save for the number of H Shares to be subscribed for by each Connected H Share Subscriber, all other terms and conditions under the H Share Subscription Agreements are substantially the same. Pursuant to the H Share Subscription Agreements, the Connected H Share Subscribers have conditionally agreed to subscribe for in cash, and the Company has conditionally agreed to allot and issue, a total of 1,205,000 new H Shares. The subscription price for each Subscribed H Share shall be 85% of the average closing price of the H Shares for the five (5) Trading Days immediately before the date of the Placing Agreement, subject to a floor price of HK\$7.15 per Subscribed H Share.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Connected Domestic Share Subscription

As set out in the Letter from the Board, the Company entered into eleven LP Unit Subscription Agreements with each of the twelve Connected Domestic Share Subscribers, except for Mr. Jiang Zhikang, on 28 July, 2015; and a LP Unit Subscription Agreement with Mr. Jiang Zhikang on 29 August, 2015. Save for the number of the New Domestic Shares LP Units to be subscribed for by each Connected Domestic Share Subscriber, all other terms and conditions under the LP Unit Subscription Agreements are substantially the same.

Pursuant to LP Unit Subscription Agreements, the Connected Domestic Share Subscribers have conditionally agreed to indirectly subscribe for New Domestic Shares by subscribing for New Domestic Shares LP Units of the Limited Partnership representing a total of 14,252,000 underlying Domestic Shares and the Company has conditionally agreed to allot and issue a total of 14,252,000 Domestic Shares to the Limited Partnership as part of the new Domestic Shares to be issued under the Proposed Employee Stock Ownership Scheme, at a price of HK\$7.15 per underlying Domestic Share. The Limited Partnership will be wholly and beneficially owned by the Connected Domestic Share Subscribers.

Since the Connected H Share Subscribers are Directors whereas the Connected Domestic Share Subscribers are Directors or senior management of the Company or directors and/or supervisors of the subsidiaries of the Company and a supervisor of the Company, and hence the Limited Partnership will be wholly and beneficially owned by the Connected Domestic Share Subscribers, the Connected H Share Subscribers, the Connected Domestic Share Subscribers and the Limited Partnership are connected persons of the Company under the Listing Rules and the transactions contemplated under the H Share Subscription Agreements and the LP Unit Subscription Agreements constitute connected transactions of the Company and are subject to the annual reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. An EGM will be convened at which Independent Shareholders will consider and vote by way of poll on the Connected H Share Subscription and Connected Domestic Share Subscription. Accordingly, the Connected Domestic Share Subscribers, the Connected H Share Subscribers and other eligible senior management and core employees who will participate in the Proposed Employee Stock Ownership Scheme (to the extent any of them holds any Shares) and their respective associates will be required to abstain from voting on the resolutions to approve the Connected H Share Subscription, the Connected Domestic Share Subscription, the Specific Mandates and the Proposed Employee Stock Ownership Scheme.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising Mr. Ngai Wai Fung, Mr. Ip Sik On Simon, Mr. Li Ping and Mr. Li Zhuo (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on whether the Connected H Share Subscription and the Connected Domestic Share Subscription contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote. We, China Industrial Securities International Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, we did not have any relationship with or interest in the Group or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. As such, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules. We have not acted as the independent financial adviser to the Company's other transactions during the last two years.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the information and facts provided by the Group and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and the management of the Group for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading.

In formulating our opinion, we consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion, and we have discussed with the management of the Group so as to assess the fairness and reasonableness of the terms of the Connected H Share Subscription and the Connected Domestic Share Subscription. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Group, nor have we conducted any independent investigation into the business and affairs of the Group and its subsidiaries or associates. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders regarding the Connected H Share Subscription and the Connected Domestic Share Subscription, we have considered the following principal factors and reasons:

1. Background and reasons for the Connected H Share Subscription and the Connected Domestic Share Subscription

Reference is made to the announcements of the Company dated 10 June 2015, 28 July 2015 and 30 August 2015 in relation to, inter alia, the Proposed Employee Stock Ownership Scheme, the Private Placements, the Connected H Share Subscription and the Connected Domestic Share Subscription. As part of the implementation of the Proposed Employee Stock Ownership Scheme, the Company entered into two H Share Subscription Agreements with each of the two Connected H Share Subscribers and twelve LP Unit Subscription Agreements with each of the twelve Connected Domestic Share Subscribers.

Information of the Connected H Share Subscribers

As set out in the Letter from the Board, the Connected H Share Subscribers include (i) Mr. Dorjee, an executive Director; and (ii) Mr. Yeung, an independent non-executive Director, which they subscribed 500,000 H Shares and 705,000 H Shares respectively under the H Share Subscription Agreements. We note that the profiles of the Connected H Share Subscribers are contained in the annual report of the Group for the year ended 31 December 2014 (the “**2014 Annual Report**”), as confirmed with the Company, there are no significant changes of their profiles since the publication of the 2014 Annual Report.

As confirmed by the Company, as at the Latest Practicable Date, for the purposes of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Mr. Dorjee and Mr. Yeung do not have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

Information of the Connected Domestic Share Subscribers

As set out in the Letter from the Board, the list of the Connected Domestic Share Subscribers and their respective number of underlying new Domestic Shares represented by the New Domestic Shares LP Unites to be subscribed by the Connected Domestic Share Subscribers under the LP Unite Subscription Agreements are set out as below. We note that the profiles of the Connected Domestic Share Subscribers are contained in the 2014 Annual

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Report, as confirmed with the Company, there are no significant changes of their profiles since the publication of the 2014 Annual Report.

Name	Position	Number of Underlying New Domestic Shares represented by the New Domestic Shares LP Units
Wen Huiguo	Chairman of the Board and Executive Director	2,350,000
Yao Jingming	Non-executive Director	500,000
Xiong Xiangfeng	Non-executive Director	705,000
Zheng Huili	Non-executive Director	705,000
Zhuang Dan	General Manager, and director of:	2,350,000
	(i) Yangtze Optical Fibre and Cable Company (Hong Kong) Limited;	
	(ii) EverPro Technologies Company Limited;	
	(iii) EverProsper Technologies Company Limited;	
	(iv) Yangtze Optical Fibre and Cable (Shanghai) Co., Ltd.;	
	(v) Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd.;	
	(vi) Yangtze Optical Fibre and Cable Sichuan Co., Ltd.;	
	(vii) Yangtze Optical Fibre and Cable Shenyang Co., Ltd.;	
	(viii) Yangtze Optical Fibre and Cable Lanzhou Co., Ltd.; and	
	(ix) PT Yangtze Optical Fibre Indonesia	

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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Name	Position	Number of Underlying New Domestic Shares represented by the New Domestic Shares LP Units
Jan Bongaerts	First Deputy General Manager, and director of: <ul style="list-style-type: none"> (i) Yangtze Optical Fibre and Cable Company (Hong Kong) Limited; (ii) Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd.; and (iii) PT Yangtze Optical Fibre Indonesia 	2,350,000
Zhang Mu	Deputy General Manager and the general manager of the strategic center, director of: <ul style="list-style-type: none"> (i) EverPro Technologies Company Limited; (ii) EverProsper Technologies Company Limited; (iii) Yangtze Optical Fibre and Cable (Shanghai) Co., Ltd.; (iv) Yangtze Optical Fibre and Cable Shenyang Co., Ltd; and (v) PT Yangtze Optical Fibre Indonesia and supervisor of Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd.	1,015,000

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Name	Position	Number of Underlying New Domestic Shares represented by the New Domestic Shares LP Units
Yan Changkun	Deputy General Manager and the general manager of the manufacturing center, director of: (i) EverPro Technologies Company Limited; (ii) Yangtze Optical Fibre and Cable Lanzhou Co., Ltd.; and (iii) PT Yangtze Optical Fibre Indonesia	972,000
Luo Jie	Chief Technology Officer, and supervisor of EverPro Technologies Company Limited	863,000
Yu Jianwu	Chief Marketing and Strategic Officer, director of Yangtze Optical Fibre and Cable (Shanghai) Co., Ltd.	872,000
Zhang Yanxiang	Chief Sales Officer and the general manager of the sales center, director of: (i) Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd.; and (ii) Yangtze Optical Fibre and Cable Sichuan Co., Ltd.	847,000
Jiang Zhikang	Supervisor of the Company and the general manager of the operation management center of the Company	723,000
Total		14,252,000

Note: Yangtze Optical Fibre and Cable Company (Hong Kong) Limited, EverPro Technologies Company Limited, EverProsper Technologies Company Limited, Yangtze Optical Fibre and Cable Shenyang Co., Ltd., Yangtze Optical Fibre and Cable Lanzhou Co., Ltd. and PT Yangtze Optical Fibre Indonesia are subsidiaries of the Company, in which the Company's effective interests are 100%, 69.23%, 69.23%, 100%, 100% and 70%, respectively. Yangtze Optical Fibre and Cable (Shanghai) Co., Ltd., Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd. and Yangtze Optical Fibre and Cable Sichuan Co., Ltd. are joint ventures in which the Company's effective interests are 75%, 51% and 51%, respectively.

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As confirmed by the Company, as at the Latest Practicable Date, for the purposes of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the Connected Domestic Share Subscribers do not have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

Fund raising activities of the Company in past twelve months

As stated in the Letter from the Board, apart from the issue of H Shares of the Company by way of Hong Kong public offering and international offering in late 2014, the Company has not conducted any fund raising activities involving the issue of equity within the 12 months immediately prior to the date of this Circular.

For our due diligence purpose, we have enquired and were informed by the Directors that the Group has considered various methods, namely debt financing and equity financing, for fund raising. As advised by the Directors, the Company considers that the Connected H Share Subscription and the Connected Domestic Share Subscription is the best way to achieve both goals at the same time, namely (i) incentivize the Company's management and stabilize the core personnel team; and (ii) fund raising. The Directors also advised that it is a market practice to incentivize the management by equity subscription. Given the above, the Directors are of the view that the Connected H Share Subscription and the Connected Domestic Share Subscription are the more preferable method of fund raising of the Group.

Reasons for and benefit of the Connected H Share Subscription and the Connected Domestic Share Subscription and the use of proceeds

As stated in the Letter from the Board, the Board considers that the adoption of the Proposed Employee Stock Ownership Scheme can further enhance the Company's corporate governance structure, incentivize the Company's management and core personnel team and it is a sound mid- to long-term incentive plan that provides for both incentives and restrictions. The purpose of the Private Placement, which involves, among other things, the Connected H Share Subscription and the Connected Domestic Share Subscription, is to implement the Proposed Employee Stock Ownership Scheme.

As confirmed by the management of the Group, the Company has considered other financing alternatives such as rights issue or open offer but such fund raising exercises require the Company to procure commercial underwriting which would incur additional cost for the Company. The Company considered that these fund raising alternatives would not be in the best interests of the Independent Shareholders. In addition, the Directors considered that using debt financing would incur interest costs to the Company. As advised by the management of the Group, although the current gearing level of the Group is in an acceptable level, it is not preferable to

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increase the gearing level by creating additional debt liabilities to the Group. The Directors thus concluded that equity financing could avoid additional interest costs and could prevent further increase leverage of the Group as compared to debt financing.

