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Smart Link Better Life.

長飛光纖光纜股份有限公司

Yangtze Optical Fibre and Cable Joint Stock Limited Company*

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

(Stock Code: 6869)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

- Total revenue was approximately RMB5,631.9 million, increased by approximately RMB986.6 million, representing a 21.2% increase as compared to the same period of last year.
- Gross profit was approximately RMB1,589.2 million, increased by approximately RMB350.0 million, representing a 28.2% increase as compared to the same period of last year.
- Profit for the period attributable to equity shareholders of the Company was approximately RMB808.7 million, increased by approximately RMB248.2 million, representing a 44.3% increase as compared to the same period of last year.
- The Group's revenue from domestic customers increased by approximately 19.2%, as compared with the same period of last year. The Group's revenue from overseas customers increased by approximately 37.5%, as compared with the same period of last year.
- The board of directors of the Company recommended an interim dividend of RMB0.50 (inclusive of tax) per share.

The board of directors (the “**Board**”) of Yangtze Optical Fibre and Cable Joint Stock Limited Company* 長飛光纖光纜股份有限公司 (the “**Company**”, “**YOFC**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2018 (the “**Period**”), together with the relevant comparative figures of the same period of 2017 as follows:

* *For identification purposes only*

Consolidated Income Statement

For the six months ended 30 June 2018

(Expressed in Renminbi (“RMB”))

		For the six months ended 30 June	
		2018	2017
	Note	(Unaudited)	(Audited)
I. Revenue	4	5,631,896,629	4,645,283,395
II. Less: Cost of sales	4	4,042,675,721	3,406,023,791
Taxes and surcharges		31,219,236	30,915,969
Selling expenses		168,551,921	126,069,416
Administrative expenses		313,470,128	286,404,904
R&D expenses		169,958,994	156,733,083
Financial expenses	5	30,981,081	36,392,217
Including: Interest expenses		20,079,965	32,112,484
Interest revenue		(9,507,434)	(5,749,579)
Impairment losses		27,320,502	30,783,429
Credit losses		20,898,372	—
Add: Other income		12,687,245	4,575,667
Investment income		89,061,059	71,415,561
Including: Income from investment in associates and joint ventures		87,927,991	70,722,094
Gains from changes in fair value		456,839	95,407
Losses from asset disposals		(1,139,277)	(1,909,370)
III. Operating profit		927,886,540	646,137,851
Add: Non-operating income		1,188,563	952,078
Less: Non-operating expenses		491,393	769,481
IV. Profit before taxation		928,583,710	646,320,448
Less: Income tax	6	114,352,671	93,150,646
V. Profit for the period		814,231,039	553,169,802
Profit for the period attributable to equity shareholders of the Company		808,683,310	560,524,052
Non-controlling interests		5,547,729	(7,354,250)

		For the six months ended 30 June	
		2018	2017
		(Unaudited)	(Audited)
	<i>Note</i>		
VI. Other comprehensive income, net of tax			
Other comprehensive income (net of tax)			
attributable to shareholders of the Company			
(1) Items that can not be reclassified			
subsequently to profit or loss			
1. Changes in fair value of			
investments in other			
equity instruments		(33,107,338)	—
(2) Items that may be reclassified			
subsequently to profit or loss			
1. Gains or losses arising from changes			
in fair value of available-for-sale			
financial assets		—	(7,854,844)
2. Exchange differences on translation			
of financial statements of overseas			
subsidiaries		(10,643,170)	(306,578)
Other comprehensive income (net of tax)			
attributable to non-controlling interests		(4,360,708)	(81,199)
		<u>-----</u>	<u>-----</u>
VII. Total comprehensive income for the period		<u>766,119,823</u>	<u>544,927,181</u>
Total comprehensive income attributable to			
equity shareholders of the Company		764,932,802	552,362,630
Total comprehensive income attributable to			
non-controlling interests		1,187,021	(7,435,449)
VIII. Earnings per share:			
(1) Basic earnings per share	7	<u>1.19</u>	<u>0.82</u>
(2) Diluted earnings per share	7	<u>1.19</u>	<u>0.82</u>

Consolidated Balance Sheet

At 30 June 2018

(Expressed in Renminbi “RMB”)

		30 June 2018 (Unaudited)	31 December 2017 (Audited)
ASSETS:			
Current assets			
Cash and cash equivalents		1,160,443,657	1,799,513,559
Financial assets held for trading		63,073,889	—
Financial assets at fair value through profit or loss		—	4,599,225
Available-for-sale financial assets		—	37,513,923
Trade and bills receivable	9, 10	3,501,698,562	2,423,203,876
Prepayments for raw materials		132,160,687	74,833,629
Other receivables		132,676,934	111,722,888
Inventories		961,023,393	730,468,166
Other current assets		52,668,596	47,040,053
Total current assets		6,003,745,718	5,228,895,319
Non-current assets			
Available-for-sale financial assets		—	101,234,501
Long-term receivables		20,000,000	20,000,000
Long-term equity investments		1,576,621,490	1,241,866,472
Investments in other equity instruments		62,517,608	—
Fixed assets		1,953,791,266	1,921,458,636
Construction in progress		363,483,837	164,473,273
Intangible assets		307,090,480	328,050,231
Long-term deferred expenses		1,671,757	2,081,726
Deferred tax assets		70,113,865	55,242,983
Other non-current assets		164,074,334	104,460,862
Total non-current assets		4,519,364,637	3,938,868,684
Total assets		10,523,110,355	9,167,764,003

