

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 : 06869

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

2019

CONTENTS

ABOUT THIS REPORT	2
MESSAGE FROM MANAGEMENT	3
1. FORGE AHEAD WITH FRUITFUL RESULTS	5
1.1 About YOFC	5
1.2 Leads the Industry	12
1.3 Public Recognition	16
2. SOUND AND FLEXIBLE GOVERNANCE FOR CONTINUOUS IMPROVEMENT	18
2.1 Corporate Governance	18
2.2 ESG Governance	22
3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM	28
3.1 Quality Control	28
3.2 Intelligent Innovation	31
3.3 Responsible Supply	35
3.4 Customer Service	38
4. GREEN OPERATION FOR GREEN DEVELOPMENT	41
4.1 Energy Conservation	41
4.2 Resources Optimization	42
4.3 Emission Management	48
5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE	51
5.1 Employee Overview	51
5.2 Training and Development	55
5.3 Health and Safety	57
5.4 Communication and Care	62
6. RETURN TO THE SOCIETY AS THE POWER OF LIGHT	68
INDICES FOR CONTENT OF ESG REPORTING GUIDE BY THE HONG KONG STOCK EXCHANGE	75

ABOUT THIS REPORT

This report represents a truthful and objective view of the management measures of Yangtze Optical Fibre and Cable Joint Stock Limited Company (the “Company”) in respect of social, environmental and governance (“ESG”) and the undertaking of its corporate social responsibilities in 2019. Unless otherwise stated, monetary figures in this report are denominated in Renminbi (RMB).

SCOPE OF REPORTING

Period covered by the report: 1 January 2019 to 31 December 2019 (the “Reporting Period”).

Organizations covered by the report: unless otherwise specified, this report covers Yangtze Optical Fibre and Cable Joint Stock Limited Company and its subsidiaries (the “Group”, “YOFC” or “we”).

BASIS OF PREPARATION

This report was prepared with reference to *the Environmental, Social and Governance Reporting Guide* contained in Appendix 27 to *the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “Hong Kong Stock Exchange”) published by the Hong Kong Stock Exchange and *the Guidelines for Environmental Information Disclosure of the Companies Listed on the Shanghai Stock Exchange* (the “SSE”) published by the SSE.

CONFIRMATION AND APPROVAL

This report is confirmed by the management and approved by the Board on 23 April 2020.

ACCESS OF THE REPORT

The simplified Chinese version of this report is available on SSE (www.sse.com.cn).

The traditional Chinese and English version of this report is available on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

FEEDBACK TO THE REPORT

We value the opinions of the stakeholders and welcome readers to contact us through the following contact details. Your opinions will help us further improve this report and our overall ESG performance.

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The year 2019 is the 70th anniversary of the founding of the People's Republic of China, which is also a crucial year for the high-quality development of the optical communication industry, during which YOFC actively fulfilled its responsibilities as a corporate citizen and continued to promote sustainable development. In addition to efforts made in the development of economic activities, we remained committed to optical products in our pursuit of sustainable development, and actively assumed responsibilities in aspects such as economic development, environmental protection and social progress by adhering to the core values of "Client Focus, Accountability, Innovation and Stakeholder Benefits".

As a leading enterprise in the global optical fibre and cable industry, YOFC continuously promoted industry advancement by leveraging its own advantages. In 2019, we actively made deployment for 5G networks and launched the 5G comprehensive connectivity strategy embodying the concept of "All-scenarios, High Quality, High Efficiency" with a view to providing quality products and services to customers on a continuous basis. During the year, we launched the new environment-friendly optical cables under the 5G series, which has effectively enhanced the environmental performance of our products and reduced our impact on the environment. Meanwhile, we continued to pursue excellence in aspects such as product quality and innovation, environmental protection, team-building and contribution to the society, making every effort to promote sustainable development of the economy, the environment and the society.

In respect of product quality and innovation, we have received high recognition for our optical products. In 2019, following the 2017 China Quality Award and the Global Excellence Award 2018 from the European Foundation, YOFC once again received the ARE-QP Award, the highest award regarding quality in Asia. Besides, we received the class two "National Science and Technology Progress Award" again, being the only enterprise in the industry to receive such award for the third time. We consistently enhanced our independent innovation ability and optimized the research and development ("R&D") system. Leveraging technologies such as artificial intelligence, we explored potentials of enterprises and captured opportunities for intelligent manufacturing to press head booming development of the optical communication industry.

In respect of environmental protection, we constantly optimize the green operation management within the Group in an effort to enhance the ability of energy conservation and emission reduction during our operation, enhance the comprehensive utilization efficiency of resources, and hence reduce the impact on the environment. During the year, we established and completed various goals regarding cost reduction and efficiency enhancement. We have also increased the investment in environmental protection so as to constantly enhance our sustainable development capacity and make contribution to environmental protection by mitigating risks in relation to climate change.

In respect of team-building, we consider employees as our family members and uphold our corporate culture as our development goal. We took the initiative to foster a spiritual home for all of our staff and helped employees of YOFC to achieve continuous self-revolution and hence further growth and development through our comprehensive training system. Meanwhile, we attached great importance to maintaining both physical and mental health as well as work-life balance of our employees, giving our best effort to offer strong protection for the safety and health of the employees.

MESSAGE FROM MANAGEMENT

In respect of contribution to the society, YOFC adhered to the social responsibility philosophy of “participation of everyone” and always bear in mind its social responsibilities during the course of development. It treated people with sincerity and founded its business on integrity by putting the core values of the Company into practice. While developing our business, we also strive to fulfill our social responsibilities and continuously contribute to social welfare by launching charitable projects such as education assistance and disaster relief. Moreover, during the outbreak of novel coronavirus in 2020, the Company showed its care for the community by taking the lead to make plans for prevention and control measures and support development in relation to disaster relief, at the same time duly fulfilling its corporate responsibilities and facilitating harmonious development of the community.

Looking forward, we will continue to steer forward by capturing and taking up the opportunities and challenges in the market and the industry. We will also strengthen our corporate governance on a continuous basis, enhance product quality and independent innovation ability, and improve environmental management ability, thereby bringing higher values for and positive influence on our shareholders, customers and other stakeholders while growing with our employees simultaneously.

Yangtze Optical Fibre and Cable Joint Stock Limited Company

Zhuang Dan

President

23 April 2020

1. FORGE AHEAD WITH FRUITFUL RESULTS

Having overcome challenges in the last three decades and more, YOFC celebrated its 31st anniversary and continued to forge ahead. As a leading enterprise in the global optical fibre and cable industry, YOFC focused on telecommunication operators and relevant diversified fields of optical communication and made dedicated efforts in the R&D, innovation, production and manufacturing of optical fibre preforms, optical fibres, optical cables and related products, thereby gradually forming an integrated and complete industrial chain for optical fibre preforms, optical fibres and optical cables as well as a business model that combines its own production and external procurement. In 2019, YOFC stayed abreast of market trends and insisted on implementing the “going out and brining in” strategy to actively cope with new 5G demands and continuously expand into overseas markets. It also coordinated resources and cooperation with various parties with an aim to export “YOFC Intelligence” to the world and push forward the high-quality development of the optical communication industry in full force.

1.1 ABOUT YOFC

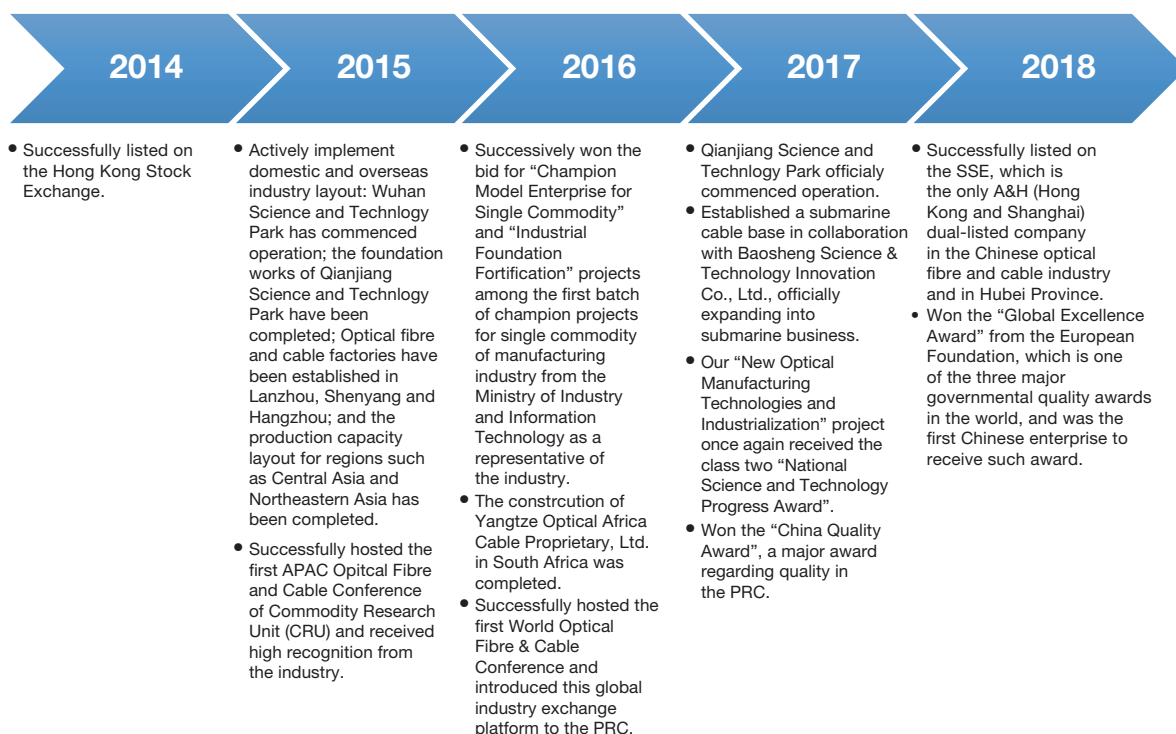
YOFC provides quality optical fibre and cable products to over 70 countries and regions worldwide. It offers comprehensive solutions to the communication industry and other industries such as utilities, transportation, petrochemical and medical industries, which is a leading supplier of optical fibre preforms, optical fibres and optical cables in the world. We primarily manufacture and sell optical fibre preforms, optical fibres and optical cables with various standard specifications that are widely used in the telecommunication industry, along with various types of specialty optical fibres and cables that are tailored to customers’ specifications, RF coaxial cables and accessories. Meanwhile, we also have comprehensive integration systems, engineering design services and comprehensive solutions that can meet the demands arising from different scenarios, such as operators, cloud centers and data centers, intelligent parks, rail transit transportation, government, electricity and consumer electronics. We have established comprehensive service supporting systems to response to customers’ demand properly and handle difficulties encountered by customers efficiently through our sale staff worldwide and technical support.

