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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)

ANNOUNCEMENT

I. PROPOSAL IN RELATION TO INTERIM PROFIT DISTRIBUTION;

AND

II. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

This announcement is made 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 Rules 13.45(2) and 13.51(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

I. Proposal in relation to Interim Profit Distribution

Reference is made to the interim results announcement published by the Company on August 24, 2018, which contains the results of the Group for the six months ended June 30, 2018.

The Board has, on August 24, 2018, resolved to propose to take the accumulated profit available for distribution of the Company as at June 30, 2018 (after deducting statutory reserves) as the actual profit available for distribution among Shareholders of the Company. The profit (dividend) distribution plan is as follows: based on the total share capital of 757,905,108 Shares issued and listed as of July 20, 2018, the Company proposes to distribute a dividend of RMB5 per 10 Shares (inclusive of tax), with the total dividends amounting to approximately RMB378,952,554 (inclusive of tax). The expected payment date is on December 12, 2018. The proposed dividend is subject to approval by Shareholders at the EGM to be held on October 19, 2018 by the Company. Should the proposal be approved, the dividend for holders of A Shares, including holders of A Shares through the Northbound Trading Link of the Shanghai-Hong Kong Stock

Connect (hereinafter referred to as the “Northbound Shareholders”) and holders of H Shares through the Southbound Trading Link (including Shanghai and Shenzhen markets, hereinafter referred to as the “Southbound Shareholders”) will be declared and paid in RMB.

Dividends to holders of H Shares, except the Southbound Shareholders, are paid in Hong Kong dollars. The exchange rate will be calculated as per the average exchange rate for converting RMB into Hong Kong dollars published by the People’s Bank of China during the five business days prior to the EGM.

With respect to the Southbound Shareholders, according to the relevant requirements of China Securities Depository and Clearing Corporation Limited, China Securities Depository and Clearing Corporation Limited (“CSDC”) Shanghai Branch and Shenzhen Branch shall receive cash dividends distributed by the Company as the nominee of the Southbound Shareholders for Shanghai market and Shenzhen market, respectively and distribute such cash dividends to the relevant Southbound Shareholders through its depository and clearing system.

The record date and date of closure of register of members for determining the Shareholders who are qualified to attend and vote at the EGM and for determining the dividend entitlement will be contained in the circular and notice of the EGM to be despatched by the Company to the Shareholders.

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

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協定

待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)) (the “**Tax Treaties Notice**”), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H Shares in respect of the dividend to be distributed to them. However, the individual holders of H Shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled and the tax arrangements between Mainland China, Hong Kong or Macau. For individual holders of H Shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H Shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H Shares in the distribution of the dividend accordingly.

For Northbound Shareholders, with regard to the dividends obtained by the investors (including enterprises and individuals) from investment in the A Shares of the Company listed on Shanghai Stock Exchange through the Hong Kong Stock Exchange, the Company will withhold income tax at the rate of 10%, and file tax withholding returns with the competent tax authority. Where there is any tax resident of a foreign country out of the investors through the Northbound Trading Link and the rate of income tax on dividends is less than 10%, as provided for in the tax treaty between the country and the PRC, the enterprise or individual may personally, or entrust a withholding agent to, file an application for the tax treatment under the tax treaty with the competent tax authority of the Company. Upon review, the competent tax authority will refund tax based on the difference between the amount of tax having been collected and the amount of tax payable calculated at the tax rate as set out in the tax treaty.

For Southbound Shareholders, in accordance with the Notice of Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for

Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No.81) (《財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), effective from November 17, 2014, and the Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127)(《財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), effective from December 5, 2016, with regard to the dividends obtained by individual mainland investors from investment in the H Shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold their individual income tax at the rate of 20% in accordance with the register of individual mainland investors provided by CSDC. As to the withholding tax having been paid abroad, an individual investor may file an application for tax credit with the competent tax authority of CSDC with an effective credit document. With respect to the dividends obtained by mainland securities investment funds from investment in the H Shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold their income tax with reference to the provisions concerning the collection of tax on individual investors. The Company will not withhold income tax on dividends obtained by mainland enterprise investors, and mainland enterprise investors shall file their income tax returns and pay tax themselves instead.