		30 June 2018	31 December 2017
	<i>Note</i>	(Unaudited)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current bank loans	11	430,504,000	495,013,000
Trade and bills payable	12, 13	1,433,744,131	1,345,760,112
Receipt in advance		—	241,566,904
Contract liabilities		226,348,188	—
Employee benefits payable		276,278,673	304,003,980
Taxes payable		136,078,672	188,455,821
Other payables		427,575,235	359,005,281
Non-current liabilities due within one year		13,303,750	13,818,333
Total current liabilities		2,943,832,649	2,947,623,431
Non-current liabilities			
Non-current bank loans	14	1,041,010,000	481,290,000
Deferred income		81,219,152	83,223,111
Other non-current liabilities		263,552,883	169,799,283
Total non-current liabilities		1,385,782,035	734,312,394
Total liabilities		4,329,614,684	3,681,935,825
SHAREHOLDERS' EQUITY:			
Share capital		682,114,598	682,114,598
Capital reserve		1,545,887,227	1,551,725,933
Other comprehensive income		20,555,741	66,464,721
Surplus reserve		402,047,041	402,047,041
Retained earnings		3,346,808,512	2,535,966,730
Total equity attributable to equity shareholders of the Company		5,997,413,119	5,238,319,023
Non-controlling interests		196,082,552	247,509,155
Total equity		6,193,495,671	5,485,828,178
Total liabilities and shareholders' equity		10,523,110,355	9,167,764,003

Notes:

1. CORPORATE INFORMATION

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

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

On 18 December 2015, the Company completed the issuance of domestic shares and H shares to certain directors and selected employees and the private placement of H shares to four independent professional institutional investors. A total number of 42,652,000 shares (including H shares and domestic shares) with a par value of RMB1.00 each were issued at a subscription price of HK\$7.15 per share.

The China Securities Regulatory Commission approved the initial public offering of A shares by the Company and the A shares of the Company were listed on the Shanghai Stock Exchange on 20 July 2018. The Company issued 75,790,510 A shares to the public at the issue price of RMB26.71 per A share and 330,547,804 domestic shares were converted into A shares. Upon the issue of A shares, the total number of issued shares of the Company became 757,905,108 shares (comprising 351,566,794 H Shares and 406,338,314 A shares). The total proceeds from the issue of the A shares amounted to RMB2,024,364,522 and the net proceeds (after deducting issue expenses) amounted to RMB1,894,337,174.

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

2. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises - Basic Standards issued by the Ministry of Finance of the People's Republic of China and the specific accounting standards and application guidelines, interpretations and other relevant regulations promulgated and subsequently promulgated by the Ministry of Finance of the People's Republic of China and "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission.

The Company prepares the financial statements based on the going-concern basis.

3. REVENUE

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

4. REVENUE AND COST OF SALES

Item	For the six months ended 30 June			
	2018 (Unaudited)		2017 (Audited)	
	Revenue	Costs	Revenue	Costs
Principal activities	5,488,996,448	3,926,492,131	4,581,075,318	3,358,419,376
Other operating activities	142,900,181	116,183,590	64,208,077	47,604,415
Total	<u>5,631,896,629</u>	<u>4,042,675,721</u>	<u>4,645,283,395</u>	<u>3,406,023,791</u>

Details of revenue:

	For the six months ended	
	30 June	
	2018 (Unaudited)	2017 (Audited)
Revenue from principal activities		
– Optical fibres and optical fibre preforms	2,416,239,589	2,247,662,214
– Optical fibre cable	2,790,452,593	2,126,342,170
– Other sales	282,304,266	207,070,934
Sub-total	5,488,996,448	4,581,075,318
Revenue from other operating activities		
– Materials	133,748,035	48,757,081
– Technology licence fees and services	6,865,317	11,358,731
– Others	2,286,829	4,092,265
Total	<u>5,631,896,629</u>	<u>4,645,283,395</u>

5. FINANCIAL EXPENSES

Item	For the six months ended	
	30 June	
	2018 (Unaudited)	2017 (Audited)
Interest expenses on loans and payables	25,456,354	32,353,250
Less: Borrowing costs capitalised*	5,376,389	240,767
Interest income on deposits and receivables	(9,507,434)	(5,749,579)
Net exchange loss	15,650,189	7,515,092
Other financial expenses	4,758,361	2,514,221
Total	<u>30,981,081</u>	<u>36,392,217</u>

* The capitalisation rate of the Group's capitalised amounts of borrowing costs in the first half of 2018 was 1.91% (2017:4.10%)

6. INCOME TAX

	For the six months ended	
	30 June	
	2018	2017
	(Unaudited)	(Audited)
Income tax for the year based on tax law and regulations	125,109,867	89,084,320
Changes in deferred income tax	(8,936,001)	4,837,778
Tax filling differences	(1,821,195)	(771,452)
Total	<u>114,352,671</u>	<u>93,150,646</u>

(1) The analysis of changes in deferred income tax is as follows:

Item	For the six months ended	
	30 June	
	2018	2017
	(Unaudited)	(Audited)
Origination and reversal of temporary differences	<u>(8,936,001)</u>	<u>4,837,778</u>

(2) Reconciliation between income tax expense and accounting profit is as follows:

Item	For the six months ended	
	30 June	
	2018	2017
	(Unaudited)	(Audited)
Profit before taxation	928,583,710	646,320,448
Expected income tax calculated at tax rate of 25%	232,145,928	161,580,112
Tax rate differences	(80,972,912)	(47,625,410)
Adjustment to income tax of previous years	(1,821,195)	(771,452)
Effect of non-taxable income	(30,729,452)	(17,933,973)
Effect of non-deductible cost, expense and loss	2,642,770	2,700,032
Effect attributable to the additional qualified tax deduction relating to research and development costs	(19,807,097)	(18,094,923)
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognized this period	<u>12,894,629</u>	<u>13,296,260</u>
Income tax	<u>114,352,671</u>	<u>93,150,646</u>

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

According to the High-tech Enterprise Certificate No. GR201442000078 issued by the Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, Hubei Provincial State Revenue and Hubei Provincial Local Taxation Bureau, the Company was entitled to High Tech Enterprise qualification from 14 October 2014 to 1 November 2017 and enjoyed a preferential tax rate of 15% with preferential tax treatments in deductions from research and development costs. According to the High-tech Enterprise Certificate No. GR201742002234 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, Hubei Provincial State Revenue and Hubei Provincial Local Taxation Bureau, from 30 November 2017 to 30 November 2020, the Company would be entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% with preferential tax treatments in deductions from research and development costs. Therefore, the Company was entitled to a preferential tax rate of 15% in 2017 and 2018.