We were advised by the management of the Group that the Connected H Share Subscription and the Connected Domestic Share Subscription will provide the Company an opportunity to tie the interest of the Company with a direct personal economic interest of the Connected H Share Subscribers and the Connected Domestic Share Subscribers, being the Directors or senior management of the Company or directors and/or supervisors of the subsidiaries of the Company and a supervisor of the Company, therefore, we concur with the Directors' view that it would enhance the stability of the core management team and beneficial to the Company in attaining the long term business objectives.

We were further advised by the management of the Group that the Company has engaged an independent human resources professional (the "HR Professional") to evaluate the benefit of the equity subscription of the directors and management of the Company, the HR Professional had advised the Company to implement long term incentive mechanism to enhance the competitiveness of the employee compensation and to retain and motivate key employees of the Company. We have obtained and reviewed the summary report prepared by the HR Professional from the Company and note that the Connected H Share Subscription and the Connected Domestic Share Subscription are in line with the advice of the HR Professional.

According to the Letter from the Board, based on the minimum subscription price for the Subscribed H Shares of HK\$7.15 per Subscribed H Share and the subscription price for the Subscribed Domestic Shares of HK\$7.15 per Subscribed Domestic Share, the aggregate gross proceeds from the Private Placement (including the Employee LPs Domestic Share Subscription, the Connected H Share Subscription and the Connected Domestic Share Subscription but excluding the H Share Placing) are expected to be at least HK\$228,714,200. Such proceeds are intended to be utilized by the Company to construct the Phase II project of YOFC Science & Technology Park in Qianjiang to expand the optical fibre preform production capacity of the Company. As advised by the management of the Group, the Company has only started this project recently and site selection and feasibility study of the project have been completed. It is anticipated that this project will be carried out in three phrases and after the completion of the first phrase, the Company's optical fibre preform production capacity can increase by 500 tonnes. As stated in the Letter from the Board, the implementation of the first phase of the Phase II project of YOFC Science & Technology Park in Qianjiang is expected to commence in October 2015 and the Company intends to apply the proceeds from the Private Placement towards this project as soon as the proceeds are received.

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Having considered the abovementioned reasons and factors, particularly, (i) the Connected H Share Subscribers and the Connected Domestic Share Subscribers are the core management team members or key employees of the Company; (ii) the Connected H Share Subscription and the Connected Domestic Share Subscription would allow the Company to incentivize the Company's management by connecting their personal interest with the interests of the Company and the Shareholders directly; and (iii) the use of proceeds of the Private Placement (including the Connected H Share Subscription and the Connected Domestic Share Subscription) will be utilized by the Company to expand the optical fibre preform production capacity of the Company which enhance the business development of the Group in the future, we consider the Connected H Share Subscription and the Connected Domestic Share Subscription are justifiable, and is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Connected H Share Subscription and the Connected Domestic Share Subscription

The principal terms of the Connected H Share Subscription are set out as follows:

Date	28 July 2015
Parties	(i) The Company (ii) Connected H Share Subscribers
Subscription Shares	1,205,000 new H Shares, represents: (i) approximately 0.35% of the total number of H Shares in issue and approximately 0.19% of the existing total issued share capital of the Company; and (ii) approximately 0.34% of the enlarged total issued H Shares of the Company and 0.18% of the enlarged total issued share capital of the Company upon completion of the Private Placement
Subscription price	The subscription price for each Subscribed H Shares shall be 85% of the average closing price of the H Shares for the five (5) Trading Days immediately before the date of the Placing Agreement, subject to a floor price of HK\$7.15 per Subscribed H Share (the "Floor Price").

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Lock-up arrangement Pursuant to the H Share Subscription Agreements, each of the two Connected H Share Subscribers undertakes to the Company that, without the prior written consent of the Company, he will not, and, where applicable, will procure that his nominee(s) will not, at any time during the period of 24 months following the date of completion of the subscription of the Subscribed H Shares, directly or indirectly, dispose of any of the Subscribed H Shares and any shares or other securities of the Company deriving from the Subscribed H Shares, including but not limited to any bonus issue or capitalization issue.

The principal terms of the Connected Domestic Share Subscription are set out as follows:

Date	28 July 2015 and 29 August 2015
Parties	(i) The Company (ii) Connected Domestic Share Subscribers
Subscription Shares	14,252,000 Subscribed Domestic Shares represent: (i) approximately 4.75% of the total number of Domestic Shares in issue and approximately 2.23% of the existing total issued share capital of the Company; and (ii) approximately 4.31% of the enlarged total issued Domestic Shares of the Company and 2.09% of the enlarged total issued share capital of the Company upon completion of the Private Placement.
Subscription price	HK\$7.15 per Subscribed Domestic Share (the “ Domestic Share Subscription Price ”)

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Lock-up arrangement

Pursuant to the LP Unit Subscription Agreements, each of the twelve Connected Domestic Share Subscribers undertakes to the Company that, without the prior written consent of the Company, he/she will not, and, where applicable, will procure that his/her nominee(s) will not, at any time during the period of 24 months following the date of completion of the subscription by the Connected Domestic Share Subscribers of the New Domestic Shares LP Units and the issue and allotment of the Subscribed Domestic Shares to the Limited Partnership by the Company, directly or indirectly, dispose of any of the New Domestic Shares LP Units, the Subscribed Domestic Shares and any shares or other securities of the Company deriving from the Subscribed Domestic Shares, including but not limited to any bonus issue or capitalization issue.

Set out below are the analyses for the illustrative purpose to assess the fairness and reasonableness of the principal terms of the Connected H Share Subscription and the Connected Domestic Share Subscription:

Review of the subscription price

Connected H Share Subscription

According to the Letter from the Board, the subscription price for the Subscribed H Shares (including the Floor Price) was determined on an arm's length basis between the Company and each Connected H Share Subscriber with reference to the subscription price of the Subscribed Domestic Shares. The Directors consider that the subscription price for the Subscribed H Shares (including the Floor Price) is fair and reasonable under the current market conditions and in light of the recent price performance of the H Shares and the freely tradable nature of the H Shares.

Connected Domestic Share Subscription

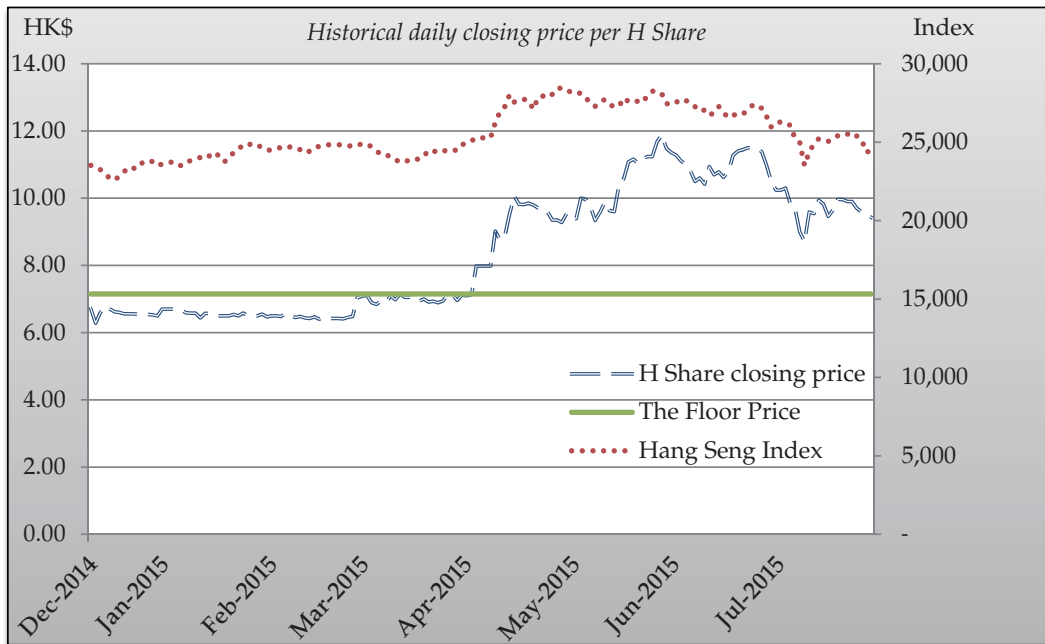
According to the Letter from the Board, taking into account the fact that the Subscribed Domestic Shares are not publicly traded and therefore have little liquidity, it is determined that the Subscribed Domestic Shares will be issued at a price of HK\$7.15 per Subscribed Domestic Share, representing approximately 85% of the average closing price of the H Shares for the 90 trading days immediately before 10 June 2015, that is the date of the announcement relating to the Proposed Employee Stock Ownership Scheme.

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For the purpose of assessing the fairness and reasonableness of the subscription price, the price of HK\$7.15, being the Floor Price and the Domestic Share Subscription Price, will be used for the below analysis.

According to the 2014 Annual Report, as at 31 December 2014, the net asset value of the Company was RMB2,911,491,000, with the total issued Share of the Company being 639,462,598 Shares, the net asset value per Share is approximately RMB4.55 per Share, which is equivalent to approximately HK\$5.69 per Share based on the exchange rate of RMB1.00 to HK\$1.25 for illustrative purpose only. The Floor Price and the Domestic Share Subscription Price of HK\$7.15 represents a premium of approximately 25.66% to the net asset value per Share as at 31 December 2014.

The chart below illustrates the daily closing prices of the H Shares as quoted on the Stock Exchange and the Hang Seng Index, during the period from 10 December 2014, being the listing day of the H Shares on the Stock Exchange, up to and including the last trading day (the “**Last Trading Day**”) prior to the execution of the H Share Subscription Agreements (the “**Review Period**”).



Source: The web site of the Stock Exchange (www.hkex.com.hk) and Bloomberg

As demonstrated in the above chart, the movement of the historical price of the H Shares is broadly in line with the movement of the Hang Seng Index during the Review Period, therefore we are of the view that it is reasonable to consider the historical price of the H Shares for analytical purpose.

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During the Review Period, the historical daily closing prices of the H Shares ranged from HK\$6.28 per H Share to HK\$11.88 per H Share and the average closing price of the H Shares was approximately HK\$8.46 per H Share. The Floor Price lies within the range of the lowest and highest closing prices of the H Shares during the Review Period, and the Floor Price and the Domestic Share Subscription Price represents a discount of approximately 15.48% of the average closing price of the H Shares during the Review Period.

Having considered that (i) the Floor Price and the Domestic Share Subscription Price represents a premium of approximately 25.66% to the net asset value per Share as at 31 December 2014; and (ii) the Floor Price and the Domestic Share Subscription Price lies within the range of the lowest and highest closing prices of the H Shares during the Review Period, we are of the view that the Floor Price and the Domestic Share Subscription Price is justifiable.