Holders of H Shares are advised to consult their own tax advisers about the tax effect in China, Hong Kong and/or other countries (regions) in respect of owning and disposing of H shares if they are in any doubt as to the above arrangements.

II. Proposed Amendments to the Articles of Association

The Board announces that the Board has proposed to make the following amendments to the Articles of Association of the Company:

Articles	Original version	Revised version
2	<p>.....</p> <p>The promoters of the Company include China Huaxin Post and Telecommunications Economy Development Center, Draka Comteq B.V. and Wuhan Changjiang Communications Industry Group Shares Company Ltd.</p>	<p>.....</p> <p>The promoters of the Company include China Huaxin Post and Telecom Technologies Co., Ltd., Draka Comteq B.V. and Wuhan Changjiang Communications Industry Group Shares Company Ltd.</p>
18	<p>Upon approval by the Company, the Company issued 479,592,598 ordinary Shares in aggregate to the promoter at the time of incorporation, among which, China Huaxin Post and Telecommunications Economy Development Center had subscribed for and holds 179,827,794 Shares, representing 37.50% of the total ordinary Shares in issue of the Company, whereas Draka Comteq B.V. had subscribed for and holds 179,827,794 Shares, representing 37.50% of the total ordinary Shares in issue of the Company, and Wuhan Changjiang Communications Industry Group Company Ltd. had subscribed for and holds 119,937,010 Shares, representing 25.00% of the total ordinary Shares in issue of the Company</p>	<p>Upon approval by the Company, the Company issued 479,592,598 ordinary Shares in aggregate to the promoter at the time of incorporation, among which, China Huaxin Post and Telecom Technologies Co., Ltd. had subscribed for and holds 179,827,794 Shares, representing 37.50% of the total ordinary Shares in issue of the Company, whereas Draka Comteq B.V. had subscribed for and holds 179,827,794 Shares, representing 37.50% of the total ordinary Shares in issue of the Company, and Wuhan Changjiang Communications Industry Group Company Ltd. had subscribed for and holds 119,937,010 Shares, representing 25.00% of the total ordinary Shares in issue of the Company</p>
19	<p>Upon establishment, the Company issued 159,870,000 Overseas Listed Foreign Shares upon approval of the securities regulatory authority of the State Council.</p> <p>As at 30 September 2015, the shareholding structure of the Company was as follows: total share capital of 639,462,598 shares, including 299,764,804 domestic shares, representing 46.88% of the total number of ordinary shares issued by the Company, 339,697,794 H shares, representing 53.12% of the total number of ordinary shares issued by the Company.</p> <p>.....</p>	<p>Upon establishment, the Company issued 159,870,000 Overseas Listed Foreign Shares upon approval of the securities regulatory authority of the State Council on December 10, 2014.</p> <p>Upon the completion of the abovementioned issuance of Overseas Listed Foreign Shares, the shareholding structure of the Company was as follows: total share capital of 639,462,598 shares, including 299,764,804 domestic shares, representing 46.88% of the total number of ordinary shares issued by the Company, 339,697,794 H shares, representing 53.12% of the total number of ordinary shares issued by the Company.</p> <p>.....</p>

