

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Smart Link Better Life.

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)

**PRELIMINARY PRICE CONSULTATION PERIOD OF A SHARE OFFERING
AND
SUMMARY OF PRINCIPAL PROVISIONS OF A SHARE PROSPECTUS**

This announcement is issued by Yangtze Optical Fibre and Cable Joint Stock Limited Company* (長飛光纖光纜股份有限公司) (the “**Company**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

References are made to the announcements of the Company dated December 23, 2016, March 24, 2017, June 30, 2017, January 17, 2018, April 2, 2018, May 3, 2018, May 22, 2018 and June 29, 2018, and the circulars of the Company dated April 6, 2017, May 5, 2017 and April 20, 2018 in relation to, among other matters, the proposed A Share Offering by the Company (the “**A Share Offering**” or “**Offering**”) and relevant matters. Capitalized terms used in this announcement shall have the meanings as those defined in the circular of the Company dated April 6, 2017 unless otherwise stated.

(I) PRELIMINARY PRICE CONSULTATION PERIOD OF THE A SHARE OFFERING

As disclosed in the announcement of the Company dated June 29, 2018, the CSRC has officially approved the A Share Offering in a written notice on June 29, 2018. As required by the applicable PRC laws and regulations, the Company and the sponsor (lead underwriter) of the A Share Offering will conduct preliminary price consultations among target subscribers who meet the requirements of the PRC laws and regulations on July 5, 2018 (from 9:30 a.m. to 3:00 p.m.) in the PRC to determine the issue price. The Company will make further announcement(s) once the final size and issue price of the A Share Offering have been determined.

(II) PRINCIPAL PROVISIONS OF THE A SHARE PROSPECTUS

The full text of the prospectus in relation to the A Share Offering (the “**A Share Prospectus**”), a summary of the A Share Prospectus and the relevant appendices were published on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the HKEX news website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) in Chinese only on July 2, 2018. A summary of the A Share Prospectus was also published on various PRC newspapers including the China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on the same date.

A summary of the principal provisions of the A Share Prospectus is as follows:

1. Summary of the A Share Offering

Class of shares:	Ordinary shares in RMB (A Shares)
Nominal value per Share	RMB1.00
Number of Shares to be issued:	Up to 75,790,510 A Shares
Percentage of the total share capital of the Company after the A Share Offering	Up to 10%
Issue price per Share:	RMB[] (through price consultation with target subscribers (“Enquired Persons”) offline or other legally permissible methods such as direct pricing by way of negotiations between the Board (as authorized at general meetings of Shareholders) and the lead underwriter)

Price earnings ratio of the Offering:	[] times (calculated by dividing the issue price by earnings per Share; earnings per Share calculated by dividing the audited net profit for 2017 before or after deduction of non-recurring profit or loss (whichever is lower) by the total number of Shares of the Company after the Offering)
Net asset value per Share before the Offering:	RMB7.68 (calculated in accordance with the audited net asset value as at December 31, 2017)
Net asset value per Share after the Offering:	RMB[] (calculated by dividing the sum of audited net asset value as at December 31, 2017 and the estimated net proceeds raised from the Offering by the total share capital of the Company after the Offering)
Price-to-book ratio:	[] times (calculated by dividing the price per Share by the net asset value per Share after the Offering)
Issuing method:	A combination of placing by way of price consultation with Enquired Persons offline and online application based on market capitalization, or other methods approved by regulatory authorities such as the CSRC.
Target persons of the Offering:	Enquired Persons who satisfy relevant qualification requirements, and domestic natural persons, legal persons and other institutional investors which have maintained RMB-denominated ordinary shares (A shares) securities accounts with the Shanghai branch of the China Securities Depository and Clearing Co., Ltd. (excluding those prohibited by the relevant PRC laws, administrative regulations, departmental rules, regulatory documents, and other regulatory requirements applicable to the Company).
Underwriting method:	Standby underwriting
Estimated gross proceeds raised:	RMB[]

Estimated net proceeds raised after deducting the issuing expenses: RMB[]

Estimated Offering expenses: Total expenses are RMB130.0273 million (not including corresponding value-added tax), of which:

- (1) underwriting and sponsor fees: RMB121.1091 million
- (2) auditing and capital verification fees: RMB1,748,100
- (3) legal fees: RMB932,600
- (4) information disclosure fees: RMB4,245,300
- (5) listing related handling fees: RMB1,948,300
- (6) documents preparation fees: RMB43,900

Place of the proposed listing: The Shanghai Stock Exchange

Note: The joint lead underwriters of the A Share Offer are China International Capital Corporation Limited, Goldman Sachs Gao Hua Securities Company Limited and Ping An Securities Company Limited. The Company has entered into an underwriting agreement with these underwriters and the underwriting fees are determined after arm's length negotiations between the parties with reference to the amount of the proceeds from the Offering. These underwriters are third parties independent of the Company and its connected persons.