Review on trading liquidity of the H Shares

The number of trading days, the average daily number of the H Shares traded in each month, and the respective percentages of the H Shares' monthly trading volume as compared to (i) the total number of issued Shares as at the Latest Practicable Date; and (ii) the total number of issued H Shares as at the Latest Practicable Date during the Review Period are tabulated as follows:

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Month	No. of trading days in each month	Average daily trading volume (the "Average Volume") <i>H Shares</i>	% of the Average Volume to the total number of issued Shares <i>(Note)</i> %	% of the Average Volume to the total number of issued H Shares <i>(Note)</i> %
2014				
December (<i>from the listing date of the H Shares</i>)	14	4,273,054	0.67	1.26
2015				
January	21	313,286	0.05	0.09
February	18	721,278	0.11	0.21
March	22	798,682	0.12	0.24
April	19	3,224,171	0.50	0.95
May	19	2,601,722	0.41	0.77
June	22	948,977	0.15	0.28
July (up to and including the Last Trading Day)	19	900,895	0.14	0.27
Maximum		4,273,054	0.67	1.26
Minimum		313,286	0.05	0.09
Average		1,722,758	0.27	0.51

Source: *The web site of the Stock Exchange (www.hkex.com.hk)*

Note: Calculation based on 639,462,598 total issued Shares and 339,697,794 total issued H shares as at the Latest Practicable Date.

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The above table illustrates that the average daily trading volume of the H Shares in each month had been relatively thin during the Review Period. Save for December 2014, which was the month of the H Shares commencing to be listed on the Stock Exchange, the volume of H Shares being traded during the entire Review Period was below 1% to the total number of issued Shares and the total number of issued H Shares. With the relatively thin liquidity of the H Shares on the Stock Exchange, we are of the view that it is reasonable to consider a discount to the average closing price during the Review Period in determining the Floor Price of the Connected H Share Subscription.

Since the Subscribed Domestic Shares are not publicly traded and therefore reviewing on the trading liquidity of the Domestic Shares is not applicable for analytical purposes.

Comparison with other share subscription exercises

As part of our analysis, we have also identified transactions regarding the issuance or subscription of the new shares during the three months prior to the Last Trading Day for the illustrative purpose, the transactions selected are based on the dates firstly announced by the companies listed on the main board of the Stock Exchange, in which the market capitalization of the companies were ranged between HK\$1 billion to HK\$4 billion as at the Last Trading Day (the “**Comparables**”). We are of the view that the Comparables, which represent an exhaustive list, can reflect the prevailing market trend in relation to the fund raising exercises of issuance or subscription of the new shares. We also consider that the range of market capitalization we have selected is comparable to the market capitalization of the Company (being HK\$3.2 billion as at the Last Trading Day). We consider the length of the three month review period is a commonly adopted time span for our analysis which covers sufficient number of comparable companies to reflect the current market practice in respect of the issuance or subscription of new shares.

To the best of our knowledge and as far as we are aware of, there were 20 transactions with relevant information available, in which there was one connected transaction involving subscription of new shares by connected persons, which met the aforesaid criteria and they are exhaustive as far as we are aware of. We consider the Comparables, despite there is only one connected transaction involving subscription of new shares by connected persons, can provide a general reference of new shares issuance or subscription transactions in Hong Kong equity capital market, therefore, we consider it is appropriate to use the Comparables for our analytical purpose in order to assess the fairness and reasonableness of the Connected H Share Subscription and Connected Domestic Share Subscription. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables, and thus the Comparables are only used to provide a reference for the recent common market practice of Hong Kong listed companies in the issuance or

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subscription of new shares. Details of our findings are summarized as below table:

Company name	Stock code	Date of announcement	Premium/Discount of the issue price to closing price per share on the last trading day prior to/the date of announcement/ agreement in relation to the respective subscription/ placing of share %	Premium/Discount of the issue price to average closing price per share for the last five (5) trading days prior to/the date of announcement/ agreement in relation to the respective subscription/ placing of share %
Quali -Smart Holdings Limited	1348	22 July 2015	(15.70)	(19.60)
Yi Hua Department Store Holdings Limited	2213	22 July 2015	(17.32)	(11.97)
Hao Tian Development Group Limited	474	22 July 2015	(18.91)	(17.58)
Winfull Group Holdings Limited	183	21 July 2015	(14.81)	(17.86)
Orient Victory China Holdings Limited	265	7 July 2015	(50.67)	(67.40)
Yi Hua Department Store Holdings Limited	2213	30 June 2015	(11.40)	(12.26)
Da Ming International Holdings Limited	1090	26 June 2015	(8.44)	(9.11)
China Beidahuang Industry Group Holdings Limited	39	17 June 2015	(19.00)	(18.35)
Man Sang International Limited	938	11 June 2015	(19.85)	(1.27)
China Aluminum Cans Holdings Limited	6898	8 June 2015	(10.24)	(12.71)
Oi Wah Pawnshop Credit Holdings Limited	1319	5 June 2015	(9.78)	(8.56)
HNA International Investment Holdings Limited	521	4 June 2015	(17.72)	(19.95)
Sunshine Oilsands Limited (<i>Note</i>)	2012	1 June 2015	(19.40)	(16.70)
China Star Entertainment Limited	326	1 June 2015	(7.69)	(4.76)
China MeiDong Auto Holdings Limited	1268	1 June 2015	(3.68)	(0.44)
Huiyin Household Appliances (Holdings) Co., Ltd.	1280	28 May 2015	(9.23)	(5.85)

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Company name	Stock code	Date of announcement	Premium/Discount of the issue price to closing price per share on the last trading day prior to/the date of announcement/agreement in relation to the respective subscription/placing of share %	Premium/Discount of the issue price to average closing price per share for the last five (5) trading days prior to/the date of announcement/agreement in relation to the respective subscription/placing of share %
Skyocean International Holdings Limited	593	28 May 2015	(17.56)	(15.19)
Tempus Holdings Limited	6880	27 May 2015	(16.15)	(2.78)
China Financial Service Holdings Limited	605	26 May 2015	(16.67)	(13.19)
China NT Pharma Group Company Limited	1011	22 May 2015	(15.84)	(19.13)
Maximum			(3.68)	(0.44)
Minimum			(50.67)	(67.40)
Average			(16.00)	(14.73)
<i>The Company</i>	6869	28 July 2015	(24.18)	(25.68)

Note: A connected transaction involving subscription of new shares by connected persons.

The Floor Price and the Domestic Share Subscription Price of HK\$7.15 represents:

- i. a discount of approximately 8.33% to the closing price of HK\$7.80 per H Share as quoted on the Stock Exchange on the last trading day prior to the Latest Practicable Date;
- ii. a discount of approximately 24.18% to the closing price of HK\$9.43 per H Share as quoted on the Stock Exchange on the Last Trading Day; and
- iii. a discount of approximately 25.68% to the average of the closing price per H Share of approximately HK\$9.62 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

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As indicated in the table above, the subscription prices of the Comparables ranged from a discount of approximately 3.68% to a discount of approximately 50.67% to the respective closing prices of their shares on the last trading day prior to/on the date of the announcements/agreement in relation to the relevant share subscription, while the subscription prices of the Comparables ranged from a discount of approximately 0.44% to a discount of approximately 67.40% to the respective closing prices of their shares on the last five (5) trading days prior to/on the date of the announcements/agreement in relation to the relevant share subscription, the average discount of the subscription prices to the last trading day and last five (5) trading days are 16.00% and 14.73% respectively. The discount of the Floor Price and the Domestic Share Subscription Price to the Last Trading Day and the last five (5) trading days up to and including the Last Trading Day is falling within the range of the Comparables.

Having considered the above analysis of the Comparables, we are of the view that the Floor Price of Connected H Share Subscription and the Domestic Share Subscription Price of the Connected Domestic Share Subscription are fair and reasonable so far as the Independent Shareholders are concerned.

Undertaking by the Connected H Share Subscribers and the Connected Domestic Share Subscribers

According to the Letter from the Board, pursuant to the H Share Subscription Agreements, each Connected H Share Subscriber undertakes to the Company that, without the prior written consent of the Company, he will not, and, where applicable, will procure that his nominee(s) will not, at any time during the period of 24 months following the date of completion of the subscription of the Subscribed H Shares, directly or indirectly, dispose of any of the Subscribed H Shares and any shares or other securities of the Company deriving from the Subscribed H Shares, including but not limited to any bonus issue or capitalization issue.

Pursuant to the LP Unit Subscription Agreements, each of the twelve Connected Domestic Share Subscribers undertakes to the Company that, without the prior written consent of the Company, he/she will not, and, where applicable, will procure that his/her nominee(s) will not, at any time during the period of 24 months following the date of completion of the subscription by the Connected Domestic Share Subscribers of the New Domestic Shares LP Units and the issue and allotment of the Subscribed Domestic Shares to the Limited Partnership by the Company, directly or indirectly, dispose of any of the New Domestic Shares LP Units, the Subscribed Domestic Shares and any shares or other securities of the Company deriving from the Subscribed Domestic Shares, including but not limited to any bonus issue or capitalization issue.

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Having considered the above-mentioned undertaking regarding the lock-up arrangement, we are of the view that the lock-up period would limit the negative impact of the issuance of new Shares on the market price of the Shares, and therefore we consider the Connected H Share Subscription and the Connected Domestic Share Subscription are on normal commercial terms, and is fair and reasonable so far as the Independent Shareholders are concerned.

3. Dilution effect on the shareholding interests of the existing public Shareholders

As stated in the Letter from the Board, the Subscribed H Shares represent (i) approximately 0.35% of the total number of H Shares in issue and approximately 0.19% of the existing total issued share capital of the Company; and (ii) approximately 0.34% of the enlarged total issued H Shares of the Company and 0.18% of the enlarged total issued share capital of the Company upon completion of the Private Placement; whereas the Subscribed Domestic Shares represents (i) approximately 4.75% of the total number of Domestic Shares in issue and approximately 2.23% of the existing total issued share capital of the Company; and (ii) approximately 4.31% of the enlarged total issued Domestic Shares of the Company and 2.09% of the enlarged total issued share capital of the Company upon completion of the Private Placement.

Having considered the number of Subscribed H Shares and Subscribed Domestic Shares issued in the Connected H Share Subscription and the Connected Domestic Share Subscription respectively is not significant to the total number of issued Shares, we are of the view that the level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

4. Financial effects of the Connected H Share Subscription and the Connected Domestic Share Subscription

Effect on shareholder's equity

According to the 2014 Annual Report, the total equity of the Group was approximately RMB2,911 million, the Connected H Share Subscription and the Connected Domestic Share Subscription will increase the shareholder's equity of the Group by a minimum of HK\$228,714,200, which is the aggregate gross proceeds from the Private Placement (including the Employee LPs Domestic Share Subscription, the Connected H Share Subscription and the Connected Domestic Share Subscription but excluding the H Share Placing) based on the Floor Price and the Domestic Shares Subscription Price as stated in the Letter from the Board.