Articles	Original version	Revised version
	<p>Upon the issuance of Overseas Listed Foreign Shares and domestic shares as aforementioned, the shareholding structure of the Company shall be as follows: total share capital of 682,114,598 shares, including 330,547,804 Domestic Shares, representing 48.46% of the total number of ordinary shares, details as follows: 179,827,794 are held by <u>China Huaxin Post and Telecommunication Economy Development Center</u>, representing 26.37% of the total ordinary share capital, 119,937,010 are held by Wuhan Changjiang Communications Industry Group Company Ltd., representing 17.58% of the total ordinary share capital, 15,900,000 Shares are held by Wuhan Ruitu Management Consulting Partnership Enterprise (Limited Partnership), representing 2.33% of the total ordinary share capital, 9,095,000 Shares are held by Wuhan Ruiteng Management Consulting Partnership Enterprise (Limited Partnership) representing 1.33% of the total ordinary share capital, 3,413,000 Shares are held by Wuhan Ruihong Management Consulting Partnership Enterprise (Limited Partnership), representing 0.50% of the total ordinary share capital, 2,375,000 Shares are held by Wuhan Ruiyue Management Consulting Partnership Enterprise (Limited Partnership), representing 0.35% of the total ordinary share capital. 351,566,794 H shares, representing 51.54% of the total number of ordinary shares issued by the Company, details as follows: 179,827,794 Shares are held by Draka Comteq B.V., representing 26.37% of the total ordinary share capital, 171,739,000 Shares are held by H Shareholders, representing 25.17% of the total ordinary share capital.</p>	<p>Upon the issuance of Overseas Listed Foreign Shares and domestic shares as aforementioned, the shareholding structure of the Company shall be as follows: total share capital of 682,114,598 shares, including 330,547,804 Domestic Shares, representing 48.46% of the total number of ordinary shares, details as follows: 179,827,794 are held by <u>China Huaxin Post and Telecom Technologies Co., Ltd.</u>, representing 26.37% of the total ordinary share capital, 119,937,010 are held by Wuhan Changjiang Communications Industry Group Company Ltd., representing 17.58% of the total ordinary share capital, 15,900,000 Shares are held by Wuhan Ruitu Management Consulting Partnership Enterprise (Limited Partnership), representing 2.33% of the total ordinary share capital, 9,095,000 Shares are held by Wuhan Ruiteng Management Consulting Partnership Enterprise (Limited Partnership) representing 1.33% of the total ordinary share capital, 3,413,000 Shares are held by Wuhan Ruihong Management Consulting Partnership Enterprise (Limited Partnership), representing 0.50% of the total ordinary share capital, 2,375,000 Shares are held by Wuhan Ruiyue Management Consulting Partnership Enterprise (Limited Partnership), representing 0.35% of the total ordinary share capital. 351,566,794 H shares, representing 51.54% of the total number of ordinary shares issued by the Company, details as follows: 179,827,794 Shares are held by Draka Comteq B.V., representing 26.37% of the total ordinary share capital, 171,739,000 Shares are held by H Shareholders, representing 25.17% of the total ordinary share capital.</p>

The proposed amendments to the Articles of Association are needed primarily due to the change of name of one of our promoters, from “China Huaxin Post and Telecommunications Economy Development Center” to “China Huaxin Post and Telecom Technologies Co., Ltd.”

The proposed amendments to the Articles of Association are subject to the approval of the shareholders by way of a special resolution at the forthcoming EGM of the Company; and will come into effect after obtaining all necessary approvals, authorizations or registration (if applicable) from or filing with the relevant government or regulatory authorities. The details in relation to the proposed amendments to the Articles of Association and the EGM will be set out in the circular which will be despatched to the shareholders of the Company as soon as possible.

EGM

The EGM of the Company will be held on Friday, October 19, 2018 to consider and approve, among other things, the proposed interim profit distribution and the proposed amendments to the Articles of Association.

Circular

A circular containing, among others, the record date and date of closure of register of members for determining the Shareholders who are qualified to attend and vote at the EGM and for determining the dividend entitlement, and details of the proposed amendments to the Articles of Association, will be despatched to shareholders of the Company as soon as possible.

Definitions

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

“A Share(s)”	ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for in Renminbi and listed on the SSE (stock code: 601869)
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of directors 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 A Shares and H Shares of which are listed on SSE and the Main Board of the Stock Exchange, respectively
“Director(s)”	the directors of the Company

“EGM”	an extraordinary general meeting of the Company to be held on Friday, October 19, 2018, or any adjournment thereof
“Group”	the Company and its subsidiaries
“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 (stock code: 6869)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Shares and/or H Shares
“Shareholder(s)” “SSE”	holders of Shares The Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules

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
August 24, 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*