The Group was successfully listed on the Main Board of the Hong Kong Stock Exchange in December 2014 (stock code: 06869) and was listed on the SSE in July 2018 (stock code: 601869), which is the first A&H dual-listed company in the Chinese optical fibre and cable industry and in Hubei Province.

1. FORGE AHEAD WITH FRUITFUL RESULTS

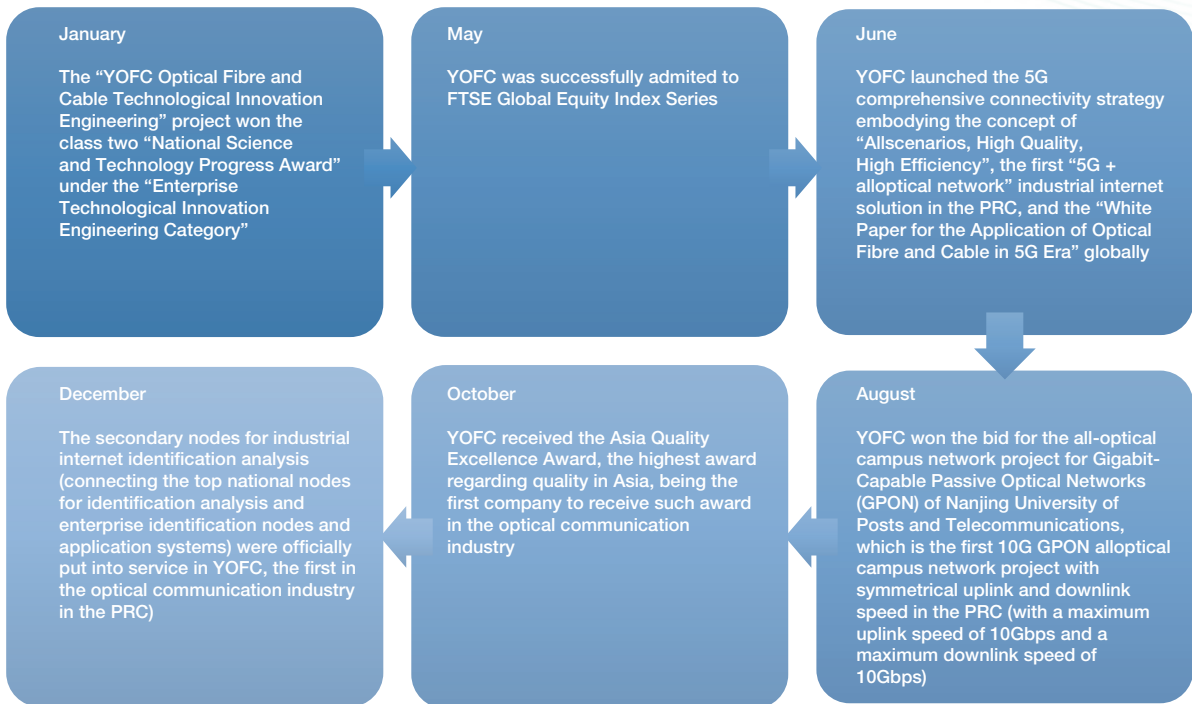
Our History

Since its establishment in 1988, YOFC has established an efficient R&D system covering basic research and new product launch during the course of its market expansion and business development, and became one of the few companies in the world that mastered the mainstream manufacturing technology for optical fibre preforms (i.e. plasma activated chemical vapor deposition (PCVD), vapor axial deposition (VAD) and outside vapor deposition (OVD)). During recent years, we have secured stable customer groups, including the three major state-owned telecommunication operators, through our advanced production technologies, outstanding product quality and excellent customer services. Meanwhile, we strived to establish information ecology by carrying extensive cooperation with organizations within and outside the industry through the export of production technologies and management, thereby leading the development of global optical fibre and cable industry.



1. FORGE AHEAD WITH FRUITFUL RESULTS

Milestones in 2019



Corporate Culture

YOFC always upholds the corporate culture which encompasses its corporate missions, visions and values to guide YOFC towards becoming a leading company for information transmission and smart links in the world.

- Mission of YOFC: Smart Link Better Life



We strive to provide a full range of optical fibre and solutions covering the entire process and the whole network to support the rapid development of optical communication industry, and provide specialty optical fibre and application solutions which are irreplaceable in national defence, power supply network, medical healthcare and smart city, so as to provide convenience to people in their daily lives.



We are committed to continuously innovating technology, producing more advanced and reliable products and offering services with higher quality to meet the social demand for information consumption, thus making people’s lives better.

1. FORGE AHEAD WITH FRUITFUL RESULTS

- Vision of YOFC: To Be the Leader in Information Transmission and Smart Links

YOFC has been specializing in information transmission and smart links field. In addition to focusing on its main business of optical fibres and optical fibre cables, we made continuous efforts in expansion and diversification of business, provides additional products, services and solutions to the information transmission and smart link sectors, and drives the extensive application of optical fibre technology. Taking lead the industry development as our goals, we aim to become a leading enterprise domestically, at the same time actively expanding into the international market to enhance our influence and build up the “YOFC” brand.

Market aspect	Technology aspect	Brand aspect
<ul style="list-style-type: none"> • secure a leading position in terms of market share and customer satisfaction of its major products, and increase the market share in other relevant sectors to become an important leader. 	<ul style="list-style-type: none"> • put continuous efforts into innovation, provide products with better quality and reliability, and maintain the high technology level and leading position of its products. 	<ul style="list-style-type: none"> • continue to increase its efforts in brand building, endeavour to improve brand recognition and reputation, and secure a leading position.

- Core Values of YOFC: Client Focus, Accountability, Innovation and Stakeholder benefits



Client focus is the growth driver of YOFC

- gain insight of and understand customer demand and enhance the awareness of “customer-oriented” services.
- focus on customers’ concerned areas, pay high regards to and fulfill the commitments to customers, meet or even exceed the expectation of customers.



Accountability is the code of conduct of YOFC

- assume its internal responsibilities.
- duly fulfill its social responsibilities.



Innovation is the core of development of YOFC

- establish itself as an educational enterprise to continuously learn from its peers, the market and mistakes made.
- keep abreast of market needs, continue to expand into new markets and explore ways to better satisfy market demands.
- enhance capability and efficiency and achieve excellence through innovation.



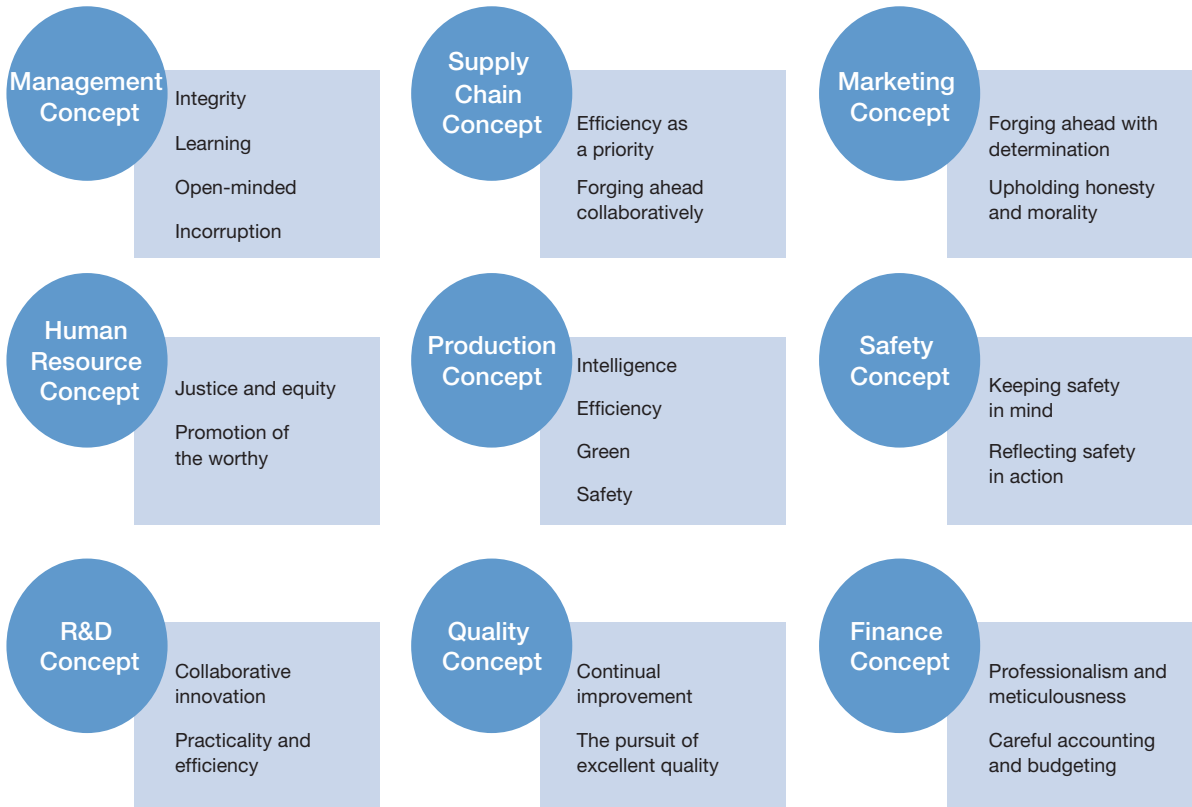
Stakeholder benefit is the ultimate goal of YOFC

- unite the will and consolidate the resources of YOFC through cooperation to realise a win-win situation for both personal and collective benefits.
- actively establish long-term and stable cooperation relationship with internal and external stakeholders to jointly create values and grow simultaneously.

1. FORGE AHEAD WITH FRUITFUL RESULTS

Corporate culture is a continuous momentum for corporate development. All employees of YOFC believe in our corporate culture and join hands to realise sustainable value creation and sharing. With our leading position in the industry, we will promote the booming development of the global optical communication industry and strive to make greater contribution to the high-quality development of the Chinese optical fibre and cable industry or even the whole manufacturing industry.

Business Philosophy



1. FORGE AHEAD WITH FRUITFUL RESULTS

Core Competitiveness

Our core competitiveness is mainly based on our continuous efforts made in technology innovation and intelligent manufacturing and the development of cutting-edge technologies and products with independent innovation at the core. With our quality products, industry insights as well as thoughtful and reliable customer services, combined with advanced production technology and stringent quality control, we further deepened the business model of vertical integration to ensure sustainable profits in the long term and protection of shareholders' interests. This will also ensure continuous market confidence in the Company and consolidate its leading position in the optical fibre and cable market, hence enhancing its ability to capture growth opportunities both at home and abroad.