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Effect on working capital

According to the 2014 Annual Report, the working capital of the Group, being the current assets minus the current liabilities of the Group, was approximately RMB2,027.64 million, the Connected H Share Subscription and the Connected Domestic Share Subscription will increase the working capital of the Group by a minimum of HK\$228,714,200 as the Connected H Share Subscribers and the Connected Domestic Share Subscribers will make a direct transfer to the Company's designated account upon the completion of the Private Placement (including the Employee LPs Domestic Share Subscription, the Connected H Share Subscription and the Domestic Share Subscription but excluding the H Share Placing).

Having considered the above, we are of the view that the Connected H Share Subscription and the Connected Domestic Share Subscription will further enhance the shareholder's equity and working capital of the Company and therefore it is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into consideration of the factors and reasons as discussed above, we are of the opinion that (i) the terms of the Connected H Share Subscription and the Connected Domestic Share Subscription are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned but the Subscription is not conducted in the ordinary and usual course of business of the Company; and (ii) the Connected H Share Subscription by the Connected H Share Subscribers and the Connected Domestic Share Subscription by the Connected Domestic Share Subscribers are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Connected H Share Subscription and the Connected Domestic Share Subscription.

Yours faithfully,

For and on behalf of

China Industrial Securities International Capital Limited

Leung Kin Cheong, Laurent

General Manager

Lu Ting Pong, Johnny

Director

Mr. Leung Kin Cheong, Laurent is a licensed person and the principal and the responsible officer of China Industrial Securities International Capital Limited registered with the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over ten years of experience in corporate finance industry.

Mr. Lu Ting Pong, Johnny is a licensed person and the responsible officer of China Industrial Securities International Capital Limited registered with the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over ten years of experience in corporate finance industry.

**2015 CORE EMPLOYEES STOCK OWNERSHIP SCHEME OF
YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LIMITED COMPANY**

I. DEFINITIONS

Terms	Meaning
Company	Yangtze Optical Fibre and Cable Joint Stock Limited Company
Scheme	2015 Core Employees Stock Ownership Scheme of Yangtze Optical Fibre and Cable Joint Stock Limited Company
Scheme Holder(s)	employee(s) of the Company who are willing to participate in the Scheme
Scheme Units	Units of the Scheme which equate equal portions of entitlements to the Scheme divided in accordance with the number of the shares of the Company held, while each Scheme Unit corresponds to one share of the Company; the Scheme Units include Initial Units and Vested Units
Initial Units	the Scheme Units prior to the vesting by the Company
General Meeting	the general meeting of the Company
Board	the board of directors of the Company
Management Committee	the management committee of the Scheme
CSRC	China Securities Regulatory Commission
Stock Exchange	The Stock Exchange of Hong Kong Limited
Company Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
Yuan and Yuan (ten thousand)	Renminbi and Renminbi (ten thousand)
HK\$	Hong Kong dollar, the lawful currency of Hong Kong

II. TARGET PARTICIPANTS OF THE SCHEME

- (I) Target participants of the Scheme shall be 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 Company whereas independent non-executive directors and external supervisors shall not participate in the Scheme. The number of target participants shall not be more than 180 people.
- (II) The final number of employees to participate in the Scheme and the total subscription amount shall be determined according to the actual contribution by the employees.
- (III) In the event of any of the following circumstances, an employee cannot become a Scheme Holder:
 - (1) the employee was publicly condemned or declared as an inappropriate candidate by a securities exchange in the past three years;
 - (2) the employee was charged with administrative penalty by the CSRC for major violation of laws and regulations in the past three years;
 - (3) the employee had caused severe damage to the Company's interests, reputation and image due to the leakage of national or corporate secrets, corruption, theft, embezzlement, offering or accepting bribes, negligence, malfeasance and other acts in violation of national laws and regulations or acts in violation of public order, good morals as well as professional ethics and conduct in the past three years;
 - (4) the employee is deemed ineligible by the Board to become a Scheme Holder; or
 - (5) the employee is deemed ineligible to become a Scheme Holder by relevant laws, regulations, or normative documents.

III. SOURCE OF FUNDS, SOURCE OF SHARES, NUMBER OF SHARES AND PROHIBITED ACT

(I) Source of funds of the Scheme

Funds of the Scheme shall be derived from the legitimate salary of Scheme Holders as well as funds raised through other legal means.

(II) Source of Shares of the Scheme

1. *Number of Shares to be subscribed for*

Shares to be subscribed for under the Scheme shall be derived from the private placements of the Domestic Shares and H Shares by the Company. The number of Domestic Shares to be subscribed for under the Scheme shall be 30,783,000 Domestic Shares and the number of H Shares to be subscribed for by the Scheme shall be 1,205,000 H Shares.

The number of Initial Units shall be 29,694,000 units, representing 92.83% of the total number of the Scheme Units under the Scheme. The remaining 1,089,000 Scheme Units shall be reserved and held by the Scheme Holders designated by the Board.

A total of four limited partnerships will be established to hold the Domestic Shares to be issued under the Scheme. There will be no more than 50 partners for each of these four limited partnerships. The limited partners will be the Scheme Holders whereas the general partner, which will be a limited partnership established by and in the name of the general manager pursuant to the appointment and as funded by all the limited partners. The limited partners of the four limited partnerships can participate in the Scheme. The general partner will only be responsible for the management of the limited partnership and will not participate in the subscription of the Shares under the Scheme. The general partner will not be entitled to any benefits or dividends under the Scheme.

A limited partnership to be established by the general manager shall be the general partner of the above-mentioned four limited partnerships. Details of the limited partners of the four limited partnerships are as follows:

- (1) The number of limited partners to limited partnership 1 shall be 12 and shall include directors, senior management personnel of the Company and its subsidiaries and general managers, vice general managers, general manager assistants and vice presidents of centers. Such limited partnership shall hold 14,252,000 Shares, representing 44.55% of the total number of Shares to be subscribed for under the Scheme.

- (2) The number of limited partners to limited partnership 2 shall be 48 and shall include managers and manager assistants of departments. Such limited partnership shall hold 9,787,000 Shares, representing 30.60% of the total number of Shares to be subscribed for under the Scheme.
- (3) The number of limited partners to limited partnership 3 shall be 49 and shall include manager assistants, chief representatives and chiefs of departments. Such limited partnership shall hold 3,311,000 Shares, representing 10.35% of the total number of Shares to be subscribed for under the Scheme.
- (4) The number of limited partners to limited partnership 4 shall be 46 and shall include chief representatives, directors and other core employees. Such limited partnership shall hold 3,433,000 Shares, representing 10.73% of the total number of Shares to be subscribed for under the Scheme.

The total number of Shares to be held by the above-mentioned limited partnerships shall comply with relevant laws and administrative regulations. The total numbers of Shares held under the Scheme by these limited partnerships shall not exceed 10% of the total number of Shares of the Company in issue. The total number of Shares corresponding to the Scheme Units allotted to each individual holder shall not, in aggregate, exceed 1% of the total number of Shares of the Company in issue. H Shares shall be held by the relevant Scheme Holders directly but they shall still be subject to the terms of the Scheme. In the event of any future changes in relevant laws, administrative regulations, rules or normative documents, the new requirements shall prevail.

The H Shares offered by the Company under the Private Placement shall be subscribed by the Company's two foreign directors.

2. *Subscription price*

The par value of the Domestic Shares and H Shares under the Private Placement is RMB1.00 per Share. The Domestic Shares will be issued at a price of HK\$7.15 per Share, which equates to 85% of the average closing price of the H Shares for the 90 trading days immediately before the date of the announcement of the relevant resolution of the Board approving the Private Placement.

The price determination date for the H Shares to be subscribed by the Company's two foreign directors will be the date on which the Company and institutional investors enter into placing agreement or such agreements for the issuance of Shares as approved by shareholders meeting, which date shall be one month within the obtaining of CSRC approval (although any blackout period according to the Listing Rules will not count towards the one-month period).

The issuing price for the H Shares to be issued to the two foreign directors will be the higher of the following:

- (1) the issuing price of Domestic Shares i.e. HK\$7.15 per Share;
 - (2) 85% of the average closing price for the five trading days immediately before the H Share price determination date.
3. *No shares of the Company shall be transferred under the Scheme during the following periods:*
- (1) the period starting from 60 days prior to the convening of the Company's Board meeting for the consideration of the annual report to the date of disclosure of the annual report (both days inclusive);
 - (2) the period starting from one month (preceding 30 days in the case of February) prior to the convening of the Company's Board meeting for the consideration of quarterly or interim report to the date of disclosure of the quarterly or interim report (both days inclusive);
 - (3) ten days prior to the release of the Company's results preview or preliminary report (both days inclusive); Any disposal of the Company's shares is prohibited during the periods referred to in the above paragraphs 1 to 3, including the extension of period for announcement of the Company's results;
 - (4) the period starting from the date when a major event that may significantly affect the Company's share price is known to two trading days after the event is disclosed according to applicable laws;
 - (5) In case of any future changes in the relevant laws and administrative regulations, the new requirements shall prevail. In the event of any disposal of the Company's shares by the Scheme Holders within six months after the shares are purchased or any purchase of the Company's shares by the Scheme Holders within six months after the shares are disposed of, any gain resulting from such transactions shall belong to the Company.

IV. TERM, MODIFICATION AND TERMINATION OF THE SCHEME

- (I) The term of the Scheme is ten years, starting from the date when the relevant shares are registered under the names of the limited partnerships and the foreign directors. The term may be extended upon the consideration and approval by the Board after the expiry of the initial term. The lock-up period is the first 24 months of the term and the Shares are free from lock-up in the following 96 months (the “**Post Lock-up Period**”). During the lock-up period, the limited partnerships and foreign directors shall not sell or transfer the Shares held by them.

During the Post Lock-up Period, pursuant to any adjustment plan to the Scheme as approved by the Board, the Management Committee shall determine whether the Scheme Holder is eligible for vesting, the actual amount that ultimately could be vested to such Scheme Holder and the corresponding amount of capital contribution to the limited partnership according to the years of service, the financial targets of the Company, the personal performance of such Scheme Holder and the importance of the individual’s position. Scheme Holders who are Directors are not subject to the aforementioned adjustment.

During the Post Lock-up Period, when all assets corresponding to the vested Scheme Units under the Scheme are currencies, the Scheme may be early terminated upon the approval by the Board.

- (II) In the event of change of control, a merger or a division of the Company, the Scheme shall remain unchanged and continue to be implemented, unless the Scheme is modified or terminated by the resolutions of the general meeting or the Board.
- (III) In the event of any one of the following circumstances, the implementation of the Scheme shall be terminated in accordance with the provisions of relevant laws, regulations, rules and normative documents:
- (1) the term of the Scheme has expired;
 - (2) the Company has applied for bankruptcy, liquidation or dissolution;
 - (3) continuing the implementation of the Scheme will lead to conflict with the then laws, regulations, rules or normative documents in the PRC;
 - (4) the Company faces serious operating difficulties and that the termination of the Scheme has been approved by resolutions of the Board;
 - (5) other major events of the Company and that the termination of the Scheme has been approved by resolutions of the Board; or

- (6) other circumstances that the termination of the Scheme is required as stipulated by relevant laws, regulations, rules and normative documents.