According to the High-tech Enterprise Certificate No. GR201542000605 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, Hubei Provincial State Revenue and Hubei Provincial Local Taxation Bureau, EverPro Technologies Company Limited, a subsidiary of the Company, was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% from 28 October 2015 to 28 October 2018.

According to Article 2 of Notice on Issues Concerning Tax Policies on Further Implementing the Strategy of Western Development issued by the Ministry of Finance, General Administration of Customs and State Administration of Taxation [Cai Shui (2011) No.58], Yangtze Optical Fibre and Cable Lanzhou Co., Ltd., a subsidiary of the Company, is an enterprise under the preferred industry set up in the western region, which was entitled to a preferential tax rate of 15% from 1 January 2017 to 31 December 2018

According to the High-tech Enterprise Certificate No. GR201744200547 issued by Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Committee, Shenzhen State Administration of Taxation and Shenzhen Local Taxation Bureau, Shenzhen YOFC Connectivity Technologies Co., Ltd., a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed the preferential tax rate of 15% from 17 August 2017 to 17 August 2020.

According to the High-tech Enterprise Certificate No. GR201742000482 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, Hubei Provincial State Revenue and Hubei Provincial Local Taxation Bureau, Yangtze Optical Fibre (Qianjiang) Co., Ltd., a subsidiary of the Company, was entitled to High Tech Enterprise qualification and enjoyed the preferential tax rate of 15% from 28 November 2017 to 28 November 2020.

According to the High-tech Enterprise Certificate No. GR201742001399 issued by Hubei Provincial Department of Science and Technology, Hubei Provincial Department of Finance, Hubei Provincial State Revenue and Hubei Provincial Local Taxation Bureau, Wuhan E3cloud Information Technologies Co., Ltd., a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed the preferential tax rate of 15% from 28 November 2017 to 28 November 2020.

According to the High-tech Enterprise Certificate No. GR201721000823 issued by Liaoning Science and Technology Department, Liaoning Provincial Department of Finance, Liaoning Provincial State Revenue Agency and Liaoning Provincial Local Taxation Bureau, Yangtze Optical Fibre and Cable Shenyang Co., Ltd., a subsidiary of the Company, was entitled to High Tech Enterprise qualification, and enjoyed the preferential tax rate of 15% from 1 December 2017 to 1 December 2020.

Taxes on overseas subsidiaries were calculated according to the prevailing appropriate tax rates in the relevant countries and regions.

7. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share was calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

Item	For the six months ended 30 June	
	2018 (Unaudited)	2017 (Audited)
Consolidated net profit attributable to ordinary shareholders of the Company	<u>808,683,310</u>	<u>560,524,052</u>
Weighted average number of ordinary shares outstanding	<u>682,114,598</u>	<u>682,114,598</u>
Basic earnings per share (RMB/share)	<u>1.19</u>	<u>0.82</u>

The weighted average number of ordinary shares is calculated as follows:

	For the six months ended 30 June	
	2018 (Unaudited)	2017 (Audited)
Number of issued ordinary shares at the end of the period/year	<u>682,114,598</u>	<u>682,114,598</u>

(b) Diluted earnings per share

There is no potential dilutive share during the Period. Accordingly, the diluted earnings per share are the same as the basic earnings per share.

8. SEGMENT REPORTING

The Group has identified a total of two reporting divisions, namely, optical fibre and optical fibre preform and optical fibre cable, based on internal organizational structure, management requirements and internal reporting system. Each reporting segment is a separate business segment that provides different products. The management of the Group will regularly review the financial information of different segments to decide on the allocation of resources and performance evaluation.

- Optical fibre and optical fibre preform segment – It is primarily engaged in the production and sales of optical fibre and optical preform.
- Optical fibre cable segment – It is primarily engaged in the production and sales of optical fibre cable.

(1) Information on profit or loss and asset of the segment

In order to evaluate the performance of each segment and allocate resources to them, the management of the Group will periodically review the assets, income, expenses and operating results attributable to each segment. The basis for the preparation of such information is as follows:

Segment assets include all tangible assets, other non-current assets and current assets attributable to each segment, including receivables but excluding deferred tax assets, long-term equity investments, intangible assets and other unallocated assets.

Segment operating results refer to external transaction revenue generated by each segment, deducted by the costs of sales incurred by each segment. The Group did not allocate other expenses such as sales and administrative expenses, financial expenses and other expenses to each segment.

The information disclosed in each of the reporting segments of the Group below is generated by the management of the Group, which used the following information to measure profit/(loss), assets of the reporting segments, or without providing the following information, which is regularly provided to the management of the Group:

Item	For the six months ended 30 June 2018 (Unaudited)					
	Optical fibre and optical fibre preform segment	Optical fibre cable segment	Others	Elimination among segments	Unallocated amount	Total
Revenue from external transactions	2,416,239,589	2,790,452,593	425,204,447	—	—	5,631,896,629
Including: Revenue from						
mainland China	2,257,454,469	2,299,254,246	357,096,129	—	—	4,913,804,844
Revenue from overseas	158,785,120	491,198,347	68,108,318	—	—	718,091,785
Inter-segment revenue	292,516,678	15,361,017	248,329,756	(556,207,451)	—	—
Segment profit	1,236,622,753	300,013,066	105,874,739	(53,289,650)	—	1,589,220,908
Including: depreciation and amortisation	(46,936,526)	(13,672,181)	(45,246,239)	1,825,337	—	(104,029,609)
Taxes and surcharges	—	—	—	—	(31,219,236)	(31,219,236)
Selling expenses	—	—	—	—	(168,551,921)	(168,551,921)
Administration expenses	—	—	—	—	(313,470,128)	(313,470,128)
R&D expenses	—	—	—	—	(169,958,994)	(169,958,994)
Financial expenses	—	—	—	—	(30,981,081)	(30,981,081)
Impairment losses	—	—	—	—	(27,320,502)	(27,320,502)
Credit losses	—	—	—	—	(20,898,372)	(20,898,372)
Gains from changes in fair value	—	—	—	—	456,839	456,839
Investment income	—	—	—	—	89,061,059	89,061,059
Including:						
Income from investment in associates and joint ventures	—	—	—	—	87,927,991	87,927,991
Losses from asset disposals	—	—	—	—	(1,139,277)	(1,139,277)
Other income	—	—	—	—	12,687,245	12,687,245
Operating profit/(loss)	1,236,622,753	300,013,066	105,874,739	(53,289,650)	(661,334,368)	927,886,540
Non-operating income	—	—	—	—	1,188,563	1,188,563
Non-operating expenses	—	—	—	—	(491,393)	(491,393)
Profit/(loss) before taxation	1,236,622,753	300,013,066	105,874,739	(53,289,650)	(660,637,198)	928,583,710
Income tax	—	—	—	—	(114,352,671)	(114,352,671)
Profit for the Period	1,236,622,753	300,013,066	105,874,739	(53,289,650)	(774,989,869)	814,231,039

For the six months ended 30 June 2017 (Audited)

Item	Optical fibre and optical fibre preform segment	Optical fibre cable segment	Others	Elimination among segments	Unallocated amount	Total
Revenue from external transactions	2,247,662,214	2,126,342,170	271,279,011	—	—	4,645,283,395
Inter-segment revenue	174,214,064	318,744	165,539,568	(340,072,376)	—	—
Segment profit	944,743,611	261,124,889	96,949,002	(63,557,898)	—	1,239,259,604
Including: depreciation and amortisation	(42,204,902)	(12,887,139)	(43,191,229)	1,171,491	—	(97,111,779)
Taxes and surcharges	—	—	—	—	(30,915,969)	(30,915,969)
Selling expenses	—	—	—	—	(126,069,416)	(126,069,416)
Administration expenses	—	—	—	—	(286,404,904)	(286,404,904)
R&D expenses	—	—	—	—	(156,733,083)	(156,733,083)
Financial expenses	—	—	—	—	(36,392,217)	(36,392,217)
Impairment losses	—	—	—	—	(30,783,429)	(30,783,429)
Losses from changes in fair value	—	—	—	—	95,407	95,407
Investment income	—	—	—	—	71,415,561	71,415,561
Including:						
Income						
from investment in associates and joint ventures	—	—	—	—	70,722,094	70,722,094
Losses from asset disposals	—	—	—	—	(1,909,370)	(1,909,370)
Other income	—	—	—	—	4,575,667	4,575,667
Operating profit/(loss)	944,743,611	261,124,889	96,949,002	(63,557,898)	(593,121,753)	646,137,851
Non-operating income	—	—	—	—	952,078	952,078
Non-operating expenses	—	—	—	—	(769,481)	(769,481)
Profit before taxation	944,743,611	261,124,889	96,949,002	(63,557,898)	(592,939,156)	646,320,448
Income tax	—	—	—	—	(93,150,646)	(93,150,646)
Profit for the period	944,743,611	261,124,889	96,949,002	(63,557,898)	(686,089,802)	553,169,802

As at 30 June 2018 (Unaudited)						
Item	Optical fibre and optical fibre preform segment	Optical fibre cable segment	Other	Elimination among segments	Unallocated amount	Total
Total assets	2,246,399,976	3,556,557,004	4,796,117,855	(75,964,480)	—	10,523,110,355
Other items						
– Long-term equity investment in associates and joint ventures	—	—	1,576,621,490	—	—	1,576,621,490
– The amounts of additions to non-current assets other than long-term equity investment	324,733,260	29,123,459	19,331,326	(7,028,481)	—	366,159,564

As at 31 December 2017 (Audited)						
Item	Optical fibre and optical fibre preform segment	Optical fibre cable segment	Other	Elimination among segments	Unallocated amount	Total
Total assets	2,136,306,867	2,189,938,346	4,988,611,474	(147,092,684)	—	9,167,764,003
Other items						
– Long-term equity investment in associates and joint ventures	—	—	1,241,866,472	—	—	1,241,866,472
– The amounts of additions to non-current assets other than long-term equity investment	261,785,001	98,265,701	213,786,290	(8,440,344)	—	565,396,648

9. BILLS RECEIVABLE

(1) Bills receivable by category

Item	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Bank acceptance bills	290,832,198	579,044,400
Commercial acceptance bills	31,639,106	9,502,232
Total	<u>322,471,304</u>	<u>588,546,632</u>

The aforementioned bills receivable are due within one year.

- (2) Outstanding endorsed or discounted bills that have not matured at the end of the period/year

Item	Amount derecognized at 30 June 2018 (Unaudited)	Amount not yet derecognized at 30 June 2018 (Unaudited)
Bank acceptance bills	<u>254,299,847</u>	<u>13,096,128</u>

Item	Amount derecognized at 30 June 2017 (Audited)	Amount not yet derecognized at 30 June 2017 (Audited)
Bank acceptance bills	<u>225,113,959</u>	<u>18,822,252</u>

10. TRADE RECEIVABLES

- (1) Trade receivables by customer type are as follows:

Type	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Due from related parties	196,977,825	111,065,716
Due from third parties	<u>3,056,522,615</u>	<u>1,776,966,338</u>
Sub-total	3,253,500,440	1,888,032,054
Less: allowance for doubtful debts	<u>74,273,182</u>	<u>53,374,810</u>
Total	<u>3,179,227,258</u>	<u>1,834,657,244</u>

(2) The ageing analysis of trade receivables is as follows:

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Ageing		
Within 1 year (1 year inclusive)	2,713,901,886	1,668,732,868
1 to 2 years (2 years inclusive)	487,920,916	173,307,893
2 to 3 years (3 years inclusive)	23,905,545	23,718,969
3 to 4 years (4 years inclusive)	7,841,261	8,474,785
4 to 5 years (5 years inclusive)	11,350,322	6,503,837
Over 5 years	8,580,510	7,293,702
Sub-total	3,253,500,440	1,888,032,054
Less: allowance for doubtful debts	74,273,182	53,374,810
Total	<u>3,179,227,258</u>	<u>1,834,657,244</u>

The ageing analysis is counted starting from the date when trade receivables are recognized.