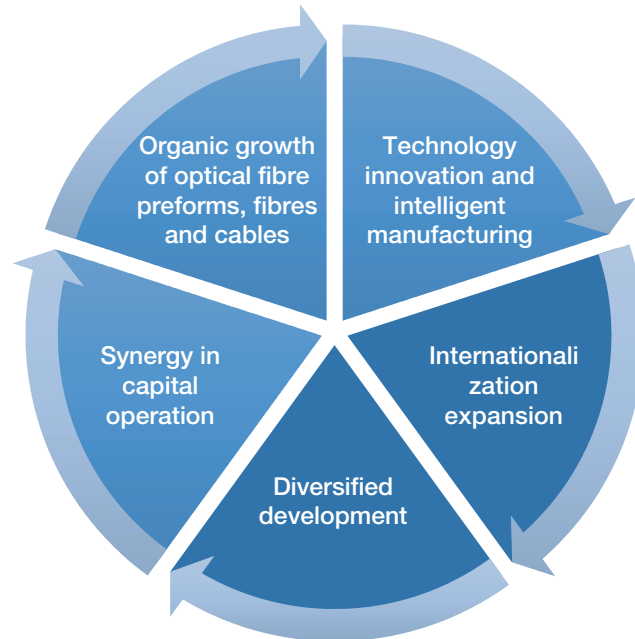
During the course of market expansion and business development leveraging its core competitiveness, YOFC has established an efficient R&D system covering basic research – process and equipment development – new product launch with a focus on industrial application. Sufficient investment in R&D have been made every year, which were used towards technology innovation, through which we have become one of the few companies in the world that mastered the three mainstream manufacturing technology for optical fibre preforms (i.e. PCVD, VAD and OVD), as well as one of the three companies in the world that possesses next generation ultra-low attenuation single-mode optical fibre for the use of communication as well as the high bandwidth OM5 multi-mode optical fibre manufacturing technology for the use of next generation data centers. YOFC not only is capable of producing full range of optical fibre and cable products, but also owns the longest industrial chain in the industry – covering core raw materials for the manufacturing of optical fibre preforms in the upstream and cabling solutions and other segments in the downstream. By exporting its technologies and management, the Company has established extensive cooperation relationship to lead the development of the global optical fibre and cable industry.



1. FORGE AHEAD WITH FRUITFUL RESULTS

Strategic Development

In recent years, YOFC focused on five major strategic deployments and pushed ahead with the development in aspects such as organic growth of optical fibre preforms, fibres and cables, technology innovation and intelligent manufacturing, internationalization expansion, diversified development and synergy in capital operation, aiming to further deepen the implementation of its international strategies and actively expand its diversified businesses.



Five Strategic Deployments

YOFC entered into national broadband cooperation project with Peru government

In July 2019, YOFC hosted the signing ceremony with the government of Peru for the Peru National Broadband Project, involving a total project investment of over US\$400 million. The Peru National Broadband Project will cover 4 regions in Peru, namely Ancash, Arequipa, San Martin and La Libertad, with a total of 1,683 towns and 2,589 public organizations (including police stations, schools and community hospitals). The project will also provide broadband services for other public and private organizations and individual residents, benefitting over 1 million people.

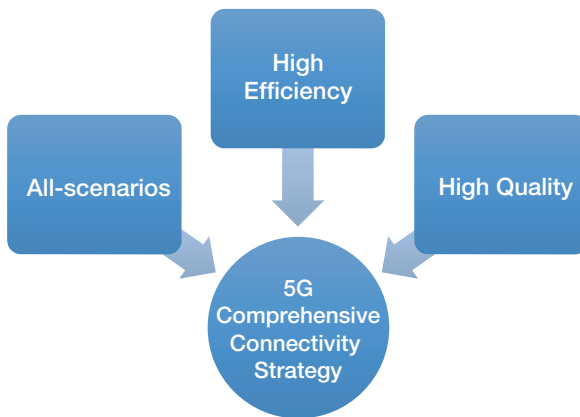


1. FORGE AHEAD WITH FRUITFUL RESULTS

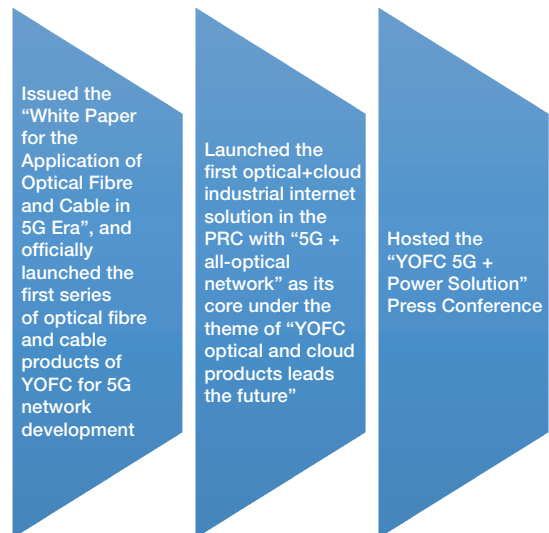
1.2 LEADS THE INDUSTRY

5G Strategy

Currently, the competition regarding 5G deployments among global major telecommunication operators has entered into a critical stage and the 5G deployment in the PRC is progressing steadily. Quality optical fibre products are required to assure high quality 5G networks. As an important part of the industrial chain, YOFC actively developed 5G networks, gained in-depth understanding of customers' demands and continuously pressed ahead the implementation of 5G strategies. During the Reporting Period, YOFC launched the 5G comprehensive connectivity strategy and introduced relevant optical fibre and cable products and solutions for application under 5G scenarios.



Three Core Strategic Principles under the 5G Comprehensive Connectivity Strategy



Products and Solutions Series for the 5G Era

1. FORGE AHEAD WITH FRUITFUL RESULTS

In addition, leveraging its own advantages and experience, YOFC assisted its collaborative enterprises to accelerate the R&D and application in relevant 5G fields, thereby facilitating further development of the 5G industrial chain. During the Reporting Period, YOFC entered into strategic cooperation agreement with China Construction Third Engineering Bureau Co., Ltd, Hubei Mobile Communication Company Limited and Hubei Radio & Television Information Network Co., Ltd., pursuant to which the parties will commence in-depth cooperation through their advantages and resources, establish long-term complementary cooperation relationship, fully explore market potentials and foster new mutually beneficial landscape.



In August 2019, YOFC entered into a strategic cooperation agreement with China Construction Third Engineering Bureau Co., Ltd., the purpose of which was to establish strategic cooperation relationship that is mutually beneficial and facilitate sustainable development, and to commence cooperation in areas such as urban development, construction engineering, information services and overseas expansion.

In September 2019, YOFC joined hands with Hubei Mobile Communication Company Limited to establish the “5G+ All-Optical Industrial Internet” demonstration park in YOFC’s Qianjiang Science and Technology Park to explore various applications of “5G and All-optical Industrial Internet”.



In November 2019, YOFC entered into a strategic cooperation agreement with Hubei Radio & Television Information Network Co., Ltd. to jointly establish the “5G+Industrial Internet Innovative Experience Center”.

Industry Activities and Achievements

YOFC insisted on implementing the “going out and brining in” strategy and expanded globally from its roots in China. YOFC gradually demonstrated to world the products, technologies and industry confidence of the industrial chain of optical fibre and cable in the PRC. During the Reporting Period, we participated in or collaborated with other parties in the hosting of a number of product exhibitions and seminars within and beyond the industry, through which we continuously strengthened international exchanges with a focus on strategies and approaches for future development, promoted exchanges and interactions within the industry, and propelled the healthy development of global optical communication industry with our industry-leading technologies and products.

1. FORGE AHEAD WITH FRUITFUL RESULTS

The 44th Optical Fibre Communication Conference & Exposition (OFC) held in the US in March 2019

In addition to showcasing diversified optical fibre and cable products and latest applications, YOFC also actively participated in the technology seminar to lead discussions on latest market trends and technologies in the industry. During the seminar, it issued three articles and delivered speech on the same, which have attracted extensive attention and demonstrated YOFC's R&D strengths in the optical communication sector.



Fibre to The Home (FTTH) APAC Conference in April 2019

During the conference, Mr. Ma Tai, the chief scientist of the optical fibre division of YOFC,



delivered a speech under the theme of "How China's Optical Fibre Supply Chain Support the Next Round of Global Network Deployment" to facilitate in-depth study and discussion on the topic with fellow industry experts. The conference is jointly organized by YOFC, the FTTH APAC Council and the Commodity Research Unit, which is a testament to YOFC's industrial strengths and influence in the global optical communication sector.

Mobile World Congress (MWC) Shanghai in June 2019

On the occasion of this MWC meeting, YOFC launched eight solutions covering areas such as 5G, industrial internet, big data, data center, intelligent submarine, intelligent home, intelligent power network and rail transit transportation, which has attracted a large number of exhibitors and visitors to stop by and watch.



The 5th World Optical Fibre & Cable Conference of CRU in November 2019

Mr. Zhuang Dan, the executive director and president of YOFC, delivered a speech under the theme of "Embrace New Era



of the Industry, Join Hands to Path Ways for Sustainable Development". By analysing current market demands and hot topics in the industry, he shared with the audience the 5G development in the PRC, and the quality products and solutions that YOFC offered to the market and the industry to embrace the arrival of this 5G technology-based era of Internet of Everything leveraging its strengths in the optical communication and optical fibre and cable sector.

1. FORGE AHEAD WITH FRUITFUL RESULTS

As a leading enterprise in the global optical fibre and cable industry, YOFC always pays close attention to the technology standardization of the optical fibre and cable industry. We collaborated with International Electrotechnical Commission (IEC), the Union Internationale des Télécommunications (ITU-T) and the China Communications Standards Association (CCSA) to actively participate in and revise various industry standards. During the Reporting Period, we led or participated in the formulation of technical standards regarding aspects such as optical fibre testing, optical cable manufacturing and power cable structure.

International Standards: Leading the revision of 2 standards

National Standards: Participating in the revision of 1 standard (draft submission)

Industry Standards: Leading the formulation of 5 standards (including 1 draft submission), participating in the formulation of 6 standards (including 2 draft submission) and participating in the revision of 9 standards (including 3 draft submission)

1. FORGE AHEAD WITH FRUITFUL RESULTS

1.3 PUBLIC RECOGNITION

During the Reporting Period, the employees of YOFC remained committed to and received high recognition for their optical products. We received 2019 CSR Rating (Silver) and the Best Environmental Responsibility Award of Chinese Enterprises. Besides, we officially became the 26th member of the Chinese ESG Leader Organization. During the year, we continued to attach great importance to deployment in the ESG aspect, striving to incorporate social responsibilities into the progress of our high-quality development.