(IV) Upon termination of the Scheme,

- (1) if the lock-up period has expired, the Scheme Holder may choose to register the Shares corresponding to his/her Scheme Units as vested under his/her name or entrust the limited partnership to transfer or sell such Shares and pay the proceeds to such Scheme Holder;
- (2) if the lock-up period has not expired, the Board shall first determine the number of Scheme Units to be vested to the Scheme Holder. Such Scheme Holder may then choose to register the Shares corresponding to his/her Scheme Units as vested under his/her name or entrust the limited partnership to transfer or sell such Shares and pay the proceeds to such Scheme Holder.

(V) Participation by the Scheme in the Company's fund raising exercise

The Scheme is not entitled to participate in the fund raising activities of the Company, including rights issue, issue of additional shares and convertible bonds, unless otherwise determined by the Board and general meeting of the Company.

V. GRANT, VESTING AND DISPOSAL OF THE SCHEME UNITS

(I) Conditions of grant

1. The Scheme has been considered and approved by the Board and the general meeting of the Company.
2. The eligible Scheme Holders have made the capital contribution to the account designated by the relevant limited partnership or the Company within the prescribed time period.
3. The voting rights attached to the Shares held by the limited partnerships under the Scheme shall be exercised by the limited partnerships as the registered holders of the Shares. However, Scheme Units that are reserved and not granted to any Scheme Holders do not carry voting rights. In respect of the voting rights attached to those Shares underlying the Scheme Units which have been granted to Scheme Holders, the voting rights shall be exercised by the general partner of the limited partnerships in accordance with the direction of the Scheme Holders. In particular, when the Company convenes a general meeting, the general partner of the limited partnerships will dispatch a voting form together with the relevant corporate communications (such as

annual reports or shareholders circulars) to all the limited partners of all the limited partnerships for the limited partners to consider the resolutions to be considered at the relevant general meeting and fill out their voting instructions. The voting form will be similar to the proxy form sent to shareholders and will provide the limited partners the choice to vote for or against or abstain from voting on each of the resolutions to be considered at the general meeting. The general partner shall collect the voting forms prior to the general meeting and shall vote at the general meeting in accordance with the results collated from such voting forms.

4. The business registration of the limited partnerships has been completed and the business licenses for these four limited partnership issued by the industrial and commercial administration have been obtained.

(II) Repurchase conditions

1. In the event of any of the following circumstances, the general partner of the relevant limited partnership is entitled to purchase or designate another person to purchase the Shares held by the Scheme Holder at a consideration of the actual capital contribution made by such Scheme Holder (without interest):
 - (1) the Scheme Holder resigns from the Company;
 - (2) the Scheme Holder is dismissed or fired by the Company due to serious negligence, malfeasance, violation of laws, regulations or the articles of association of the Company, bribery, corruption, theft, leaking secrets, competition and other acts which will damage the Company's interest, or prohibited to act as directors, supervisors or senior management personnel pursuant to the Company Law.
2. In the event of death or declaration of death of a Scheme Holder who has Scheme Units, the successor who is entitled to such Scheme Units shall become the partner of the relevant limited partnership from the date of succession onwards. In the case of more than one successor, a successor jointly appointed by the other successors shall become the partner. If such successor refuses to become the partner, the Scheme Units shall be dealt with pursuant to paragraph 1 above.
3. Upon approval by the Board, the Management Committee shall be responsible for the implementation of repurchase and granting of Scheme Units that have been reserved under the Scheme as authorized by the Board.

(III) Vesting and disposal of the Scheme Units after the expiry of the lock-up period

1. The Scheme Holder shall enjoy the Initial Units under the Scheme based on his/her capital contribution. After the expiry of the lock-up period of the Scheme, in respect of the Initial Units of each Scheme Holder which are eligible for vesting, the corresponding cash assets (if any) will be transferred by the Company to the bank account of the Scheme Holder, while for the corresponding Shares assets, the Scheme Holder may choose to register the Shares corresponding to his/her Scheme Units as vested under his/her name or entrust the limited partnership to sell such Shares.
2. If no application is proposed by the Scheme Holder in accordance with paragraph 1 above, the Scheme Holder shall be deemed to agree to entrust the limited partnership to continue to hold the aforementioned Shares during the term of the Scheme.
3. After all the Shares corresponding to the Scheme Units as a Scheme Holder is entitled are transferred to an account under the name of the Scheme Holder in accordance with paragraph 1 above or are fully disposed of with proceeds being paid to Scheme Holders in its entirety, the Scheme Holder shall withdraw from the Scheme automatically.
4. Scheme Units which cannot be vested to Scheme Holder as a result of performance assessment or any other reasons as stipulated under the Scheme shall be dealt with in compliance with laws and rules upon decision by the Board.

(IV) Dividends and disposal of shares upon the expiry of the term of the Scheme

1. During the term of the Scheme, the cash dividends that are attributable to Shares of the Company held by the Scheme shall belong to the Scheme. Such cash dividends that are attributable to those Shares that have been allocated to participants, will firstly be applied to pay any necessary expenses of the Scheme, after which the remaining amounts will be used to increase the amount of cash assets corresponding to the Scheme Units of each of the Scheme Holders based on their Initial Units. For the cash assets that correspond to the reserved Scheme Units, such cash shall remain in the cash pool of the Scheme.
2. The liquidation of the Scheme shall be completed within 20 business days after the termination of the Scheme. Liquidated assets shall be allocated to the Scheme Holders pro rata to their Scheme Units.

VI. SCHEME HOLDERS' MEETING AND ITS CONVENING AND VOTING PROCEDURES**(I) Rights and obligations of Scheme Holders**

Scheme Holders shall be entitled to the following rights:

- (1) to participate in the meetings of the Scheme Holders;
- (2) to be entitled to the interests of the Scheme.

Scheme Holders shall have the following obligations:

- (1) to comply with the Scheme and its implementation rules;
- (2) to make capital contribution within the prescribed time period in accordance with their amount of subscription in the Scheme;
- (3) to assume the risks of the Scheme corresponding to their Scheme Units.

(II) Functions and powers of the Scheme Holders' meeting

The Scheme Holders' meeting comprises all the Scheme Holders and shall be entitled to exercise the following functions and powers:

- (1) to appoint and remove members of the Management Committee;
- (2) to authorize the Management Committee to supervise the daily administration of the Scheme;
- (3) to authorize the Management Committee to be responsible for the liquidation and assets distribution of the Scheme;
- (4) to exercise other functions and powers as may be exercised by the Scheme Holders as stipulated by laws and regulations or the Scheme.

(III) Procedures for convening Scheme Holders' meeting

1. The first Scheme Holders' Meeting shall be convened and chaired by the chairman of the Board, the general manager or the chairman of the labor union of the Company. Subsequent Scheme Holders' meetings shall be convened by the Management Committee and chaired by the director of the Management Committee. If the director of the Management Committee fails to chair the meeting, a Scheme Holder designated by the director of the Management Committee shall chair the meeting.

2. In the event of any of the following circumstances, a Scheme Holders' Meeting shall be convened:
 - (1) a member of the Management Committee terminates his/her employment with the Company or fails to perform his/her duties for three consecutive months or otherwise is not fit to act as a member of the Management Committee;
 - (2) other matters having significant impact on the rights and obligations of the Scheme Holders such that a Scheme Holders' Meeting needs to be convened.
3. To convene a Scheme Holders' Meeting, the convener of the meeting shall issue a notice of meeting three days prior to the meeting and dispatch such notice to all the Scheme Holders by hand delivery, mail, facsimile, electronic mail or other means.
4. The notice of the Scheme Holders' Meeting shall at least include the following information:
 - (1) time and venue of the meeting;
 - (2) method of convening of the meeting;
 - (3) proposals to be submitted for consideration and approval at the meeting.

(IV) Voting procedures of the Scheme Holders' meeting

The voting procedures of the Scheme Holders' meeting shall be as follows:

1. The chairperson of a Scheme Holders' meeting shall timely request Scheme Holders present at such meeting to vote on a proposal after deliberate discussion of such proposal, or request Scheme Holders present at such meeting to vote on all the proposals upon deliberation of all such proposals. Votes shall be taken in writing, via electronics means or by other effective methods.
2. For every one Scheme Unit, which corresponds to one Share of the Company, the Scheme Holder shall be entitled to one vote.
3. Members of the Management Committee will be elected based on the number of affirmative votes obtained from the Scheme Holders in descending order. Other proposals shall be adopted by the affirmative votes of a simple majority of the Scheme Units held by the Scheme Holders present at the meeting.

4. Resolutions of the Scheme Holders' meeting which are required to be approved by the Board and the general meeting of the Company shall be submitted to the Board and the general meeting of the Company for consideration and approval pursuant to the Articles of Association of the Company.

VII. MANAGEMENT OF THE SCHEME

(I) Management model

1. Each of the four limited partnerships shall be responsible for the management of the Shares held by them under the Scheme.
2. The Scheme shall establish the Management Committee to act as the daily supervisory and administrative body of the Scheme as authorized by all the Scheme Holders. The Management Committee shall be elected by the Scheme Holders and be responsible to all the Scheme Holders.
3. The Management Committee shall comprise of 5 members, among whom one shall be the director of the Management Committee. All members of the Management Committees shall be Scheme Holders upon election at the Scheme Holders' meeting. The director of the Management Committee shall be elected by more than a half of all members of the Management Committee. The term of office of members of the Management Committee shall be the term of the Scheme.
4. The Management Committee shall have the following functions and responsibilities:
 - (1) to convene and hold the meetings of the four limited partnerships;
 - (2) to supervise the daily administration of the Scheme on behalf of all the Scheme Holders;
 - (3) to handle enquiries from the Scheme Holders;
 - (4) to be responsible for the file management in relation to the Scheme;
 - (5) to be responsible for the execution of the Scheme, including the information registration, modification, deregistration and repurchase of Shares;
 - (6) to accept the repurchase application of the Scheme Holders;
 - (7) to grant Scheme Units to new employees as approved by the Board in accordance with the authorization by the Board;

- (8) other responsibilities as authorized by the Scheme Holders' meeting.
5. Rules of procedures for the Management Committee
 - (1) The meetings of the Management Committee will be held from time to time and convened by the director of the Management Committee. The notice of the meeting will be dispatched to all members of the Management Committee two business days prior to the convening of such meeting, via email, telephone, facsimile, etc.
 - (2) A quorum of a meeting is formed when more than half of all members of the Managing Committee are present. Each member of the Management Committee shall be entitled to one vote. Resolutions at such meeting shall be adopted by the affirmative votes of more than a half of all members of the Management Committee.
 - (3) The members of the Management Committee shall attend the meetings of the Management Committee in person. Where a member is unable to attend a meeting for any reason, he/she may appoint another member to attend the meeting as his/her proxy through a written form of authorization.