(3) Additions, recoveries or reversals of allowance for doubtful debts during the reporting period/year:

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
	Note	
Balance under the previous standard for Financial Instruments	53,374,810	43,964,275
Adjusted amount under the newly applied standard for Financial Instruments	—	—
Adjusted balance at the beginning of the year	53,374,810	43,964,275
Addition/(recoveries or reversals) during the reporting period	20,898,372	11,304,765
Written-off during the reporting period	—	(1,894,230)
Balance at the end of the reporting period	<u>74,273,182</u>	<u>53,374,810</u>

(a) At the end of each reporting period/year, the Group assesses and calculates the balance of allowance for doubtful debt according to the accounting policies and accounting estimates of the Group's allowance for doubtful debts for trade receivables. The impairment amount were accrued or reversed after comparing with the balance of allowance for doubtful debts of the previous fiscal year.

During the reporting period, the Group did not have significant recoveries or reversals for trade receivables that had been fully impaired or provided with a relatively large proportion of allowance for doubtful debts collected or reversed.

(b) During the reporting period, the Group did not write-off trade receivables with significant individual amount.

(4) Five largest trade receivables by debtors at the end of the period/year

As at 30 June 2018 and 31 December 2017, the subtotal of five largest trade receivables of the Group is RMB2,074,270,611 and RMB1,162,479,792, respectively, representing 64% and 62% of the total balance of trade receivables respectively. The corresponding allowance for doubtful debt is RMB31,478,617 and RMB23,872,307, respectively.

11. CURRENT BANK LOANS

Item	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Unsecured loans	<u>430,504,000</u>	<u>495,013,000</u>
Total	<u>430,504,000</u>	<u>495,013,000</u>

As at 30 June 2018 and 31 December 2017, the Group did not have any overdue loans not yet repaid.

Certain of the Group's bank loans are subject to the fulfillment of covenants relating to the Group's assets/liabilities ratio, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the bank loans would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2018 and 31 December 2017, none of the covenants relating to bank loans had been breached.

12. BILLS PAYABLE

Item	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Commercial acceptance bills	<u>76,233,156</u>	<u>147,838,562</u>
Bank acceptance bills	<u>207,053,391</u>	<u>145,994,148</u>
Total	<u>283,286,547</u>	<u>293,832,710</u>

The Group did not have any bills payable due and not yet paid.

The above amounts were bills payable due within one year.

13. TRADE PAYABLES

Item	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Due to related parties	<u>280,429,343</u>	<u>232,189,978</u>
Due to third parties	<u>870,028,241</u>	<u>819,737,424</u>
Total	<u>1,150,457,584</u>	<u>1,051,927,402</u>

The ageing analysis of trade payables, based on invoice date, is as follows:

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Within 1 year (1 year inclusive)	1,133,913,581	1,035,259,869
Over 1 year but within 2 years (2 years inclusive)	9,170,509	12,661,078
Over 2 years but within 3 years (3 years inclusive)	4,257,066	1,073,742
Over 3 years	3,116,428	2,932,713
	<u>1,150,457,584</u>	<u>1,051,927,402</u>

14. NON-CURRENT BANK LOANS

Classification of non-current bank loans

Item	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Loans secured by mortgages	18,700,000	18,700,000
Unsecured loans	1,024,310,000	464,590,000
Less: non-current bank loans due within one year	2,000,000	2,000,000
Total	<u>1,041,010,000</u>	<u>481,290,000</u>

The above bank loans have floating rate loans and fixed rate loans. The interest rates ranged from 1.20% -5.70% for the reporting period and 1.20%-4.90% for the year 2017 respectively.

15. DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the previous financial year approved during the reporting period

	For the six months ended 30 June	
	2018 (Unaudited)	2017 (Audited)
No final dividend was declared after the end of the reporting period (For the six months ended 30 June 2017: RMB0.255 per share)	<u>—</u>	<u>173,939,222</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the first half of 2018, the further implementation of Broadband China, the preparation for 5G deployment and the demands from developing countries created continuous growth in the telecom industry. Under the favorable domestic and overseas market environment, the Company took the opportunity, stuck to five strategies: “Promote the organic growth of optical fibre preform, optical fibre and optical cable business”, “Strengthen technology innovation and intelligent manufacturing”, “Deepen the internationalization strategy”, “Develop diversification”, “Capital operation”, further promoted innovation for new products, technologies and management, which resulted in increase in our market share, and allow us to build a solid foundation for future growth.

During the first half of 2018, the Group’s revenue reached to approximately RMB5,631.9 million, increased by approximately 21.2% as compared to the same period of 2017 of approximately RMB4,645.3 million. The Group reported a gross profit of approximately RMB1,589.2 million, increased by approximately 28.2% as compared to the same period of 2017 of approximately RMB1,239.3 million. The Group’s profit for the year attributable to the equity shareholders of the Company amounted to approximately RMB808.7 million, increased by approximately 44.3% as compared to the same period of 2017 of approximately RMB560.5 million.

Basic earnings per share was RMB1.19 per share (for the six months ended 30 June 2017: RMB0.82 per share), which was calculated based on the weighted average number of shares issued, further details of which are set out in note 7 to the financial information as set out in this announcement.