2019 Global CSR Rating (Silver) from EcoVadis



“Best Environmental (E) Responsibility Award” under 2019 ESG “Golden Responsibility Award” of Chinese Enterprises from Sina Finance

We upheld the quality culture of “Continual Improvement, The Pursuit of Excellent Quality”. Following the 2017 China Quality Award and the Global Excellence Award 2018 from the European Foundation, YOFC received the ARE-QP Award, the highest award regarding quality in Asia, for its best practices and outstanding performance in terms of quality management, which is the first company in the optical communication industry to receive such honour.



The 17th China Quality Award from China Association for Quality in 2017



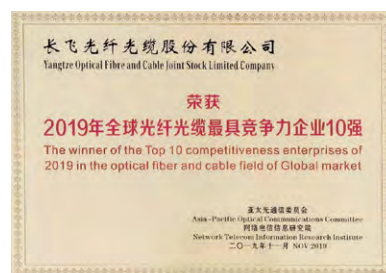
Global Excellence Award (Gold Prize) from European Foundation for Quality Management (EFQM) in 2018



ARE-QP Award from Asian Network for Quality in 2019

1. FORGE AHEAD WITH FRUITFUL RESULTS

During the Reporting Period, YOFC once again received the class two “National Science and Technology Progress Award”, being the only enterprise in the industry to receive such award for the third time, which fully demonstrated the great attention and efforts that we have devoted to R&D and innovation. Meanwhile, we ranked 2nd among the Top 10 Competitiveness Enterprises of 2019 in the Optical Fibre and Cable field of global market, and ranked 1st among the Top 10 Competitiveness Enterprises of 2019 in the Optical Fibre and Cable field of China for 13 consecutive years, which is a testament to our solid leading position in the industry.



Class two “National Science and Technology Progress Award 2018” in 2019 (the only company in the industry to receive such award for the third time)

“Chinese IDC Industry Outstanding Manufacturer Award” in 2019

Ranked 2nd among the Top 10 Competitiveness Enterprises in the Optical Fibre and Cable field of Global market in 2019



企业名称	排名	上市
美的集团	1	沪 A001138 美股 / HCNV 港股 2018
海尔集团	1	港股 01169
格力电器	1	
福耀玻璃工业集团股份有限公司	4	沪 A 600660, 港股 03606
阿里巴巴集团	5	美股 9988
腾讯公司	5	港股 00700
京东科技集团股份有限公司	7	美股 00596
北京神州数码有限公司	8	深 A000735
浪潮软件股份有限公司	9	深 A 002792
中国中车股份有限公司	10	沪 A 601766
中国船舶重工集团有限公司	10	沪 A 601289
中国船舶重工股份有限公司	10	
美的集团	10	沪 A 600160
美的集团	10	深 A 000113
格力电器	10	深 A 000651
中国京沪高铁集团有限公司	16	沪 A 600519
中国铁建股份有限公司	16	深 A 000961
四川长虹电器股份有限公司	16	沪 A 600840
比亚迪股份有限公司	19	深 A 002594
海信视像股份有限公司	20	沪 600070
长飞光纤光缆股份有限公司	20	沪 A 601869
上海浦东发展银行股份有限公司	25	美股 880
南京银行股份有限公司	26	沪 A 60488
科达自控股份有限公司	26	深 A 300222
TCL集团股份有限公司	26	深 A 000100

排名	公司	专利实力
212	中国电子信息产业集团有限公司	81.31
213	中国农业发展集团有限公司	81.30
214	北京新奥特集团有限公司	81.28
215	格林美股份有限公司	81.25
216	武汉芯成集成电路制造有限公司	81.24
217	浙江中控电气技术有限公司	81.22
218	中国印钞造币总公司	81.17
219	展鹏科技深圳有限公司	81.10
220	北京中科三环高技术股份有限公司	81.07
221	用友网络科技股份有限公司	81.06
222	玉晶光电(厦门)有限公司	81.04
223	中国信息通信科技集团有限公司	80.99
224	江苏融龙新材料股份有限公司	80.99
225	珠海天威飞马打印耗材有限公司	80.94
226	成都鼎泰科技有限公司	80.94
227	长飞光纤光缆股份有限公司	80.93

Top 100 Enterprise of Hubei in 2019

YOFC ranked 20th among “China Intelligent Manufacturing Top 100 Enterprises” in 2019

Chinese Enterprise Patent Top 500

2. SOUND AND FLEXIBLE GOVERNANCE FOR CONTINUOUS IMPROVEMENT

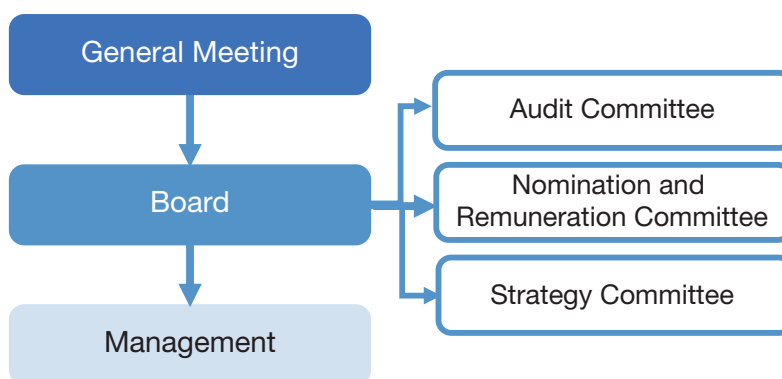
In addition to strict compliance with the laws and regulations in relation to our corporate operation to identify, manage and control risks and optimize our internal management system, we also actively communicated with various stakeholders in respect of ESG aspects, and responded to their comments and demands with real actions. Moreover, we continuously enhanced YOFC's performance in various aspects through the approach of "communication-feedback-improvement", thereby truly establishing the awareness of "responsible YOFC employee" and staying true to our original aspirations that always regard responsibility as the top priority.

2.1 CORPORATE GOVERNANCE

YOFC optimize its internal management system on a continuous basis. By strictly complying with relevant requirements under the laws and regulations, such as *the Company Law of the People's Republic of China* and *the Securities Law of the People's Republic of China*, and *the Corporate Governance Code* as set out in Appendix 14 of *the Rules Governing the Listing of Securities* on the Hong Kong Stock Exchange, combined with the corporate development and operation condition, we have formulated internal administrative measures and procedures such as the *Risk Management and Internal Control System* and *Risk Assessment Standards* with clearly defined functions of the risk management system and each level, which served as the guidance for risk identification, assessment and response and ensured compliant and lawful operation of YOFC.

Corporate Governance

The Group believes that high level of corporate governance is the key for protecting shareholders' interests, enhancing corporate values, formulating business strategies and policies and enhancing transparency and accountability. In strict compliance with the requirements of the laws and regulations as well as rules and normative documents of the regulatory departments, YOFC has established an efficient corporate governance structure and optimized its governance procedures to maintain high standards of corporate governance.



Corporate Governance Structure

2. SOUND AND FLEXIBLE GOVERNANCE FOR CONTINUOUS IMPROVEMENT

On the basis of the sound corporate governance structure, the Group has formulated comprehensive risk management policies to identify and analyze the risks faced by the Group. It has also set appropriate risk limits and designed corresponding internal control procedures to monitor the risk level of the Group. During its daily operation, the Group regularly reviewed these risk management policies and the relevant internal control systems, so as to adapt to the changes in market conditions or the Group's operation activities.



Risk Management Procedures

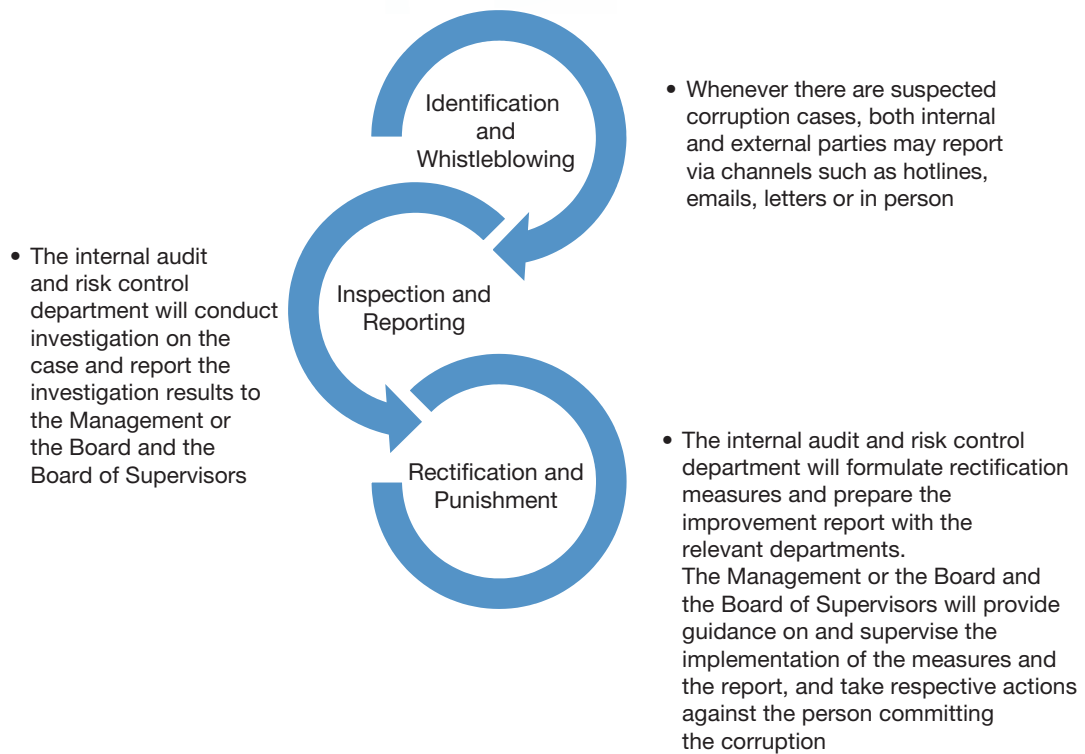
The Group has established a top-down risk management system and a bottom-up feedback system, which enable it to timely identify potential risks in relation to the Group's business, and to formulate corresponding responsive measures. It has also conducted audit and evaluation over the effectiveness of the Group's internal control and risk management as well as the efficiency and results of its operating activities as planned, thereby facilitating healthy and rapid development of YOFC.

For more details on corporate governance, please refer to the section headed "Corporate Governance Report" in the 2019 Annual Report of the Group.

Anti-corruption Management

In order to strengthen the internal integrity management of the Company and enhance the awareness of the management and staff at all levels of prevention of corruption so as to effectively reduce risks arising from various business procedures, we adopted stringent disciplinary measures and ensure strict compliance with the laws and regulations such as *the Criminal Law of the People's Republic of China* and *the Anti-Unfair Competition Law of the People's Republic of China* through the formulation and effective implementation of systematic documents such as *the Anti-fraud, Whistle-blowing and Complaint Management Regulations*, *the Professional Ethics Codes for Senior Managers* and *the Code of Conduct for Managers*. In respect of whistleblowing of corruption incidents, we have also established comprehensive channels for raising, handling and providing feedbacks for complaints. We have also set up internal and external whistleblowing channels such as hotlines and mailbox to safeguard the legal rights of whistleblowing of our staff and various stakeholders.

