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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)

**CONNECTED TRANSACTIONS INVOLVING
DIRECT AND INDIRECT SUBSCRIPTION OF
NEW DOMESTIC SHARES AND NEW H SHARES
BY CONNECTED PERSONS**

BACKGROUND

Reference is made to the announcement of the Company dated June 10, 2015 in relation to the Proposed Employee Stock Ownership Scheme. To implement the Proposed Employee Stock Ownership Scheme, the Private Placement will be carried out by the Company which involves the Connected H Share Subscription, the Connected Domestic Share Subscription, the Employee LPs Domestic Share Subscription and the H Share Placing.

CONNECTED H SHARE SUBSCRIPTION AND CONNECTED DOMESTIC SHARE SUBSCRIPTION

On July 28, 2015, the Company entered into the H Share Subscription Agreements with each of the Connected H Share Subscribers pursuant to which 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 at the subscription price for each Subscribed H Share being 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.

On the same date, the Company also entered into the LP Unit Subscription Agreements with each of the Connected Domestic Share Subscribers pursuant to which the Connected Domestic Share Subscribers have conditionally agreed to indirectly subscribe for New Domestic Shares LP Units of the Limited Partnership representing a total of 13,529,000 underlying Domestic Shares and the Company has conditionally agreed to allot and issue a total of 13,529,000 Domestic Shares to the Limited Partnership as part of the new Domestic Shares to be issued under the Proposed Employee Stock Ownership Scheme. The subscription price for the underlying new Domestic Shares represented by the New Domestic Shares LP Units shall be HK\$7.15 per new Domestic Share.

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.

The Subscribed Domestic Shares represent:

- (i) approximately 4.51% of the total number of Domestic Shares in issue and approximately 2.12% of the existing total issued share capital of the Company; and
- (ii) approximately 4.09% of the enlarged total issued Domestic Shares of the Company and 1.98% of the enlarged total issued share capital of the Company upon completion of the Private Placement.

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

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, and 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. 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.

DESPATCH OF CIRCULAR

An extraordinary general meeting, as well as an H Share class meeting and a Domestic Share class meeting will be convened to consider and, if thought fit, to approve, among other things, the Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate, the Connected H Share Subscription and the Connected Domestic Share Subscription. In accordance with the Listing Rules, the Connected H Share Subscribers and the Connected Domestic Share Subscribers and their respective associates (to the extent any of them hold any interest in any Shares) being connected persons of the Company, will abstain from voting on the ordinary resolutions to approve the Proposed Employee Stock Ownership Scheme, the Private Placement, the Connected H Share Subscription and the Connected Domestic Share Subscription.

An independent board committee will be established to advise the Independent Shareholders in respect of the Connected H Share Subscription and the Connected Domestic Share Subscription. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders.

A circular containing, among others, details of the Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate, the Connected H Share Subscription and the Connected Domestic Share Subscription, a letter from the independent board committee to the Independent Shareholders containing its recommendation, a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders, together with a notice to convene an extraordinary general meeting, an H Share class meeting and a Domestic Share class meeting to approve the Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate, the Connected H Share Subscription and the Connected Domestic Share Subscription, will be despatched as soon as practicable and within 15 business days after the publication of this announcement.

BACKGROUND

Reference is made to the announcement of the Company dated June 10, 2015 in relation to the Proposed Employee Stock Ownership Scheme. To implement the Proposed Employee Stock Ownership Scheme, the Private Placement will be carried out by the Company which involves the Connected H Share Subscription, the Connected Domestic Share Subscription, the Employee LPs Domestic Share Subscription and the H Share Placing.

This announcement sets out the details of the Connected H Share Subscription and the Connected Domestic Share Subscription. As part of the implementation of the Proposed Employee Stock Ownership Scheme or the Private Placement, the Company, subject to fulfillment of certain conditions, intend to issue and allot 17,254,000 new Domestic Shares in addition to the Subscribed Domestic Shares to limited partnerships for the benefit of selected employees (the “**Employee LPs Domestic Share Subscription**”). Furthermore, the Company intends to issue and allot not more than 10,664,000 new H Shares to certain institutional investors (the “**H Share Placing**”) in addition to the Subscribed H Shares. Further information regarding the Proposed Employee Stock Ownership Scheme, the Private Placement and the Employee LPs Domestic Share Subscription will be disclosed by the Company in the circular to be despatched to Shareholders whereas the announcement on the H Share Placing will be made by the Company in compliance with the relevant Listing Rules requirements as and when such placing occurs.

CONNECTED H SHARE SUBSCRIPTION AND CONNECTED DOMESTIC SHARE SUBSCRIPTION

A. 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.

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 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.

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 and the independent non-executive Directors who will form their views after receiving advice from the independent financial adviser) 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.

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. It is anticipated that the H Share Placing under the Placing Agreement and the Connected H Share Subscription will complete at the same time.

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.