Revenue

The Group’s revenue for the Period was approximately RMB5,631.9 million, representing an increase of approximately 21.2% as compared to the same period of 2017 of approximately RMB4,645.3 million.

By product segment, a total revenue of approximately RMB2,416.2 million was contributed from our optical fibre preform and optical fibre segment, representing a growth of 7.5% as compared to the same period of 2017 of approximately RMB2,247.7 million and accounting for 42.9% of the Group’s revenue; while a total revenue of RMB2,790.5 million was contributed by our optical fibre cable segment, representing a much higher growing momentum of 31.2% as compared to the same period of 2017 of approximately RMB2,126.3 million and accounting for 49.5% of the Group’s revenue. The substantial growth in the Group’s total revenue was mainly due to the ramp up of infrastructure construction by the three State-owned Telecommunication Operators and the ongoing national initiatives such as “Broadband China”, “Internet plus” announced by the PRC government, which provided positive catalysts and brought additional momentum, in particular, the demand for optical fibres and optical fibre cables.

A total revenue of approximately RMB425.2 million was contributed by others, representing an increase of 56.7% as compared to the same period of 2017 of approximately RMB217.3 million and accounting for 7.6% of the Group's revenue. The increase was mainly attributable to the increase in income from Cabling Solutions, which grew significantly by 141.1% as compared with the same period of 2017.

By geographical segment, a total revenue of approximately RMB4,913.8 million was contributed by domestic customers, representing an increase of 19.2% as compared to the same period of 2017 of approximately RMB4,123.1 million and accounting for 87.2% of the Group's revenue. During the Period, the domestic revenue for optical fibre cables grew by 25.7% while the optical fibre preforms and optical fibres grew by 9.1%. For overseas market, a total revenue of approximately RMB718.1 million was reported in the first half of 2018, representing an increase of 37.5% as compared to the same period of 2017 of approximately RMB522.2 million and accounting for approximately 12.8% of the Group's revenue. The growth in overseas revenue was mainly driven by optical fibre cables, which showed an increase of 97.6% in revenue.

Cost of sales

The Group's cost of sales for the Period was approximately RMB4,042.7 million, representing an increase of 18.7% as compared to the same period of 2017 of approximately RMB3,406.0 million and accounting for 71.8% of the Group's revenue. The increase in cost of sales was lower than our growth in revenue, which was mainly due to the higher increase in selling price of optical fibres and optical cables compared to the increase in costs of major raw materials during the first half of the year.

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

For the Period, the Group's total raw material costs was approximately RMB3,579.5 million, representing an increase of 18.5% as compared to approximately RMB3,020.1 million during the first half of 2017.

For the Period, the Group's manufacturing overheads and direct labour costs amounted to approximately RMB463.2 million, representing an increase of 20.4% as compared to RMB384.7 million during the first half of 2017.

Gross profit and gross profit margin

For the Period, the Group reported a gross profit of RMB1,589.2 million, representing an increase of 28.2% as compared to RMB1,239.3 million during the first half of 2017 and the gross profit margin increased to 28.2% in the first half of 2018 (the first half of 2017: 26.7%). The increase in gross profit margin was mainly due to the changes in sales structure and upward adjustment in the average selling prices of optical fibres and optical cables.

Selling expenses

The Group's selling expenses for the Period were RMB168.6 million, representing an increase of 33.7% as compared to RMB126.1 million during the first half of 2017. The increase was mainly due to the increase in salary expenditures due to the increase in sales staff and more optical cables were sold during the Period which resulted in higher transportation costs.

Administrative expenses

The Group's administrative expenses for the Period were RMB313.5 million, representing an increase of 9.4% as compared to RMB286.4 million during the first half of 2017. The increase was mainly due to the increase in salary expenditures due to the increase in managerial staff.

Financial expenses

The Group's financial expenses for the Period were RMB31.0 million, representing a decrease of 14.9% as compared to RMB36.4 million during the first half of 2017, which was mainly because of the decrease of bank loans compared with the same period, which resulted in a decrease of interest expenses of RMB12.0 million as compared with the same period of 2017.

The interest rates of the bank loans in the Period ranged from 1.20% to 5.70% per annum (As at 31 December 2017: 1.20% to 4.75% per annum).

Income tax

The Group's income tax for the Period was RMB114.4 million, representing an increase of 22.8% as compared to RMB93.2 million during the first half of 2017. On the other hand, the effective tax rate decreased from 14.4% in the first half of 2017 to 12.3% in the first half of 2018. Details of the preferential tax treatments of the Company and certain subsidiaries were set out in note 6 to the financial information contained in this announcement.

Capital expenditures

During the Period, the Group incurred capital expenditures of approximately RMB345.3 million (the first half of 2017: RMB212.6 million) in total, involving the purchase of fixed assets, construction-in-progress, intangible assets, which were mainly related to the production capacity expansion of three major products in China and overseas, as well as the improved production efficiency of existing optical fibre preforms and optical fibre equipment.

Gearing ratio

The Group monitors its leverage using gearing ratio, which is net debts divided by total equity. Net debts include all bank loans less cash and cash equivalents. The Group's gearing ratio as at 30 June 2018 was 5.1% (As at 31 December 2017: -15.0%).

Cash flow analysis

The following table sets forth the selected cash flow data derived from the consolidated cash flow statement for the six months ended 30 June 2018.

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Audited)
Net cash (used in) generated from operating activities	(370,483,569)	176,311,927
Net cash used in investing activities	(696,718,594)	(41,390,331)
Net cash generated (used in) in financing activities	425,149,630	(56,766,504)
Effect of foreign exchange rate changes on cash and the equivalents	2,982,631	(4,385,119)
Net (decrease)/increase in cash and cash equivalents	<u>(639,069,902)</u>	<u>73,769,973</u>

The net cash generated from the Group's operating activities decreased by approximately RMB546.8 million, which was mainly due to the more optical fibre cables were sold as a percentage of total revenue, and the trade receivables turnover days for optical fibre cables were higher than that for optical fibre preforms and optical fibres.