2. SOUND AND FLEXIBLE GOVERNANCE FOR CONTINUOUS IMPROVEMENT



Procedures for Handling Corruption Cases

Protection for Whistleblowers

YOFC provides protection for whistleblowers and prohibits any form of illegal discrimination or revenge. For personnel who breaches the regulations and leaks information of the whistle-blower, or takes revenge on the whistleblower, the Company takes actions against them seriously. Those who are in breach of laws will be handed over to judicial departments according to the laws.

2. SOUND AND FLEXIBLE GOVERNANCE FOR CONTINUOUS IMPROVEMENT

During the Reporting Period, YOFC carried out a number of compliance activities, such as induction training on compliance for new staff and investigation on anti-corruption within the Company, in an effort to promote and monitor measures in relation to anti-corruption and anti-commercial bribery, enhance the sense of integrity and self-discipline of staff, and prevent the occurrence of corruption issues. During the Reporting Period, the Group has no lawsuit cases regarding corruption.

YOFC launched training on anti-corruption

In order to conduct business in a lawful and compliant manner and to be more sensitive when identifying risks in its daily operation, during 5 to 9 August 2019, YOFC invited an external experienced lawyer to provide a special training titled “Anti-fraud and Anti-corruption”. Topics covered in the training include introduction of relevant legal terms, the objectives and principles of risk management, etc.. Meanwhile, in light of the lingering Sino-US trade frictions, in order to better facilitate the Company’s expansion in the international market and enhance the awareness of international trading compliance of the staff of the Company, YOFC also provided special training on US trading compliance for managerial staff and sales staff of the relevant product lines. Topics covered in the training include export restrictions, trade sanction, embargo and anti-boycott, etc..

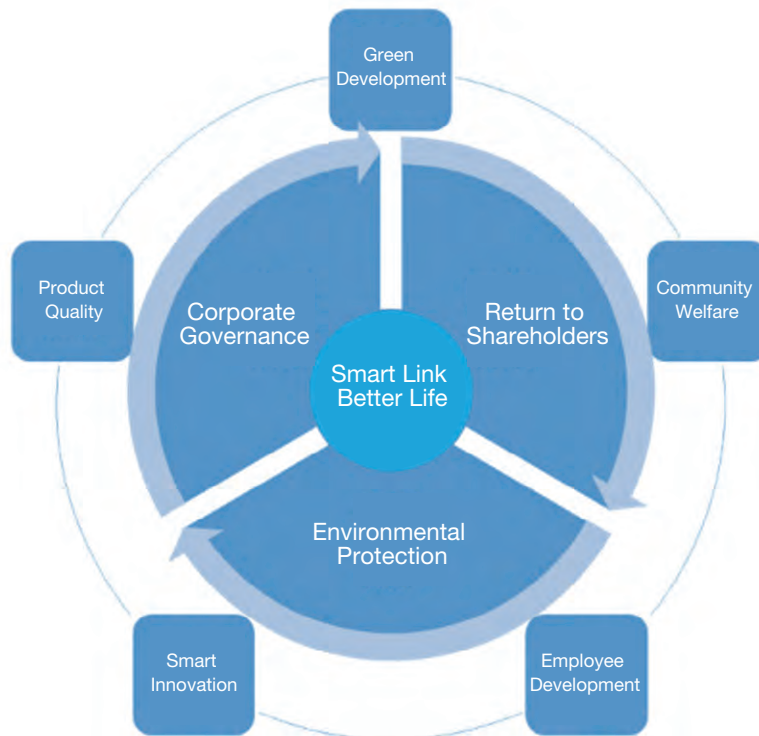
During 5 to 9 August 2019, YOFC also arranged a total of 10 trainings on rolling basis for selection by its staff based on their own availability, which has ensured that all of the over 300 staff that required to receive such training would be able to participate therein. We have also produced training videos and guidebook for common tools used in relation to trading compliance for the reference of relevant internal staff at any time.



2. SOUND AND FLEXIBLE GOVERNANCE FOR CONTINUOUS IMPROVEMENT

2.2 ESG GOVERNANCE

YOFC always pays high regards to its responsibilities towards the staff, the society, the environment, the shareholders and the society. To this end, it constantly enhanced the level of its ESG governance and actively strived to become an excellent corporate citizen. Based on our ESG model, we explored and implemented our philosophy of sustainable development, and developed a governance model for sustainable development with YOFC's features by taking into account its own business condition and corporate positioning.



ESG Model of YOFC

2. SOUND AND FLEXIBLE GOVERNANCE FOR CONTINUOUS IMPROVEMENT

ESG Governance Structure

In order to fully integrate the management of ESG into the strategic decision-making process of the Group and effectively control ESG risks, after taking into full consideration of factors such as the current status of ESG governance, applicable laws and regulations, opinions of the stakeholders, corporate culture of the Company, and on the basis of establishing an ESG management structure led by the Board, YOFC have further clarified the responsibility of ESG management and objectives, regularly summarize, evaluate and improve its works, as well as coordinate and prepare for ESG management plans and requirements.



ESG Governance Structure

2. SOUND AND FLEXIBLE GOVERNANCE FOR CONTINUOUS IMPROVEMENT

Communication with Stakeholders

As a group directly related to the sustainable development of the Company, the stakeholders played a crucial role in the decision-making process of the Company. YOFC attached great importance to the communication with its stakeholders, the results of which would be used as an important reference for evaluating its own performance and formulating strategies for future development. During the Reporting Period, we conducted interviews to understanding the views of the internal staff and management on the sustainable development of YOFC. Meanwhile, we also conducted in-depth interviews with external stakeholders, including suppliers, regulatory authorities, investors and customers, to understand their expectations. Through these communications, we understood that customers and suppliers are more concerned about the product quality, R&D and innovation of YOFC, while investors and regulatory authorities concerned about a more extensive range of ESG issues, including business development, environmental protection, staff benefits and legality and compliance, etc.. Moreover, we tracked and analyzed public opinions during our daily operation to understand the concerns of the public and the media about YOFC, and took such issues into consideration when making adjustments to the annual major issues matrix.

The long-term effective communication system established with the stakeholders has enabled the Group to be timely informed of the opinions and expectations of various stakeholders and make adjustments to its ESG plan and the implementation thereof, hence meeting the expectation of the stakeholders. The table below sets out the major issues that different groups of stakeholders are concerned about during the Reporting Period:

Stakeholder Groups	Issues Concerned	Communication Channels/ Feedback Measures	Frequency
Employees	Promotion and development Salary and benefits Education and training	– Staff performance appraisal interview – Internal Journal (newspapers, magazines) – Training for new staff – Staff Democratic communication meetings	Interviews from time to time Regular publication of internal journal Regular trainings for new staff Regular staff Democratic communication meetings
Shareholders/ Investors	ESG governance Operating results Energy saving and consumption reduction	–Annual General Meeting/Extraordinary General Meeting – Investor meeting – Result presentation – Press release/announcement – Site investigation	General Meeting held annually Extraordinary General Meeting held under special circumstances Investor meetings and site investigations from time to time
Suppliers	Supplier management Operating results Product quality	– Site investigation – Interviews – Phone interviews	Supplier meeting held annually
Customers	Operating results Product quality Protection of interests	– Site investigation – Interviews	Irregular
Community	Compliant emission Charity work Contribution to the community	– Press release/announcement – Participation in meetings	Irregular

2. SOUND AND FLEXIBLE GOVERNANCE FOR CONTINUOUS IMPROVEMENT

Materiality Assessment

The Group will combine the opinions and expectations of the stakeholders with its governance and development needs, and conduct evaluation and analysis on the materiality of ESG issues involved in its operation, so as to actively provide targeted feedback to the concerns of the stakeholders in its ESG-related work. We have conducted our materiality evaluation through stringent and effective procedures, which are mainly divided into four stages.

Identify potential material issues

After thorough review of, among others, media analysis, industry benchmarking analysis and other relevant documents, we identify the potential material issues which reflect the economic, environmental and social impact of the Group's business or affect the stakeholders' assessment and decision on the Group.

Review

We assess whether the report content reasonably describes the impact and sustainable development performance of the Group and whether the procedure of preparing the report content reflects the intended purposes of the report. We also invite stakeholders to express their opinions.



Prioritize potential material issues

We formulate a stakeholder engagement plan and conduct in-depth interviews and site investigations to understand the prioritized issues that the stakeholders are concerned about, and arrive at the materiality matrix ultimately. We then use the matrix to analyze and identify the truly material issues.

Verification of results by the management

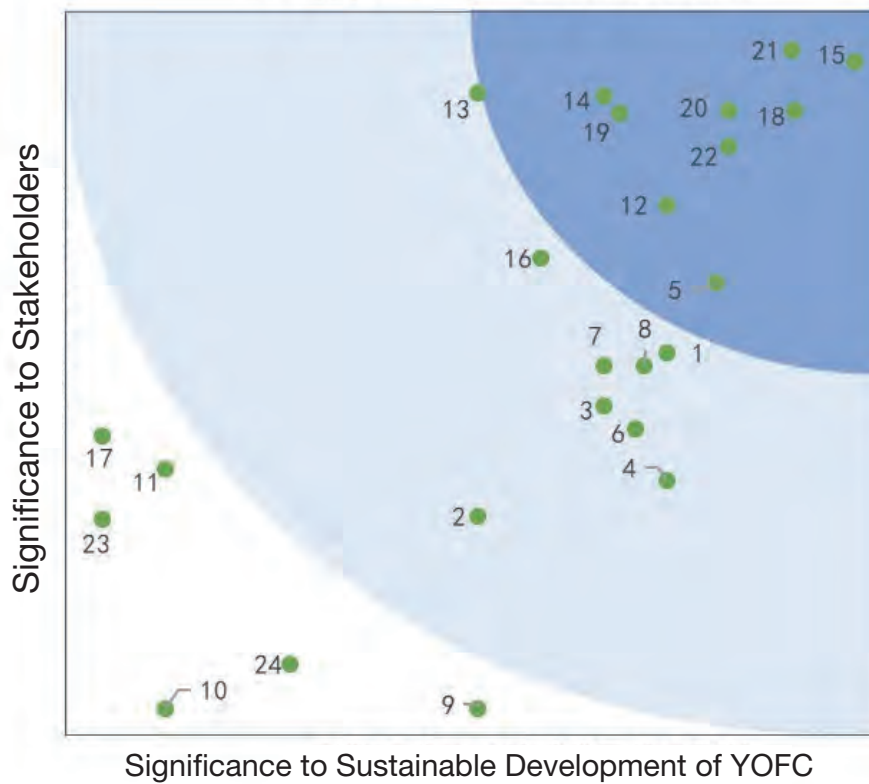
The resulted materiality matrix will be submitted to the management to confirm the materiality of the identified issues and their impact. We will reflect the Group's performance of the relevant issues truthfully in the report.