(II) Principle terms of limited partnerships

1. The limited partnerships are the legal entities for the purpose of the Scheme.
2. The investment scope of the limited partnerships shall be investment in legitimate targets such as the different classes of Shares of the Company.
3. Other terms of the limited partnerships shall be set forth in the limited partnerships documents.

(III) Management fee of the Scheme

1. The management fee of the Scheme shall include:
 - (1) establishment and management fee of the limited partnerships;
 - (2) bank charges required in the appropriation and transfer of entrusted assets;
 - (3) fees incurred from opening of securities or futures accounts, trading taxes and fees in relation to entrusted assets;

- (4) other expenses that may be charged under entrusted assets in accordance with the laws and regulations and the agreements.
2. The above-mentioned fees shall be paid by the Scheme Holders when subscribing for the Scheme Units under the Scheme. Detailed information such as calculation method, calculation standard and payment method shall be set forth in the relevant agreements.
3. Expenses or loss of entrusted assets due to the failure of the limited partnerships and general partner to perform or fully perform their obligations as well as costs incurred by matters irrelevant to the entrusted assets shall neither be included into the entrusted assets operating expenses nor the asset management fees.

VIII. SPECIFIC MATTERS AUTHORIZED BY THE GENERAL MEETING TO THE BOARD

Upon consideration and approval of the Scheme, the general meeting shall authorize the Board to deal with all the matters in relation to the Scheme, including :

- (I) to consider the modification and termination of the Scheme, including but not limited to, the increase and removal of eligible Scheme Holders, early termination of the Scheme, modification of rules of vesting period, formulation and modification of vesting requirements, and amendment of the adjustment to nominal value;
- (II) to determine the extension of the term of the Scheme;
- (III) to determine the essential matters concerning the participation by the Scheme Holders in the Scheme during the term of the Scheme;
- (IV) to determine on the amendments to agreements in relation to the Scheme;
- (V) to handle all the matters in relation to the establishment of the limited partnerships;
- (VI) other specific matters to be authorized to the Board for management of the Scheme.

IX. OTHERS

1. The Scheme proposal shall be considered and approved by the Nomination and Remuneration Committee of the Company, the Board and the General Meeting, and shall be in force since the date when the Scheme is approved and adopted by the General Meeting.
2. The Board shall be responsible for interpreting the Scheme. The Board is entitled to formulate rules in accordance with the contents of this Scheme.

The plan of non-public issuance of Domestic Shares and H Shares is as follow:-

1. CLASS AND PAR VALUE OF SHARES TO BE ISSUED

The Shares to be issued under the Private Placement are new Domestic Shares and new H Shares with a par value of RMB1.00 each.

2. METHOD OF ISSUANCE AND TIMING OF ISSUANCE

The new issuance of Domestic Shares and H Shares shall be carried out by way of non-public issuance.

The Company will complete the issuance of the Subscribed H Shares to the Connected H Share Subscribers (i.e. the foreign Directors) within one (1) month from obtaining the approval for the Private Placement from the CSRC although any blackout period for directors' dealings in securities of the Company in accordance with the Listing Rules will not count towards the one month period. The issuance of the new Domestic Shares shall be conditional on the completion of the offering and issue of H Shares and the issuance of the Domestic Shares and the H Shares shall complete at the same time.

3. TARGET SUBSCRIBERS AND METHOD OF SUBSCRIPTION

The subscribers of the Subscribed H Shares are two foreign Directors.

In respect of the subscribers for the Domestic Shares, the number of employees participating in the Proposed Employee Stock Ownership Scheme shall not be more than 180. The Company proposes to use limited partnerships as the legal entities holding the newly issued Domestic Shares under the Private Placement. In accordance with the restriction under the Limited Partnership Law of the PRC, the number of partners of a limited partnership shall not exceed 50 and therefore the Company shall establish four limited partnerships to hold the new Domestic Shares to be issued under the Proposed Employee Stock Ownership Scheme.

The subscribers shall subscribe for the Shares under the Private Placement in cash. New Domestic Shares and new H Shares shall be issued and allotted pursuant to the subscription agreements between the Company and the institutional investors, Directors or limited partnerships, as the case may be, and/or the placing agreements between the Company and placing agent(s). Funds of the limited partnerships and the two foreign Directors shall be derived from the legitimate salary of the employees as well as funds raised through other legal means. The H Share Placing shall be conducted with overseas professional institutions, firms and other qualified investors.

(1) Price determination date and principles of issuance and pricing

New Domestic Shares will be issued at a price of HK\$7.15 per Domestic Share, which equates to 85% of the average closing price of the H Shares for the 90 trading days immediately before June 10, 2015, that is the date on which the relevant resolution was passed by the Board at the 12th meeting of the first session of the Board.

The price determination date for the H Shares to be subscribed by the Company's two foreign Directors will be the date on which the Company and institutional investors enter into placing agreement or such agreements for the issuance of Shares as approved by shareholders meeting, which date shall be one month within the obtaining of CSRC approval (although any blackout period according to the Listing Rules will not count towards the one-month period).

The issuing price for the H Shares to be issued to the two foreign directors will be the higher of the following:

- (i) the issuing price of Domestic Shares i.e. HK\$7.15 per Share;
- (ii) 85% of the average closing price for the five trading days before the H Share price determination date.

(2) Number of Shares to be issued

The total number of Shares to be issued under the Private Placement will be 42,652,000 Shares, representing approximately 6.67% of the total number of Shares in issue. In particular, the number of new Domestic Shares is 30,783,000, representing 10.27% of the total number of Domestic Shares in issue and the number of new H Shares are 11,869,000, representing 3.49% of the total number of H Shares in issue.

The definitive number of Shares to be issued under the Private Placement will be determined by the Board as authorized by the General Meeting or authorized representative of the Board in accordance with law, approval from the regulatory authorities and market conditions.

(3) Lock-up period

The lock-up period of new Domestic Shares and the Subscribed H Shares to be subscribed for under the Proposed Employee Stock Ownership Scheme, including the foreign Directors, through the Private Placement shall be 24 months, starting from the time when the Company issues an announcement concerning the registration of such new Domestic Shares and the Subscribed H Shares under the Private Placement in the names of the limited partnerships and the foreign Directors. New Shares derived from such new Domestic Shares and the Subscribed H Shares as a result of stock dividend distribution and capitalization of capital reserves shall also comply with the above lock-up arrangements.

The Shares to be subscribed for by institutional investors under the Private Placement are not subject to any lock-up arrangement.

(4) Place of listing

New H Shares to be issued under the Private Placement will be listed on the Stock Exchange.

(5) Use of proceeds

The net proceeds from the Private Placement (other than the H Share Placing) are intended to be utilized by the Company to construct the Phase II project of YOFC Science & Technology Park in Qianjiang to expand the optical fibre preform production capacity of the Company.

The net proceeds from the H Share Placing are intended to be utilized by the Company to support the development of the business of the Group and as general working capital.

(6) Cumulative retained earnings before the Private Placement

The cumulative retained earnings before the Private Placement shall be attributable to both existing and new Shareholders.

(7) Delegation under the Private Placement

To facilitate the implementation of the Private Placement, the Board proposed to seek approval from Shareholders at the EGM, the Domestic Share Class Meeting and the H Share Class Meeting for the grant of authority to authorize the Board, to handle, and to delegate the authority to the company secretary as appropriate to handle, with full discretion matters regarding the Private Placement under the framework and principles as approved at the EGM, the Domestic Share Class Meeting and the H Share Class Meeting and within the effective period of the resolution(s) on the Private Placement, including but not limited to the following:

- (a) to revise the relevant articles of the articles of association of the Company based on the results of the Private Placement, complete the relevant procedures for alteration of registration with the administration for industry and commerce and deal with all the matters relating to the implementation of the resolutions of the EGM, the Domestic Share Class Meeting and the H Share Class Meeting and the resolutions of the Board;
- (b) to execute and submit each of the application documents, reports and other documents to regulatory authorities or institutions inside and outside the PRC, and deal with all the approval, registration, filing, authorization and consent formalities;
- (c) to finalize the detailed plan of the Private Placement, including, without limitation to, the definitive number of shares to be issued, the issue price of the H Shares (including the price range and the final price), timing of the issuance, method of the issuance and target of the issuance; to execute, implement, amend, terminate any agreement, contract or other document in respect of the Private Placement; to adjust the use of proceeds and deal with related matters;
- (d) to negotiate and execute share subscription agreements with the target subscribers or placing agreements with placing agents, and to make any amendment to the share subscription agreements and/or placing agreements;
- (e) to handle all the matters in relation to and to obtain the approval from the CSRC, the Stock Exchange and/or other competent authorities or regulatory authorities inside and outside the PRC for the Private Placement;

- (f) to engage and appoint the placing agent and other relevant professional parties and to execute engagement or appointment letter and other relevant legal documents as needed for the Private Placement;
- (g) to make appropriate adjustments to the specific plan of the Private Placement in accordance with the actual circumstances of the Private Placement and the approval from the regulatory authorities;
- (h) to execute, implement, amend and complete all documents relating to the Private Placement and to take all such actions and to do all such things which may be deemed necessary or appropriate in connection with the Private Placement;
- (i) to publish the announcement, circular and notice concerning the Private Placement on the websites of the Company and the Stock Exchange and to submit the forms, documents or other materials in connection with the Private Placement to the Stock Exchange;
- (j) to obtain the approval from the CSRC and the Stock Exchange for the listing of new H Shares to be issued under the Private Placement on the Main Board of the Stock Exchange.

(8) Effective period of the resolution(s)

The effective period of the resolution(s) relating to the Private Placement shall be 12 months starting from the date on which the resolutions are considered and approved by the Shareholders at the EGM, the H Share Class Meeting and the Domestic Share Class Meeting.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Interests and Short Positions of the Directors, Supervisors and the Chief Executive in the Shares, Underlying Shares and Debentures

Name of Director/Chief Executive	Name of company	Capacity/Nature of Interest	Class of Shares	Number of underlying Shares	% of total issued H Shares	Nature of Interest
Frank Franciscus Dorjee	The Company	Beneficial owner	H Shares	500,000	0.15%	Long position
Yeung Kwok Ki Anthony	The Company	Beneficial owner	H Shares	705,000	0.21%	Long position

Notes: Pursuant to the H Share Subscription Agreements, Frank Franciscus Dorjee and Yeung Kwok Ki Anthony shall subscribe for 500,000 H Shares and 705,000 H Shares, respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO), or which were required to be entered in the register required to be kept under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the supervisors and the chief executive).