The net cash used in the Group's investment activities increased by approximately RMB655.3 million, which was mainly due to the investment in capacity expansion of Yangtze Optical Fibre (Qianjiang) Co, Ltd. and in AVIC Baosheng Ocean Engineering Cable Company Ltd.. Those investments in purchasing fixed assets and joint venture resulted in a significant increase of cash used in the Group's investment activities compared to the same period of last year.

Net cash used generated from the Group's financing activities increased by approximately RMB481.9 million, which was mainly due to the significant decrease of cash used to pay back loans as compared to the same period of last year.

Cash and cash equivalents as at 30 June 2018 were cash at banks and in hand, which were mainly in RMB, US Dollars, South African Rand, Euro, HK Dollars and Indonesian Rupiah.

Net current assets

As at 30 June 2018, the Group's net current assets was RMB3,059.9 million, increased by RMB778.6 million from RMB2,281.3 million as at 31 December 2017. The increase in net current assets was mainly due to (1) short-term borrowings and long-term borrowings due within one year decreased, which resulted in a decrease in net current assets by approximately RMB64.5 million; (2) trade and bills receivable increased by approximately RMB1,078.5 million, and trade and bills payable increased by approximately RMB88.0million, which resulted in an increase in net current assets by RMB990.5 million.

Bank loans

As at 30 June 2018, the Group's bank loans were RMB1,473.5 million, representing a slight increase of RMB495.2 million from approximately RMB978.3 million as at 31 December 2017. As at 30 June 2018, 39.4% of the Group's bank loans were floating-rate loans and 60.6% were fixed-rate loans. Among the Group's bank loans, 12.6% were Hong Kong dollar loans, 9.0% were US dollar loans, and the remaining 78.4% were RMB loans.

Commitments and contingencies

As at 30 June 2018, the Group's outstanding capital commitments on fixed assets were approximately RMB2,739.7 million (as at 31 December 2017: approximately RMB2,495.1 million), intangible assets of approximately RMB1.3 million (as at 31 December 2017: approximately RMB0 million), and equity investment of approximately RMB376.7 million (as at 31 December 2017: approximately RMB325.5 million). Out of the total amount of unsettled commitments as at 30 June 2018 of approximately RMB3,117.7 million (as at 31 December 2017: RMB2,820.6 million), a total of approximately RMB812.3 million (as at 31 December 2017: approximately RMB551.7million) were contracted, and the balance of approximately RMB2,305.4 million (as at 31 December 2017: approximately RMB2,268.9 million) were authorized but not yet contracted by the Board.

As at 30 June 2018, the Group did not have any material contingent liability.

Charge on assets

As at 30 June 2018, except for the Group's properties and buildings with a book value of RMB48.2 million and land use rights with a book value of RMB26.0 million that were pledged as collaterals to secure loans of RMB18.7 million, the Group did not secure other assets to obtain any bank financing or bank loans.

Funding and treasury policy

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

Exposure to fluctuations in exchange rates

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

During the Period, the Group suffered mainly from the unfavourable fluctuations in exchange rate movements between RMB and US Dollars or Euro, which resulted in net foreign exchange losses of RMB15.7 million.

During the Period, the Group entered into several currency structured forward contracts to reduce our foreign currency risks. The Group will closely monitor the ongoing movements on exchange rates and will consider entering into other hedging arrangements.

Employees and remuneration policies

As at 30 June 2018, the Group had approximately 4,414 full-time employees (As at 31 December 2017: 4,075 full-time employees). The Group has designed an annual evaluation system to assess the performance of its employees. Such system forms the basis of determining whether an employee should be entitled to salary increments, bonuses or promotions. The salaries and bonuses that the employees received are competitive with market rates. The Company has been in compliance with the relevant national and local labour and social welfare laws and regulations in China.

The Group arranges external training courses, seminars and technical courses for employees to enhance their professional knowledge and skills, their understanding of market development and management and operational skills.

Off-balance sheet arrangements

As at 30 June 2018, the Company endorsed certain bank bills receivable with a carrying amount of approximately RMB254.3 million (As at 31 December 2017: RMB225.1million) to certain commercial banks in China and its suppliers.

Formation of New Overseas Presence

YOFC INTERNATIONAL (SINGAPORE) PTE. LTD.

On 28 February 2018, Yangtze Optical Fibre and Cable Company (Hong Kong) Limited (“YOFC Hong Kong”), a subsidiary of the Company, established YOFC INTERNATIONAL (SINGAPORE) PTE. LTD. (“YOFC Singapore”) in Singapore. Its scope of business includes general wholesale import and export (import and export of tradable telecom equipments) and other unclassified business activities related to telecom. YOFC Singapore is 100% owned by YOFC Hong Kong and its paid-up share capital is USD8 million. During the Period, YOFC Hong Kong had contributed USD1.2 million.

Formation of New Domestic Presences

YOFC Gas (Qianjiang) Co., Ltd.

On 21 March 2018, Yangtze Optical Fibre (Qianjiang) Co., Ltd. (the “**YOFC Qianjiang**”), a subsidiary of the Company, established YOFC Gas Qianjiang Co., Ltd. (the “**YOFC Gas**”) in Hubei province. Its scope of business includes production and sales of vapour, chemical raw materials (excluding hazardous chemicals, precursor chemicals and monitoring chemicals) and the technical service of the above products. YOFC Gas is 100% owned by YOFC Qianjiang and its paid-up share capital is RMB80 million. During the Period, YOFC Qianjiang had contributed RMB20 million.