Procedures of Assessment of Material Issues

2. SOUND AND FLEXIBLE GOVERNANCE FOR CONTINUOUS IMPROVEMENT

During the Reporting Period, we conducted in-depth interviews with the stakeholders to understand their opinions and expectations on YOFC's responsive measures for ESG issues. We understand that as compared to 2018, the stakeholders' concerns about "conservation of energy and reduction of consumption" have increased. According to the results of communication with the stakeholders, we analyzed and concluded on YOFC's material ESG issues for 2019. We will disclose the relevant content in this report in details based on the results of the matrix.

Matrix of Material ESG Issues of YOFC for 2019



2. SOUND AND FLEXIBLE GOVERNANCE FOR CONTINUOUS IMPROVEMENT

No.	Content of Issues	No.	Content of Issues
1	Treatment of Exhaust Gas and Reduction of Emission	13	Safe and Comfortable Working Environment
2	Emission of Greenhouse Gases	14	Employee's Development and Training
3	Disposal of Hazardous Solid Wastes	15	Compliance with Labour Laws
4	Use of Materials	16	Requirements on Environmental and Social Performance for Entry of Supplier
5	Conservation of Energy and Reduction of Consumption	17	Assessment on Suppliers' Environmental and Social Performance
6	Management of Non-hazardous Wastes	18	Customer Service and Channels of Communication
7	Treatment of Domestic Wastewater and Reduction of Discharge	19	Protection for Intellectual Property Rights
8	Use of Water Resources	20	Stability of Product Quality
9	Use of Packaging Materials	21	Protection of Customers' Information and Privacy
10	Impact of Climate Change on Business	22	Anti-corruption
11	Diversified Background of Employees and Equal Opportunities	23	Contribution to the Community
12	Stability of Employees	24	Charity Work

3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM

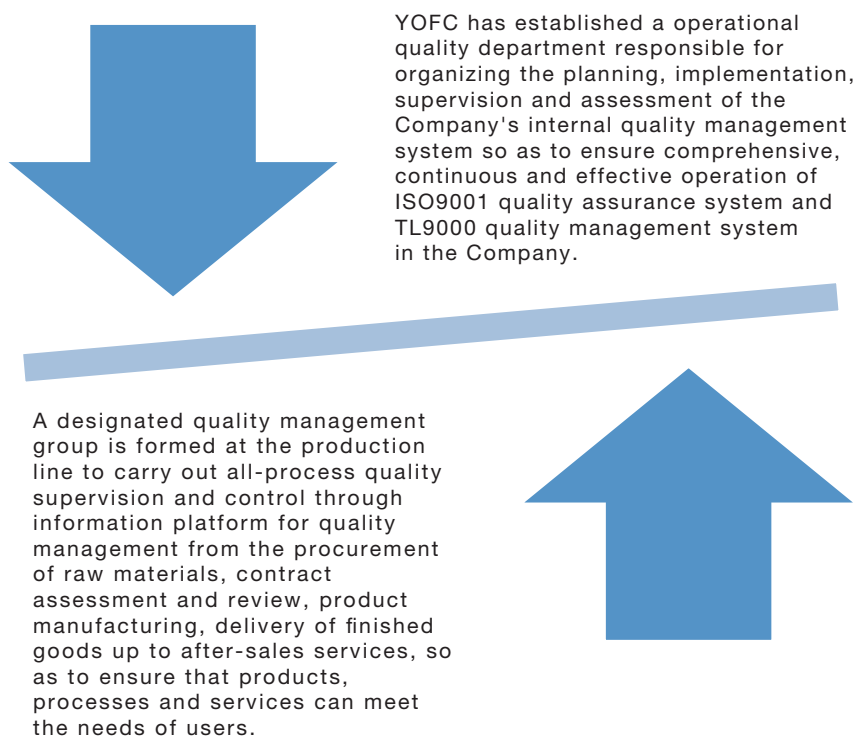
Guided by the core values of “Client Focus, Accountability, Innovation, Stakeholder Benefits” and the quality concept of “Continual improvement, the pursuit of excellent quality”, YOFC has been proactively advocating and practicing the principle of building its brand with quality products with pursuit of excellence, adhering to the focus of quality and striving to build the international competitiveness and influence of “Made in China with Quality” and “China Quality” in the optical fibre and optical cable industry worldwide.

3.1 QUALITY CONTROL

Over the years, by upholding the quality control standards that are above the industry requirements, YOFC leads the quality development of industry peers with concrete actions. During the Reporting Period, YOFC organized the establishment and improvement of management system and promoted the quality management of product line and functional departments. The consistent improvement of systems has enhanced the quality management of the Company and the implementation of the quality-oriented approach facilitates the achievements of quality targets.

Quality Management Process

While introducing modern production technologies, YOFC has also introduced modern management methods and systems, especially the advanced quality management procedures in the industry so that every production process is under strict and scientific quality control. We have established a sound quality management structure to better implement and refine product quality management, thereby providing dual assurance for stable quality of products.

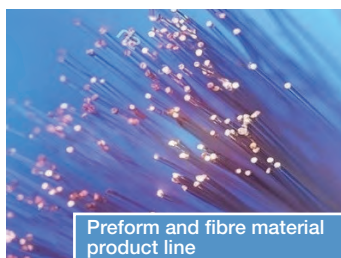


3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM

Quality Targets

Setting, measuring and assessing quality targets serve as the key driver for ensuring quality stability and enhancing quality levels. During the Reporting Period, with reference to the actual conditions of each product line, YOFC fully identified key quality result indicators for each product line and measured and evaluated the effectiveness and efficiency of the process and outcome, thereby facilitating improvement.

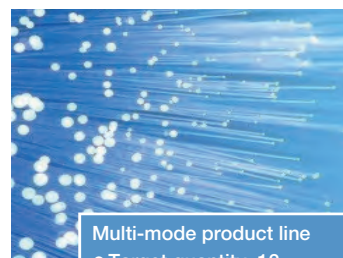
During the Reporting Period, YOFC set a total of 189 quality targets, among which 154 were appraisal indicators and 35 were observation indicators. We regularly traced and followed up such targets based on different product lines.



Preform and fibre material product line
● Target quantity: 53



Cable product line
● Target quantity: 42



Multi-mode product line
● Target quantity: 12



Special product line
● Target quantity: 13



Indoor cable product line
● Target quantity: 12



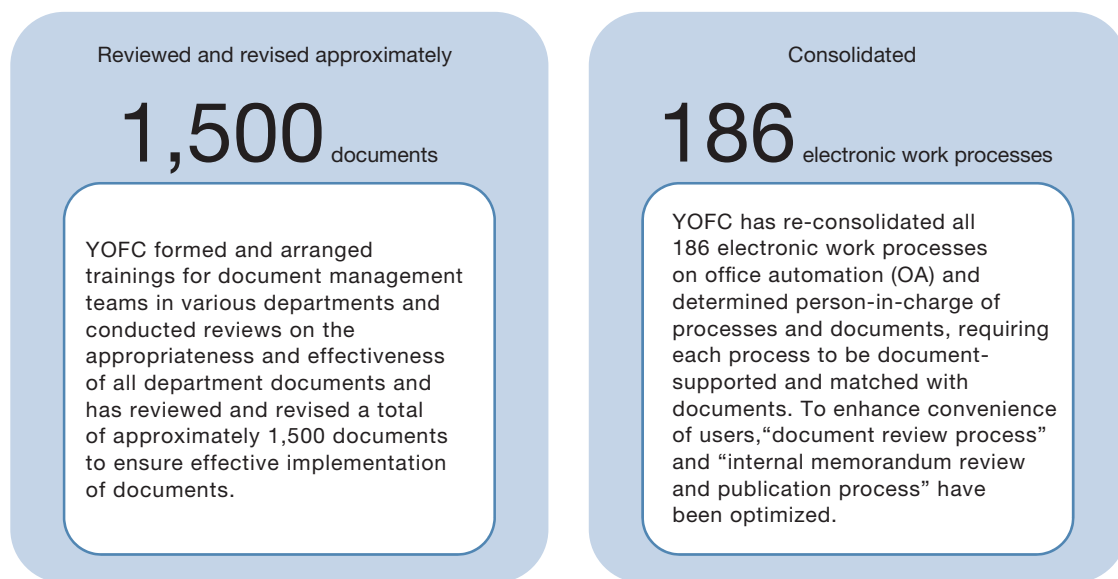
Cabling Solutions product line
● Target quantity: 1

3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM

Review of Quality System

During the Reporting Period, YOFC conducted a comprehensive review based on the requirements of ISO9001:2015 (including TL9000) quality management system through an examination table covering all terms. Meanwhile, contents in the product certification examination table are also included in the internal review. For product certification scope and physical address covered in ISO9001:2015 (including TL9000) quality management system and for each non-compliance item, the operational quality department will follow the corresponding responsible department and personnel for rectification, reason analysis and the formulation and implementation of rectification measures.

In addition, during the Reporting Period, YOFC systematically consolidated and optimized policy documents and work processes to enhance the comprehensiveness and effectiveness of systematic processes.



Quality Culture

In order to cultivate quality culture of the Company in an in-depth manner and strengthen quality education of staff, YOFC conducted quality activities in various forms such as trainings and competitions. During the Reporting Period, under a hierarchical training model, YOFC arranged trainings on product quality by planning and implementing a total of 10 different targeted quality courses and organized diversified quality trainings for different categories of staff such as new staff, product quality-related staff and quality management personnel.



3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM

Meanwhile, to ensure product quality consistency of its subsidiaries, in June and October 2019, YOFC organized quality-related trainings for its subsidiaries such as Shenzhen YOFC Connectivity Technologies Co., Ltd. (“YOFC Connectivity”), Yangtze Optical Fibre and Cable Shenyang Co., Ltd. (“YOFC Shenyang”) and Yangtze Optical Fibre and Cable Lanzhou Co., Ltd. (“YOFC Lanzhou”), covering, among others, basic knowledge on ISO9001 quality management system and basic knowledge on variation and risk management.

In addition, YOFC held quality competitions serving as trainings to select and honor a number of outstanding quality groups.

Quality Control (QC) Group Competition



In March 2019, YOFC held the QC group competition where a total of 9 teams participated, covering various product lines such as Optical Cable Department, Multi-mode Product Line, Optical Fibre Department, Special Product Department and Preform Department. Outstanding teams are determined based on the ranking on comprehensive scores on achievements of topics published.