B. LP Unit Subscription Agreements

Date:

July 28, 2015

Parties:

The Company entered into eleven (11) LP Unit Subscription Agreements with each of the eleven (11) Connected Domestic Share Subscribers. 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 13,529,000 underlying Domestic Shares and the Company has conditionally agreed to allot and issue a total of 13,529,000 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 Huiquo (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
Zheng Huili (鄭慧麗)	Non-executive Director of the Company	705,000	HK\$5,040,750

Name	Position	Number of Underlying New Domestic Shares represented by the New Domestic Shares LP Units	Total Subscription Price
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

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 (閆長騁)	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

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

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 4.51% of the total number of Domestic Shares in issue and approximately 2.12% of the existing total issued share capital of the Company; and
- (ii) approximately 4.09% of the enlarged total issued Domestic Shares of the Company and 1.98% 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.

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;
- (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 Domestic Shares. It is anticipated that the issue and allotment of the Subscribed Domestic Shares, the Connected H Share Subscription, the Employee LPs Domestic Share Subscription and the H Share Placing will complete at around the same time.

Lock-up arrangement:

Pursuant to the LP Unit Subscription Agreements, each of the 11 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.

C. 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.

GENERAL MANDATE

At the extraordinary general meeting to be convened for approving, among other things, the Proposed Employee Stock Ownership Scheme, the Private Placement, the Connected H Share Subscription and the Connected Domestic Share Subscription, a special resolution will also 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.

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.

REASONS FOR AND BENEFITS OF 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 non-executive Directors will form their views on the Connected H Share Subscription and the Connected Domestic Share Subscription after receiving advice from the independent financial adviser.

USE OF PROCEEDS FROM 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 Connected H Share Subscription and the Connected Domestic Share Subscription are expected to be at least HK\$105,348,100. The proceeds from the Connected H Share Subscription and the Connected Domestic Share Subscription 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.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

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

As at the date of this announcement:

Name of Shareholder	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%

Immediately after completion of the Private Placement:

Name of Shareholder	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	1,205,000 H Shares	–	0.34%	0.18%
Limited Partnership	13,529,000 Domestic Shares	4.09%	–	1.98%
Other limited partnerships to be established and owned by selected employees under the Proposed Employee Stock Ownership Scheme	17,254,000 Domestic Shares	5.23%	–	2.52%
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%

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 announcement.

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, and 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. 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.

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.

DESPATCH OF CIRCULAR

An extraordinary general meeting, as well as an H Share class meeting and a Domestic Share class meeting will be convened to consider and, if thought fit, to approve, among other things, the Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate, the Connected H Share Subscription and the Connected Domestic Share Subscription. In accordance with the Listing Rules, the Connected H Share Subscribers and the Connected Domestic Share Subscribers and their respective associates (to the extent any of them hold any interest in any Shares) being connected persons of the Company, will abstain from voting on the ordinary resolutions to approve the Proposed Employee Stock Ownership Scheme, the Private Placement, the Connected H Share Subscription and the Connected Domestic Share Subscription.

An independent board committee will be established to advise the Independent Shareholders in respect of the Connected H Share Subscription and the Connected Domestic Share Subscription. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders.

A circular containing, among others, details of the Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate, the Connected H Share Subscription and the Connected Domestic Share Subscription, a letter from the independent board committee to the Independent Shareholders containing its recommendation, a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders, together with a notice to convene an extraordinary general meeting, an H Share class meeting and a Domestic Share class meeting to approve the Proposed Employee Stock Ownership Scheme, the Private Placement, the General Mandate, the Connected H Share Subscription and the Connected Domestic Share Subscription, will be despatched as soon as practicable and within 15 business days after the publication of this announcement.

Shareholders and potential investors should note that the Proposed Employee Stock Ownership Scheme and the matters including the Private Placement to be carried out for the purpose of implementing the Proposed Employee Stock Ownership Scheme 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.

DEFINITIONS

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

“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 H Shares of which are listed on the Main Board of the Stock Exchange

“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
“Connected Domestic Share Subscribers”	four (4) Directors, namely Mr. Wen Huiguo, Mr. Yao Jingming, Mr. Xiong Xiangfeng and Ms. Zheng Huili, and 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
“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”	Frank Franciscus Dorjee and 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 Frank Franciscus Dorjee and 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
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“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
“Employee LPs Domestic Share Subscription”	the proposed subscription of 17,254,000 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 extraordinary general meeting to be convened, 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
“General Meetings”	an extraordinary general meeting, 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
“H Share Placing”	the proposed placing of a total of not more than 10,664,000 new H Shares to certain institutional investors
“H Share Subscription Agreements”	two (2) subscription agreements separately entered into between each of Frank Franciscus Dorjee and Yeung Kwok Ki Anthony and the Company on July 28, 2015 in relation to the subscription of the Subscribed H Shares in cash by Frank Franciscus Dorjee and Yeung Kwok Ki Anthony under the Private Placement in connection with the Proposed Employee Stock Ownership Plan

“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 and the Connected Domestic Share Subscribers and their respective associates (to the extent any of them hold any interest in any Shares)
“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
“LP Unit Subscription Agreements”	eleven (11) limited partnership unit subscription agreements separately entered into between each of the Connected Domestic Share Subscribers and the Company on July 28, 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 Plan
“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 placees 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 announcement, excluding 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 Plan 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)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of Shares
“Share(s)”	Domestic Shares and/or H Shares
“Specific Mandates”	specific mandates to be sought from the Independent Shareholders at the General Meetings 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribed Domestic Shares”	13,529,000 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
“Trading Day”	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

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, July 28, 2015

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

* For identification purposes only