AVIC Baosheng Ocean Engineering Cable Company

AVIC Baosheng Ocean Engineering Cable Company (the “**Baosheng Cable**”) was established on 26 August 2015. Its scope of business includes wires, cables, accessories, components and the design, development, production, sales, installment, technical consulting service of various submarine projects and equipments. Self-conducted and proxy for exports and imports of various products and technologies. (Projects that must be approved according to law shall be approved by the relevant departments before the operation). Baosheng Cable is a joint venture between the Company and Baosheng Science and Technology Innovation Co., Ltd. (the “**Baosheng Technology**”). The Company holds 30% of total shares and Baosheng Technology holds the remaining 70% of the total shares. Its paid-up share capital is RMB1,000 million. In May 2018, the Company had contributed RMB300 million.

YOFC Baosheng Marine Engineering Company Ltd.

On 1 June 2018, the Company, together with Baosheng Technology, established YOFC Baosheng Marine Engineering Company Ltd (the “**YOFC Baosheng**”) in Jiangsu. Its scope of business includes the construction of submarine projects, sales of submarine cables, optical cables, composite cables, specialty submarine cables, direct current cables, high voltage cables, umbilical cables, trailing cables, OPGW cables and other power cables and their accessories. The installment, construction, technical consulting services of various submarine projects and equipments. (Projects that must be approved according to law shall be approved by the relevant departments before the operation). YOFC Baosheng is a joint venture between the Company and Baosheng Technology. The Company holds 51% of the total shares of YOFC Baosheng and Baosheng Technology holds the remaining 49% of the total shares. Its paid-up share capital is RMB1,000 million. During the Period, the Company had contributed RMB3.57 million.

The establishment of all the above joint ventures, associates and subsidiaries as disclosed under the sections headed “Formation of New Overseas Presence” and “Formation of New Domestic Presences” did not constitute notifiable transactions or connected transactions of the Company under Chapter 14 and Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

OUTLOOK

The telecom operators in major countries have begun to construct 5G trial network, while the investment in data centers from internet companies are increasing rapidly. The construction of global telecom infrastructure will grow continuously and create strong demand for optical fibres and cables.

In 2018, based on two capital markets in Hong Kong and Shanghai, the Group will center on its mid and long term strategic plans, strengthen its competitive advantages in the optical fibre and cable market, promote a healthy growth of its operating results, and create higher value for shareholders and customers.

In the optical fibre and cable market, the Group will, on one hand, continue to implement the phase 2 and phase 3 projects of YOFC Qianjiang S&T Park, improve the VAD and OVD production processes, promote smart manufacturing projects, and strengthen its production capability and costs advantage. On the other hand, the Group will utilize its brand influence and quality records and strive to earn excellent results in the central bidding from the three domestic telecom operators. Also, the Group will continue to explore overseas markets and increase the exports of optical fibres and cables, and actively prepare for new strategic opportunities such as the 5G deployment, so as to build a solid foundation for the full year's results and sustainable growth in the future.

In data centers market, the Group will fully integrate internal resources and construct comprehensive solutions to build a sales and service platform for internet companies. The Group will improve its core competitiveness and marketing ability in data centers and gain better results in data centers market.

In the meantime, in order to better accommodate diversified market competition, the Group will construct operation structure and processes based on demands from customers and strategic development. The Group will improve its platform capabilities and strive to accomplish its mid and long term strategic goals.

DIVIDEND

The Board recommended an interim dividend of RMB0.50 (inclusive tax) per share. The interim dividend is subject to the approval of the shareholders of the Company at the extraordinary general meeting of the Company to be held on 19 October 2018. The expected payment date is on 12 December 2018. Reference is made to the announcement of the Company relating to (1) proposal in relation to interim profit distribution; and (2) proposed amendments to the articles of association dated 24 August 2018.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The China Securities Regulatory Commission approved the initial public offering of A shares by the Company and the A shares of the Company were listed on the Shanghai Stock Exchange on 20 July 2018. The Company issued 75,790,510 A shares to the public at the issue price of RMB26.71 per A share and 330,547,804 domestic shares were converted into A shares. Upon the issue of A shares, the total number of issued shares of the Company became 757,905,108 shares (comprising 351,566,794 H Shares and 406,338,314 A shares). The total proceeds from the issue of the A shares amounted to RMB2,024,364,522 and the net proceeds (after deducting issue expenses) amounted to RMB1,894,337,174. For details, please refer to the announcement of the Company dated 19 July 2018.

AUDIT COMMITTEE

The Company established the audit committee with written terms of reference in compliance with the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules (the “**CG Code**”). As at the date of this announcement, the audit committee of the Company comprises three members, namely Dr. Ngai Wai Fung, Dr. Ip Sik On Simon and Dr. Li Zhuo, the independent non-executive directors of the Company. Dr. Ngai Wai Fung is the chairman of the audit committee.

The audit committee has reviewed and discussed the unaudited interim results of the Group for the six months ended 30 June 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company incorporated in the PRC and listed on the Hong Kong Stock Exchange, the Company has to comply with the relevant provisions of the Listing Rules and to abide by the PRC Company Law and the applicable laws, regulations and regulatory requirements of Hong Kong and the PRC as the basis for the Company’s corporate governance. The Company has adopted all the code provisions set out in the CG Code and has complied with all the code provisions under the CG Code during the six months ended 30 June 2018.

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

The Company has adopted the Company Securities Dealing Regulations on Directors, Supervisors and Related Employees (the “**Company’s Code**”) as its own code regarding securities transactions by directors and supervisors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Listing Rules. Having made specific enquiries of the directors and supervisors of the Company, all directors and supervisors of the Company have confirmed that they have complied with the required standard set out in the Model Code and the Company’s Code regarding securities transactions throughout the six months ended 30 June 2018.

INTERIM REPORT

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

FORWARD-LOOKING STATEMENTS

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

By order of the Board

Yangtze Optical Fibre and Cable Joint Stock Limited Company*

長飛光纖光纜股份有限公司

Ma Jie

Chairman

Wuhan, PRC, 24 August 2018

As at the date of this announcement, the Board 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*