(b) Directors' Positions in Other Companies

As at the Latest Practicable Date, as far as the Company is aware, the following Directors are employed by the following company which has interests or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Division 2 and 3 of Part XV of the SFO:

Name of Director	Position Held in the Specific Company
Wen Huiguo	A member of the management committee of China Huaxin
Ma Jie	The vice chairman of the management committee and the executive deputy general manager of China Huaxin, and a non-executive director in certain subsidiaries of China Huaxin
Yao Jingming	The deputy general manager of China Huaxin and several positions in certain subsidiaries of China Huaxin
Philippe Claude Vanhille	The senior vice-president of Telecom Business of the Prysmian Group, an executive director of Draka and several positions in certain subsidiaries of Prysmian S.p.A.
Xiong Xiangfeng	The president of Yangtze Communications and several positions in certain subsidiaries of Yangtze Communications
Zheng Huili	The deputy secretary of the party committee and the general secretary of the discipline committee of Yangtze Communications

(c) **Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares**

As at the Latest Practicable Date, the following persons (other than Directors, supervisors or chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Capacity	Class of Shares	Number of Shares interested	Approximate percentage of interest in the Company	Approximate percentage of the relevant classes of Shares of the Company	Nature of interest
China Huaxin	Beneficial owner	Domestic Shares	179,827,794	28.12%	59.99%	Long position
China Reform Holdings Corporation Ltd	Interest of a controlled corporation	Domestic Shares	179,827,794	28.12%	59.99%	Long position
Yangtze Communications	Beneficial owner	Domestic Shares	119,937,010	18.76%	40.01%	Long position
Draka	Beneficial owner	H Shares	179,827,794	28.12%	52.94%	Long position
Draka Holding B.V.	Interest of a controlled corporation	H Shares	179,827,794	28.12%	52.94%	Long position
Prysmian S.p.A.	Interest of a controlled corporation	H Shares	179,827,794	28.12%	52.94%	Long position
Prysmian Cavi e Sistemi S.r.L.	Interest of a controlled corporation	H Shares	179,827,794	28.12%	52.94%	Long position
Integrated Asset Management (Asia) Limited	Beneficial owner	H Shares	20,000,000	3.13%	5.89%	Long position

Name of Shareholders	Capacity	Class of Shares	Number of Shares interested	Approximate percentage of interest in the Company	Approximate percentage of relevant Shares of classes of the Company	Nature of interest
Yam Tak Cheung	Interest of a controlled corporation	H Shares	20,000,000	3.13%	5.89%	Long position
Value Partners Group Limited	Interest of a controlled corporation	H Shares	23,885,000	3.74%	7.03%	Long position
Value Partners High-Dividend Stocks Fund	Beneficial Owner	H Shares	20,685,000	3.23%	6.08%	Long position

Notes:

- (1) China Huaxin is wholly owned by China Reform Holdings Corporation Ltd. China Reform Holdings Corporation Ltd is therefore deemed to be interested in 179,827,794 domestic shares being held by China Huaxin.
- (2) Draka is a wholly-owned subsidiary of Draka Holding B.V.. Draka Holding B.V. is therefore deemed to be interested in 179,827,794 H shares being held by Draka.
- (3) Draka Holding B.V. is held as to 52.165% by Prysmian S.p.A. and 47.835% by Prysmian Cavi e Sistemi S.r.L., a wholly-owned subsidiary of Prysmian. As set out in note (2) above, each of Prysmian S.p.A. and Prysmian Cavi e Sistemi S.r.L. is therefore deemed to be interested in 179,827,794 H shares held by Draka.
- (4) Integrated Asset Management (Asia) Limited is wholly owned by Mr. Yam Tak Cheung and Mr. Yam Tak Cheung is therefore deemed to be interested in 2,000,000 H shares held by Integrated Asset Management (Asia) Limited.
- (5) Value Partners Group Limited is deemed to be interested in 23,885,000 H shares held by Value Partners Limited. Value Partners Limited is wholly owned by Value Partners Hong Kong Limited, which was a wholly-owned subsidiary of Value Partners Group Limited.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group except for Mr. Philippe Claude Vanhille who has been serving as the senior vice-president of telecom business of the group of Prysmian S.p.A. and primarily responsible for its global telecom business. The Prysmian Group produces a complete range of optical fibres, optical and copper cables and accessories for connectivity systems. The Prysmian Group has similar business serving the telecom sector as the Company and therefore competes with the

Company. Mr. Vanhille holds several positions in certain subsidiaries of Prysmian S.p.A. as more particularly described below:

Name of Company	Nature of Interests
Draka	Executive Director
Draka Fibre	Non-executive Director
Draka France	Member of Comité de Contrôle
Draka Comteq Iberica S.L.U.	Non-executive Director
Fibre Ottiche Sud S.r.l.	Chairman of the Board of Directors
NK Wuhan Cable Co., Ltd.	Non-executive Director
Prysmian Cables and Systems USA LLC	Non-executive Director
Precision Fibre Optics Ltd.	Non-executive Director

4. DIRECTORS AND SUPERVISORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any direct or indirect interest in any assets which had since December 31, 2014, being the date to which the latest published audited accounts of the Group were made up, been acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested, either directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting at the Latest Practicable Date and was significant to the business of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had entered into a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

6. EXPERT AND CONSENT

China Industrial Securities has given and has not withdrawn its consent to the issue of this circular with the inclusion herein of its letter of advice dated September 2, 2015, and report and references to its name included in the form and context in which it appears.

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

Name	Qualification
China Industrial Securities International Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, China Industrial Securities did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, China Industrial Securities was not interested, directly or indirectly, in any assets which had since December 31, 2014, being the date to which the latest published audited accounts of the Group were made up, been acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group.

7. MATERIAL ADVERSE CHANGE

Save as publicly disclosed by the Company on the HKExnews website on or before the date of this circular, as at the Latest Practicable Date, the Directors confirmed that they were not aware of any material adverse change in the financial or trading positions of the Group since December 31, 2014, being the date to which the latest published audited accounts of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the office of Simpson Thacher & Bartlett at 35th Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong from the date of this circular up to and including September 22, 2015 and at the EGM.

- (a) the Proposed Employee Stock Ownership Scheme;
- (b) the full list of all participants who will hold shares, whether directly or indirectly via limited partnerships, under the Proposed Employee Stock Ownership Scheme;
- (c) the H Share Subscription Agreements;
- (d) the LP Unit Subscription Agreements;
- (e) the letter from the Independent Board Committee dated September 2, 2015, the text of which is set out on page 29 of this circular;

- (f) the letter from the Independent Financial Adviser dated September 2, 2015, the text of which is set out on pages 30 to 50 of this circular;
- (g) the consent letter from China Industrial Securities referred to in the paragraph headed “Expert and Consent” in this Appendix;
- (h) the articles of association of the Company; and
- (i) this circular.

9. GENERAL

- (a) The registered office of the Company is at No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC.
- (b) The H Share Registrar, Tricor Investor Services Limited, is situated at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (c) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the second extraordinary general meeting (the "EGM" or the "Meeting") of Yangtze Optical Fibre and Cable Joint Stock Limited Company (the "Company") for the year 2015 will be held on Monday, October 19, 2015 at 10:00 a.m. at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC, for the purpose of considering and if thought fit, passing the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the Proposed 2015 Core Employees Stock Ownership Scheme of Yangtze Optical Fibre and Cable Joint Stock Limited Company* (長飛光纖光纜股份有限公司) as set out in Appendix I to the circular of the Company dated September 2, 2015.
2. To consider and approve each of the following items in respect of the plan of non-public issuance of Domestic Shares and H Shares, details of which are set out in Appendix II to the circular of the Company dated September 2, 2015:
 - (1) Class and par value of Shares to be issued
 - (2) Method of issuance and Timing of issuance
 - (3) Target subscribers and method of subscription
 - (4) Price determination date and principles of issuance and pricing
 - (5) Number of Shares to be issued
 - (6) Lock-up period
 - (7) Place of listing
 - (8) Use of proceeds
 - (9) Cumulative retained earnings before the Private Placement
 - (10) Delegation under the Private Placement

* For identification purposes only

NOTICE OF EXTRAORDINARY GENERAL MEETING

(11) Effective period of the resolution(s)

3. To consider and approve the General Mandate:

“THAT:

- (1) Subject to the conditions set out in paragraph (2) below, the Board is granted with the general mandate to authorize, allot, issue, grant and/or otherwise deal with the H Shares, securities convertible into the H Shares, share options, warrants or other securities with rights to subscribe for or convert to the H Shares during the Relevant Period (as defined below).
- (2) The aggregate number of the H Shares, securities convertible into the H Shares, share options, warrants or other securities with rights to subscribe for or convert to the H Shares proposed to be authorized, allotted, issued, granted and/or otherwise deal with by the Board (of which, the securities shall be issued on the basis of the number of H Shares which such securities can be converted into) shall not be more than 20% of the H Shares in issue as at the date of the passing of this special resolution.
- (3) For the purpose of this resolution, “Relevant Period” means the period from the date of the special resolution becoming effective until the earlier of:
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of 12 months following the date of passing of this resolution at the EGM; or
 - (c) the date on which the general mandate granted to the Board as set out in this resolution is revoked or varied by a special resolution of the Shareholders in a general meeting.
- (4) the Board be and is hereby authorised to deal with matters relating to the change in the registered capital of the Company to reflect the number of Shares to be issued by the Company pursuant to this special resolution, to make such appropriate and necessary amendments to the provisions of the articles of association of the Company relating to the shareholding structure after the issuance of H Shares and the registered capital (if applicable) as they think fit and necessary, to fulfil relevant approval, registration and filing procedures pursuant to domestic and foreign legal requirements and to take any other action and complete any formality required to effect the issuance of H Shares pursuant to this special resolution.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTIONS

4. To consider and approve the Connected H Share Subscription, the H Share Subscription Agreements and the transactions contemplated thereunder, details of which are set out in the circular of the Company dated September 2, 2015.
5. To consider and approve the Connected Domestic Share Subscription, the LP Unit Subscription Agreements and the transactions contemplated thereunder, details of which are set out in the circular of the Company dated September 2, 2015.

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, September 2, 2015

Notes:

(1) Circular

Details of the above proposals and resolutions to be considered at the EGM are set out in the circular of the Company dated September 2, 2015 (the “**Circular**”), including, among others, information regarding the Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate and the Connected H Share Subscription and the Connected Domestic Share Subscription. Unless otherwise defined in the notice, capitalized terms used in this notice shall have the same meanings as those defined in the Circular.

(2) Closure of register of members and eligibility for attending the EGM

Holders of H shares of the Company (“**H Shares**”) are advised that the register of members will be closed from Saturday, September 19, 2015 to Monday, October 19, 2015 (both days inclusive). Holders of H Shares whose names appear on the register of members of the Company maintained in Hong Kong at the close of business on Friday, September 18, 2015 are entitled to attend the EGM. Holders of H Shares who wish to attend the EGM but have not registered the transfer documents are required to deposit the transfer document together with the relevant share certificates at the H Share registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, at or before 4:30 p.m. on Friday, September 18, 2015.

(3) Proxy

Shareholders entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote in their stead. A proxy need not be a shareholder of the Company. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorized in writing. If the shareholder is a corporate body, the proxy form must be either executed under its common seal or under the hand of its director(s) or duly authorized attorney(s). If the proxy form is signed by an attorney of the shareholder, the power of attorney authorizing that attorney to sign or other authorization documents must be notarized. To be valid, the proxy form together with the power of attorney or other authorization document (if any) must be lodged at the H Share registrar of the Company for holder of H Shares and to the Company’s Board of Directors’ Office for holders of domestic shares of the Company (the “**Domestic**”).