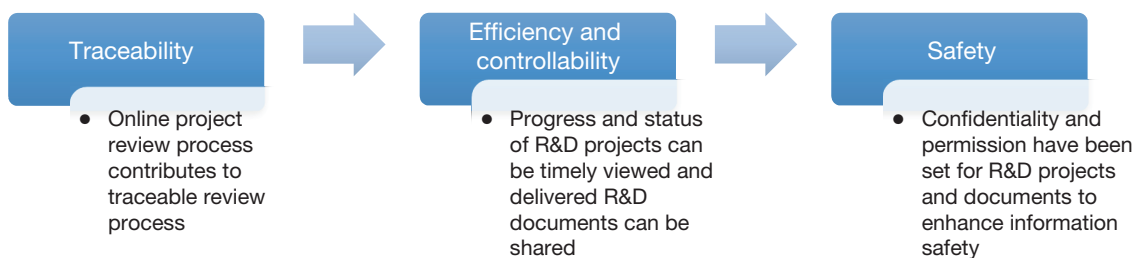
3.2 INTELLIGENT INNOVATION

Over the past 31 years, YOFC has been regarding innovation as one of its key strategies of corporate development, completed a spiraling technological growth of “introduction, digestion, absorption and innovation” and has been continuously improving innovation capabilities in basic studies on cutting-edged technologies and consistently optimizing its own R&D systems. In recent years, with the rapid development of information technology, YOFC, through technologies such as artificial intelligence, has been identifying corporate potential, improving product operation and organizational flexibility, proactively exploring smart manufacturing and practicing as well as capturing manufacturing opportunities so as to facilitate a thriving optical communication industry as a leading player.

3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM

R&D Management

During the Reporting Period, based on the R&D system of *R&D Management Procedures*, we consistently enhanced the project management platform of product life cycle management (PLM). The PLM platform was fully launched for use in June 2019 where most of the management and review work of different stages such as R&D project establishment, implementation and acceptance can be done on the platform, thus improving R&D management efficiency.



We place great emphasis on protection and compliance awareness of our own products and intellectual property rights. As of 31 December 2019, the Company had a total of 499 authorized valid patents (including 251 invention patents) and 66 overseas authorized patents.

R&D Achievements

YOFC has always been adhering to the philosophy of innovative and green development. During the Reporting Period, we proactively promoted the industrialized R&D of key products and accelerated the conversion of technological achievements and we won the second prize in “2018 Technological Invention Award in Hubei Province”. At the same time, regarding three major application scenarios of 5G, we have provided integrated solutions for carriers and connections and manufactured products covering numerous 5G application scenarios by identifying needs of different scenarios.

Product and services applied to various scenarios

By identifying the needs in different scenarios, YOFC has transformed pure manufacturing products into “product + service” model and pushed forward overall solutions with an aim to promote the 5G development in China and digital transformation across various industries.

- RF coaxial cables: mainly applied in the cable connection part of wireless communication systems such as cellular wireless communication, microwave communication and broadcasting communication and serving as connection between base stations and antenna and among wireless equipment etc.
- Leaky coaxial cables: mainly applied in the wireless network coverage in subways, railway and highway tunnels, indoor coverage in areas of large buildings such as lift shaft, indoor corridors and underground pipe gallery.
- Composite cables: mainly applied in remote base stations, remote indoor distribution and other scenarios requiring large bandwidth transmission and power supply integration to fulfill high-speed, high-power and long-distance usage of 5G active devices.

3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM

New optical cable and its comprehensive manufacturing technology and equipment targeted to environmental protection and resource conservation

Focusing on two major targets: resource conservation and environmental protection, YOFC has developed a series of new optical cable products, high-speed comprehensive manufacturing technology and digitized high-end equipment with a view to achieving breakthroughs in precise and high-speed manufacturing technology and high-end equipment of environmental protection and resource conservation-oriented optical cables.



Compared with traditional products, the series of new optical cable:

- has solved the common industrial problems of high occupancy rate and low construction efficiency in traditional optical cable resources, reduced ointment pollution, changed traditional way of succeeding construction and hence significantly improving construction efficiency.
- has realized small-sized and lightweight optical cables especially suitable for the application scenario of dense cabling under tight underground pipeline network resources, possessing strong market competitiveness.

In December 2019, the General Office of National Development and Reform Commission published 2019 Assessment Results of National Center for Enterprise Technology. YOFC was awarded distinction with high scores among 1,538 evaluated enterprises, which has fully evidenced YOFC's technological and innovative development level and marks YOFC's leading position in China in terms of technological innovation capacity and innovation performance.

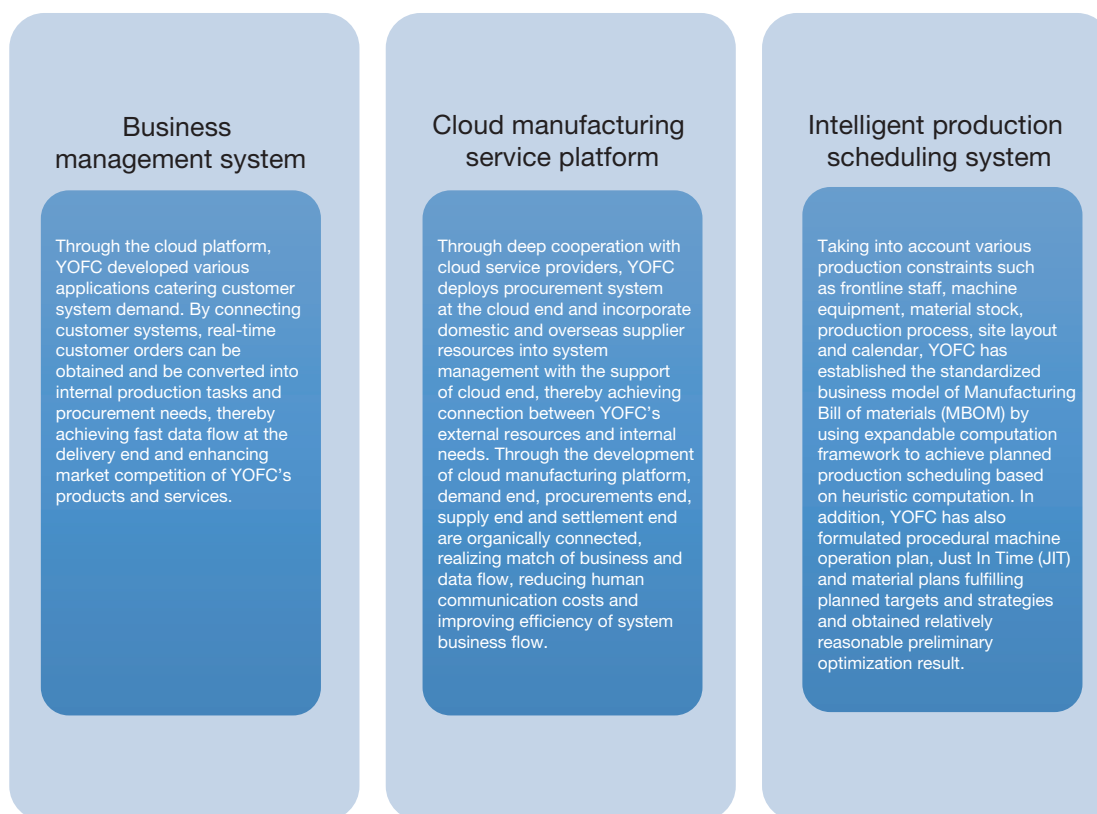


3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM

Intelligent Manufacturing

During the Reporting Period, YOFC comprehensively coordinated and established intelligent factories and intelligent transformation projects and realized cloud platform management integrating production, supply chain and sales. Meanwhile, “Intelligent Manufacturing Project of YOFC’s Self-produced Preforms and Optical Fibres” has passed the inspection by Hubei Provincial Economic and Information Commission and Finance Department, contributing a successful establishment of a new intelligent manufacturing model of optical fibre and cable industry.

YOFC’s “integrated platform for production, supply chain and sales” consists of business management system, cloud manufacturing service platform and intelligent production scheduling system. Vertically, the platform connects downstream equipment, products, personnel and manufacturing units and each upstream business system. Horizontally, the platform connects business and data of each company of the Group internally and industrial chain related enterprises as well as vertically connecting external customers’ needs and sensing and interacting in an in-depth manner. Through the “integrated platform for production, supply chain and sales”, YOFC has established an all-manufacturing cycle and all-business chain resource sharing and coordination covering sales customization, R&D and design, equipment manufacturing, experiment and testing, supply chain and after-sales services, which has facilitated the transformation into a cloud manufacturing model featuring “contract allocation and coordination of inter-base production”. YOFC also promotes the empowerment of transformation, coordinated operation, cost reduction and efficiency improvement of the Group and enterprises at the upstream and downstream of industrial chain so as to achieve effective allocation and utilization of supplying and manufacturing resources and form a new industrial supply chain and customer service system.



Integrated Platform for Production, Supply Chain and Sales

3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM

During the Reporting Period, YOFC Qianjiang completed two phases of production and became the world's first intelligent manufacturing factory for preforms and optical fibres. Compared with traditional preform and optical fibre factories, the intelligent factory of YOFC Qianjiang has developed and used intelligent core processing equipment, timeline-based big data system, all-process automation during production and digitized workshops based on Manufacturing Execution System (MES), forming all-parameter dynamic inspection capacity of equipment processing environment, elevating core processing equipment from "process-based control" to "process self-adaptation intelligent system", achieving effective automation of process operation and comprehensive informationization and digitization of five major key elements within the workshop, namely human, machine, material, method and stage.

Intelligent Manufacturing Project of YOFC's Self-produced Preforms and Optical Fibres" has successfully passed the inspection

In May 2019, "Industrialized Intelligent Manufacturing Project of YOFC's Self-produced Preforms and Optical Fibres", an application project led by YOFC Qianjiang using new intelligent models in 2016, officially passed the inspection.



The project has completed 4 technology indicators for digitized workshops and intelligent factories, including intelligent improvement in core processing equipment, all-process automation during production, MES-based digitized workshops and intelligent factories for manufacturing preforms and optical fibres. In particular, among the achievements of the project, intelligent manufacturing has significantly empowered production process, thereby substantially reduced costs and improved efficiency. The project has increased production efficiency by 26%, reduced operational costs by 27.3%, shortened the product research and manufacturing cycle by 34.4%, cut the underperformed product rate by 24.7% and enhanced energy utilization rate by 48.4%, exceeding all assessment indicators stipulated in the project assignment.