2. Use of proceeds

As approved at the third meeting of the second session of the board of directors of the Company and the third extraordinary general meeting for the year 2017 of the Company, after deducting the issuing expenses, the Company intends to apply the proceeds from the A Share Offering in the following projects:

Plans for use of proceeds

Unit: RMB '00,000,000

Serial number	Use plan	Total investment amount	Amount of proceeds to be used
1	The Phase II and Phase III Capacity Expansion Projects of Yangtze Optical Fibre (Qianjiang) Co., Ltd. in relation to the industrialization of the self-produced preforms and the optical fibres	14.07	14.0000
2	Repayment of bank loans	3.00	3.0000
3	Replenishment of working capital	3.00	1.9434
Total		20.07	18.9434

The following are plans for use of proceeds on Investment Projects:

Plans for use of proceeds on Investment Projects

Unit: RMB '00,000,000

Project name	Plans for use of proceeds			Total
	First year	Second year	Third year	
The Phase II and Phase III Capacity Expansion Projects of Yangtze Optical Fibre (Qianjiang) Co., Ltd. in relation to the industrialization of the self-produced preforms and the optical fibres	5.52	5.94	2.54	14.00

Before the proceeds are made available to the Company, the Company will determine whether or not to invest ahead by using its own funds or bank loans in accordance with the actual progress of the investment projects. If inconsistency occurs between the time when the proceeds become available and the progress of the projects, and other funds are invested ahead in accordance with the actual circumstances, the proceeds, when become available, will be used to replace such funds invested ahead. If the actual net proceeds from the A Share Offering, after deducting listing expenses, are less than the total investment amount of the projects, the Company will meet the funding needs by its self-raised funds (including its own funds and indirect financing such as bank loans).

3. Share capital before and after the A Share Offering

Prior to the A Share Offering, the total share capital of the Company is 682,114,598 Shares. The number of A Shares proposed to be issued in respect of the A Share Offering will be up to 75,790,510 A Shares, which are all new Shares. Assuming 75,790,510 A Shares are issued under the A Share Offering, the newly issued A Shares under the Offering will represent 10% of the total share capital of the Company after the Offering. The following is the shareholding structure of the Company before and after the A Share Offering:

Name of Shareholder	Class of Shares	Before the Offering		After the Offering	
		Number of Shares (Share)	Percentage of Shareholding (%)	Number of Shares (Share)	Percentage of Shareholding (%)
China Huaxin Post and Telecom Technologies Co., Ltd. (SS)	Domestic Shares	179,827,794	26.37%	179,827,794	23.73%
Draka Comteq B.V.	Foreign shares (H Shares)	179,827,794	26.37%	179,827,794	23.73%
Wuhan Yangtze Communications Industry Group Co., Ltd.	Domestic Shares	119,937,010	17.58%	119,937,010	15.82%
Wuhan Ruitu Management Consulting Partnership Enterprise (Limited Partnership)	Domestic Shares	15,900,000	2.33%	15,900,000	2.10%
Wuhan Ruiteng Management Consulting Partnership Enterprise (Limited Partnership)	Domestic Shares	9,095,000	1.33%	9,095,000	1.20%
Wuhan Ruihong Management Consulting Partnership Enterprise (Limited Partnership)	Domestic Shares	3,413,000	0.50%	3,413,000	0.45%
Wuhan Ruiyue Management Consulting Partnership Enterprise (Limited Partnership)	Domestic Shares	2,375,000	0.35%	2,375,000	0.31%
Other Shareholders of foreign shares	Foreign shares (H Shares)	171,739,000	25.17%	171,739,000	22.66%
Public Shareholders of A Shares	Domestic Shares (A Shares)	—	—	75,790,510	10.00%
Total	—	682,114,598	100.00%	757,905,108	100.00%

Note 1: “SS” following the name of the Shareholder stands for State-owned Shareholder.