* For identification purposes only

NOTICE OF EXTRAORDINARY GENERAL MEETING

Shares”) by hand or by post not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the EGM if he so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked. The H Share registrar of the Company is Tricor Investor Services Limited, whose address is at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong. The Company’s Board of Directors’ Office is located at No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC (Postal code: 430073).

(4) Reply Slip

Shareholders who intend to attend the EGM in person or by proxy should return the reply slip by hand, by fax or by post to the H Share registrar of the Company, Tricor Investor Services Limited, for holder of H Shares, or the Company’s Board of Directors’ Office, for holder of Domestic Shares, on or before Tuesday, September 29, 2015. The address of Tricor Investor Services Limited is Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong (Tel: (852) 2980 1333, Fax: (852) 2810 8185). The Company’s Board of Directors’ Office is located at No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC (Postal code: 430073) (Tel: (86 27) 6878 9000, Fax: (86 27) 6878 9100).

(5) Joint holder of shares

In the case of joint holders of any shares of the Company, any one of such joint holders may vote at the above Meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto. However, if more than one of such joint holders is present at the Meeting, either personally or by proxy, the vote of the joint holder whose name stands first in the register of members of the Company and who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s).

(6) Voting by poll

On a poll, every member present in person or by proxy shall be entitled to one vote for each share of the Company registered in his name. The result of such poll shall be deemed to be the resolution of the Meeting at which the poll was so taken.

(7) Other issues

The EGM, the Domestic Share Class Meeting and the H Share Class Meeting are expected to last for half a day. Shareholders (in person or by proxy) attending the EGM are responsible for their own transportation, catering and accommodation expenses. Shareholders or their proxies attending the EGM shall produce their identification documents.

The EGM starts at 10:00 a.m.. Registration for admission to the EGM will take place from 9:00 a.m. to 10:00 a.m..

NOTICE OF THE DOMESTIC SHARE CLASS MEETING



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)

NOTICE OF THE DOMESTIC SHARE CLASS MEETING

NOTICE IS HEREBY GIVEN that the first Domestic Share class meeting (the “**Domestic Share Class Meeting**” or the “**Meeting**”) of Yangtze Optical Fibre and Cable Joint Stock Limited Company (the “**Company**”) for the year 2015 will be held on Monday, October 19, 2015 at 10:30 a.m. or immediately after the EGM at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC, for the purpose of considering and if thought fit, passing the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the Proposed 2015 Core Employees Stock Ownership Scheme of Yangtze Optical Fibre and Cable Joint Stock Limited Company* (長飛光纖光纜股份有限公司) as set out in Appendix I to the circular of the Company dated September 2, 2015.
2. To consider and approve each of the following items in respect of the plan of non-public issuance of Domestic Shares and H Shares, details of which are set out in Appendix II to the circular of the Company dated September 2, 2015:
 - (1) Class and par value of Shares to be issued
 - (2) Method of issuance and Timing of issuance
 - (3) Target subscribers and method of subscription
 - (4) Price determination date and principles of issuance and pricing
 - (5) Number of Shares to be issued
 - (6) Lock-up period
 - (7) Place of listing

* For identification purposes only

NOTICE OF THE DOMESTIC SHARE CLASS MEETING

- (8) Use of proceeds
- (9) Cumulative retained earnings before the Private Placement
- (10) Delegation under the Private Placement
- (11) Effective period of the resolution(s)

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, September 2, 2015

Notes:

(1) Circular

Details of the above proposals and resolutions to be considered at the Domestic Share Class Meeting are set out in the circular of the Company dated September 2, 2015 (the “**Circular**”), including, among others, information regarding the Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate, the Connected H Share Subscription and the Connected Domestic Share Subscription. Unless otherwise defined in the notice, capitalized terms used in this notice shall have the same meanings as those defined in the Circular.

(2) Eligibility for attending the Domestic Share Class Meeting

Holders of domestic shares of the Company (the “**Domestic Shares**”) whose names appear on the register of domestic shareholders of the Company maintained in the Company’s Board of Directors’ Office at the close of business on Friday, September 18, 2015 are entitled to attend the Domestic Share Class Meeting.

(3) Proxy

Shareholders entitled to attend and vote at the Domestic Share Class Meeting may appoint one or more proxies to attend and vote in their stead. A proxy need not be a shareholder of the Company. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorized in writing. If the shareholder is a corporate body, the proxy form must be either executed under its common seal or under the hand of its director(s) or duly authorized attorney(s). If the proxy form is signed by an attorney of the shareholder, the power of attorney authorizing that attorney to sign or other authorization documents must be notarized. To be valid, the proxy form together with the power of attorney or other authorization document (if any) must be lodged to the Company’s Board of Directors’ Office by hand or by post not less than 24 hours before the time fixed for holding the Domestic Share Class Meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the Domestic Share Class Meeting if he so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked. The Company’s Board of Directors’ Office is located at No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC (Postal code: 430073).

* For identification purposes only

NOTICE OF THE DOMESTIC SHARE CLASS MEETING

(4) Reply Slip

Shareholders who intend to attend the Domestic Share Class Meeting in person or by proxy should return the reply slip by hand, by fax or by post to the Company's Board of Directors' Office on or before Tuesday, September 29, 2015. The Company's Board of Directors' Office is located at No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC (Postal code: 430073) (Tel: (86 27) 6878 9000, Fax: (86 27) 6878 9100).

(5) Joint holder of shares

In the case of joint holders of any shares of the Company, any one of such joint holders may vote at the above Meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto. However, if more than one of such joint holders is present at the Meeting, either personally or by proxy, the vote of the joint holder whose name stands first in the register of members of the Company and who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s).

(6) Voting by poll

On a poll, every member present in person or by proxy shall be entitled to one vote for each share of the Company registered in his name. The result of such poll shall be deemed to be the resolution of the Meeting at which the poll was so taken.

(7) Other issues

The EGM, the Domestic Share Class Meeting and the H Share Meeting are expected to last for half a day. Shareholders (in person or by proxy) attending the Domestic Share Class Meeting are responsible for their own transportation, catering and accommodation expenses. Shareholders or their proxies attending the Domestic Share Class Meeting shall produce their identification documents.

The Domestic Share Class Meeting starts at 10:30 a.m.. Registration for admission to the Domestic Share Class Meeting will take place from 9:30 a.m. to 10:30 a.m..

NOTICE OF THE H SHARE CLASS MEETING



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)

NOTICE OF THE H SHARE CLASS MEETING

NOTICE IS HEREBY GIVEN that the first H Share class meeting (the “**H Share Class Meeting**” or the “**Meeting**”) of Yangtze Optical Fibre and Cable Joint Stock Limited Company (the “**Company**”) for the year 2015 will be held on Monday, October 19, 2015 at 11:00 a.m. or immediately after the Domestic Share Class Meeting at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC, for the purpose of considering and if thought fit, passing the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the Proposed 2015 Core Employees Stock Ownership Scheme of Yangtze Optical Fibre and Cable Joint Stock Limited Company* (長飛光纖光纜股份有限公司) as set out in Appendix I to the circular of the Company dated September 2, 2015.
2. To consider and approve each of the following items in respect of the plan of non-public issuance of Domestic Shares and H Shares, details of which are set out in Appendix II to the circular of the Company dated September 2, 2015:
 - (1) Class and par value of Shares to be issued
 - (2) Method of issuance and Timing of issuance
 - (3) Target subscribers and method of subscription
 - (4) Price determination date and principles of issuance and pricing
 - (5) Number of Shares to be issued
 - (6) Lock-up period
 - (7) Place of listing

* For identification purposes only

NOTICE OF THE H SHARE CLASS MEETING

- (8) Use of proceeds
- (9) Cumulative retained earnings before the Private Placement
- (10) Delegation under the Private Placement
- (11) Effective period of the resolution(s)

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, September 2, 2015

Notes:

(1) Circular

Details of the above proposals and resolutions to be considered at the H Share Class Meeting are set out in the circular of the Company dated September 2, 2015 (the “Circular”), including, among others, information regarding the Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate, the Connected H Share Subscription and the Connected Domestic Share Subscription. Unless otherwise defined in the notice, capitalized terms used in this notice shall have the same meanings as those defined in the Circular.

(2) Closure of register of members and eligibility for attending the H Share Class Meeting

Holders of H shares of the Company (“H Shares”) are advised that the register of members will be closed from Saturday, September 19, 2015 to Monday, October 19, 2015 (both days inclusive). Holders of H Shares whose names appear on the register of members of the Company maintained in Hong Kong at the close of business on Friday, September 18, 2015 are entitled to attend the H Share Class Meeting. Holders of H Shares who wish to attend the H Share Class Meeting but have not registered the transfer documents are required to deposit the transfer document together with the relevant share certificates at the H Share registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, at or before 4:30 p.m. on Friday, September 18, 2015.

(3) Proxy

Shareholders entitled to attend and vote at the H Share Class Meeting may appoint one or more proxies to attend and vote in their stead. A proxy need not be a shareholder of the Company. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorized in writing. If the shareholder is a corporate body, the proxy form must be either executed under its common seal or under the hand of its director(s) or duly authorized attorney(s). If the proxy form is signed by an attorney of the shareholder, the power of attorney authorizing that attorney to sign or other authorization documents must be notarized. To be valid, the proxy form together with the power of attorney or other authorization document (if any) must be lodged at the H Share registrar of the Company by hand or by post not less than 24 hours before the time fixed for holding the H Share Class Meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the H Share Class Meeting if he so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked. The H Share registrar of the Company is Tricor Investor Services Limited, whose address is at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

* For identification purposes only

NOTICE OF THE H SHARE CLASS MEETING

(4) Reply Slip

Shareholders who intend to attend the H Share Class Meeting in person or by proxy should return the reply slip by hand, by fax or by post to the H Share registrar of the Company, Tricor Investor Services Limited on or before Tuesday, September 29, 2015. The address of Tricor Investor Services Limited is Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (Tel: (852) 2980 1333, Fax: (852) 2810 8185).

(5) Joint holder of shares

In the case of joint holders of any shares of the Company, any one of such joint holders may vote at the above Meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto. However, if more than one of such joint holders is present at the Meeting, either personally or by proxy, the vote of the joint holder whose name stands first in the register of members of the Company and who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s).

(6) Voting by poll

On a poll, every member present in person or by proxy shall be entitled to one vote for each share of the Company registered in his name. The result of such poll shall be deemed to be the resolution of the Meeting at which the poll was so taken.

(7) Other issues

The EGM, the Domestic Share Class Meeting and the H Share Class Meeting is expected to last for half a day. Shareholders (in person or by proxy) attending the H Share Class Meeting are responsible for their own transportation, catering and accommodation expenses. Shareholders or their proxies attending the H Share Class Meeting shall produce their identification documents.

The H Share Class Meeting starts at 11:00 a.m.. Registration for admission to the H Share Class Meeting will take place from 10:00 a.m. to 11:00 a.m..