Note 2: 14,013,000 Shares, 8,625,000 Shares, 2,813,000 Shares and 2,175,000 Shares respectively held by Wuhan Ruitu, Wuhan Ruiteng, Wuhan Ruihong and Wuhan Ruiyue have been pledged to Great Wall Capital Co., Ltd..

4. Financial Information

Shareholders are reminded that the Company shall make disclosure of certain financial information of the Company in the A Share Prospectus as required under the A Share Offering. Such financial information includes the reviewed (but unaudited) financial information (the “**Financial Information**”) for the three months ended March 31, 2018 (the “**2018 First Quarter**”). The Company has published an announcement on the Stock Exchange in relation to its financial conditions for the 2018 First Quarter on April 27, 2018. The financial information contained in such announcement is consistent with the Financial Information. To provide more complete and comprehensive information to investors and Shareholders, the Company includes also the Financial Information in this announcement.

4.1. Highlights from Consolidated Balance Sheet

Item	31 March	31 December
	2018	2017
	(RMB0'000)	(RMB0'000)
Current assets	561,101.48	522,889.53
Non-current assets	404,686.19	393,886.87
Total assets	965,787.67	916,776.40
Current liabilities	304,139.64	294,762.34
Non-current liabilities	82,361.14	73,431.24
Total liabilities	386,500.78	368,193.58
Total equity	579,286.89	548,582.82
Total equity attributable to equity shareholders of the Company	558,818.54	523,831.90

4.2. Highlights from Consolidated Income Statement

Item	For the three months ended in 31 March (RMB0'000)	
	2018	2017
Revenue	246,526.87	182,281.98
Operating profit	43,016.17	25,206.08
Profit before taxation	43,027.33	25,078.58
Profit for the year	37,708.20	21,587.02
Profit for the year attributable to equity shareholders of the Company	37,206.63	22,119.12
Profit for the year attributable to equity shareholders of the Company deducting non-recurring gains and losses	36,730.39	22,007.53

4.3. Highlights from Consolidated Statement of Cash Flow

Item	For the three months ended in 31 March (RMB0'000)	
	2018	2017
Net cash outflow from operating activities	(26,584.21)	(21,684.59)
Net cash outflow from investing activities	(13,306.53)	(18,639.35)
Net cash inflow/(outflow) from financing activities	2,421.01	(18,434.04)
Effect of exchange rate changes on cash and cash equivalents	898.49	51.10
Net increase in cash and cash equivalents (“()” for decrease)	(36,571.24)	(58,706.87)

4.4. Highlights from Statement on Non-recurring gains and losses

No.	Item	For the three months ended in	
		31 March (RMB0'000)	
		2018	2017
1	Disposal of non-current assets	(47.83)	(131.45)
2	Government grants recognised through profit or loss (excluding those having close relationships with the Group's operation and enjoyed in fixed amount or quantity according to uniform national standard)	294.62	238.23
3	Changes in fair value of financial assets and liabilities held for trading, and disposal of financial assets and liabilities held for trading and available-for-sale financial assets, other than those held for effective hedging related to normal operations	56.84	19.92
4	Reversal of provision for bad and doubtful debts assessed on an individual basis	101.82	8.15
5	Gain or loss arising from entrusted loans	51.04	74.13
6	Extraordinary gain and loss from investment income from associates and joint ventures	155.27	60.27
7	Other non-operating income and expenses besides items above	11.16	(127.50)
	Sub total	622.92	141.74
8	Tax effect	(95.07)	(19.02)
9	Effect on non-controlling interests after taxation	(51.60)	(11.13)
	Total	476.25	111.59
10	Profit for the year attributable to equity shareholders of the Company	37,206.63	22,119.12
11	Profit for the year excluding extraordinary gain and loss attributable to the Company's equity shareholders	36,730.39	22,007.53
12	Extraordinary gain and loss/Profit for the year attributable to equity shareholders of the Company	1.28%	0.50%

The above English version of the summary of the principal provisions of the A Share Prospectus is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company. The Company will keep the Shareholders and potential investors informed of any further development in relation to the A Share Offering in accordance with the Listing Rules and applicable laws and regulations.

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
Ma Jie
Chairman

Wuhan, PRC, July 2, 2018

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

* *For identification purposes only*