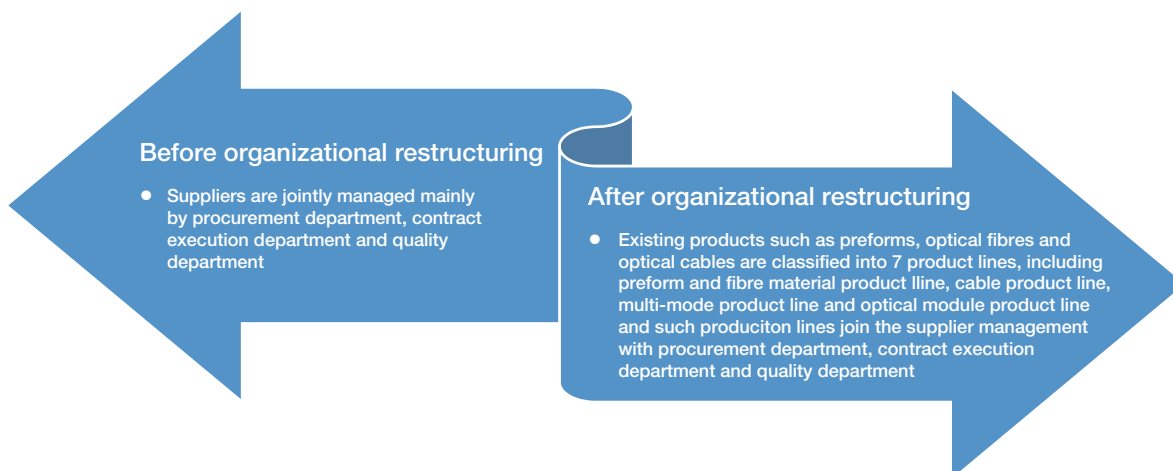
3.3 RESPONSIBLE SUPPLY

As the promoter for industrial development, YOFC took the lead in signing the *Product Quality Self-discipline Convention in Optical Fibre and Optical Cable Industry*, which is China's first self-disciplined quality convention in optical fibre and optical cable industry, which has promoted the sustainable development of optical fibre and optical cable industry in China to a certain extent. YOFC's dedication to excellence in product quality is closely related to raw material quality provided by suppliers. We have established long-term close partnership with suppliers under the principle of being fair, just, open, competitive and effective with honesty and mutual benefit.

3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM

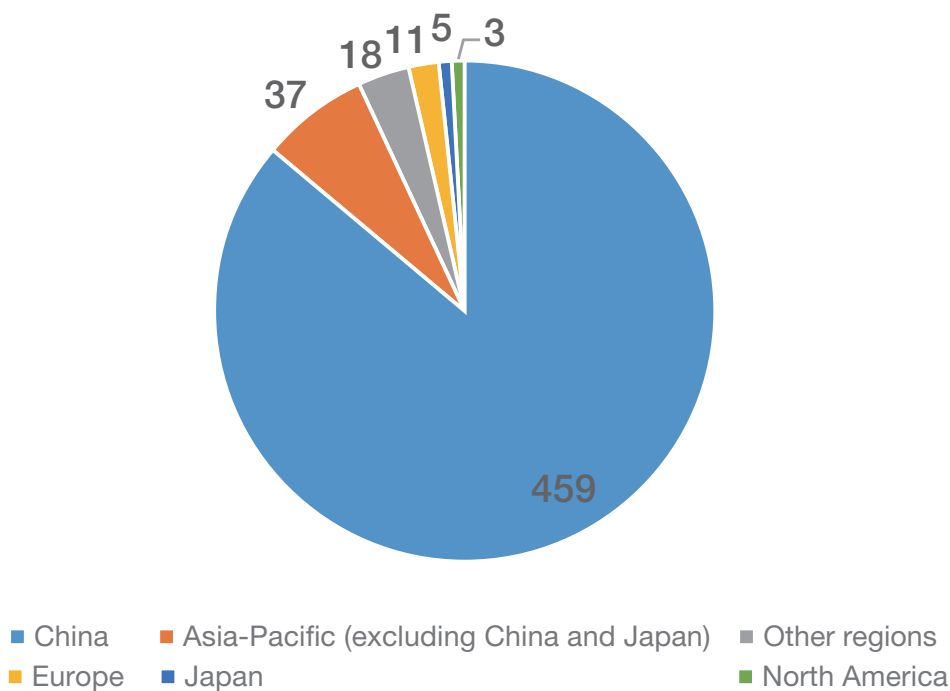
Supplier Management

During the Reporting Period, YOFC further optimized supply chain management procedures and specified management functions of each department with an aim to improve supply chain management and ensure quality of raw materials.



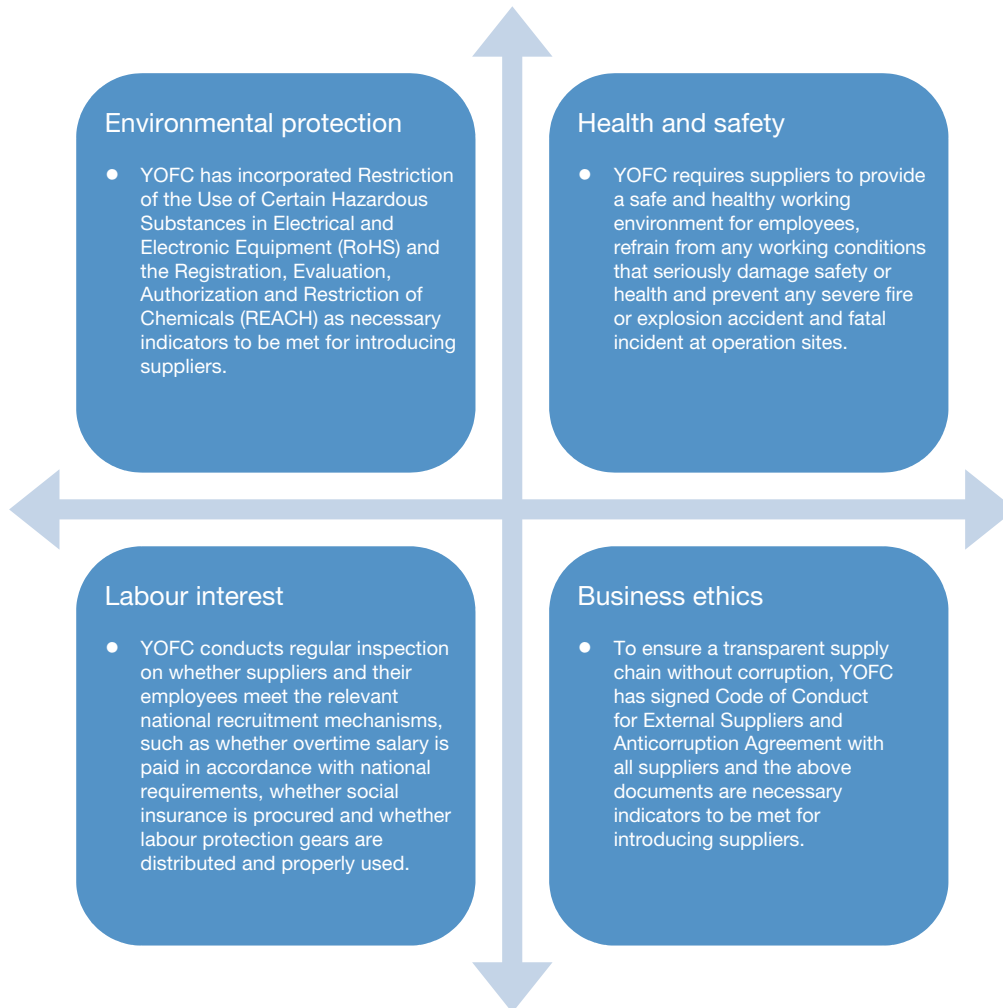
During the Reporting Period, the distribution of the Group's suppliers is as follows:

Distribution of YOFC's suppliers in 2019



3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM

In order to better comply with laws and regulations in China and meet the management system and social responsibility requirements from customers, YOFC practically discharges corporate social responsibilities and allows upstream suppliers to better understand and fulfill YOFC's social responsibility expectations. With reference to advanced experience and management requirements in the industry, during the Reporting Period, YOFC updated social responsibility policies for upstream suppliers covering four components, namely labour interest, health and safety, environmental protection and business ethics, We have formulated *Code of Conduct for External Suppliers* and require suppliers to make commitments to comply with the code.



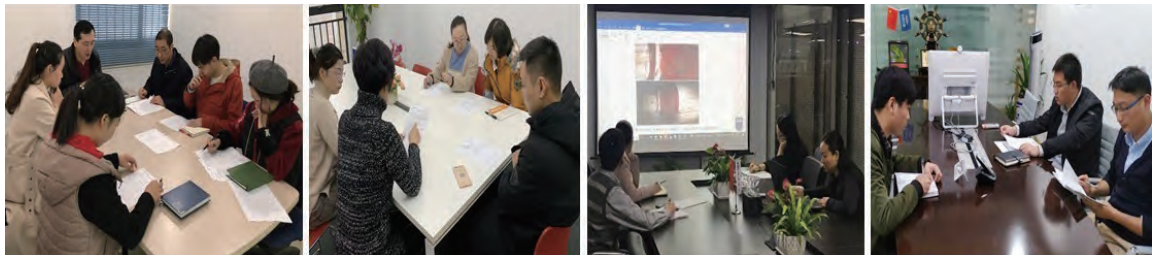
3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM

Apart from supplier assessment and appraisal, YOFC also communicates with supplier partners through, among others, regular exchange seminars and supplier conferences to achieve mutual progress.

YOFC regularly convenes partner exchange meetings

In August 2019, YOFC convened a partner exchange meeting for raw material suppliers and storage logistics suppliers to summarize and exchange ideas on the supply of production materials and storage transportation services and convey matters related to performing social responsibilities. The communication topics included:

1. technological and service standards on products and related services
2. instruction and communication of policies related to suppliers' social responsibility
3. signing of anti-corruption agreement on site by legal persons of each company and studying relevant laws and regulations as well as strengthening warning effects through elaboration on related cases



3.4 CUSTOMER SERVICE

Customers are the growth driver of YOFC and we have always been emphasizing on “customer-oriented” service approach. We focus on customers and definitely place importance on and assume our commitment to the customers to meet or even exceed their expectations. Apart from consistently optimizing customer communication and services, we actively explore new service models and hold customer interactions in various forms so as to establish a closer relationship with customers. The Group firmly believes that customers are important assurance for long-term development of YOFC.

3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM

Communication with Customers

The establishment of effective communication channels can ensure that YOFC can obtain customer feedback in a timely manner and enable us to adjust service approaches according to plans so as to enhance service quality and optimize service process. Through channels such as visits to clients, technological communication, production and delivery, after-sales service, follow-up calls to customers and assessment follow-up, we follow our products and services during and after sales and promptly identify problems and deficiencies for improvement and enhancement.

YOFC has established a transparent and effective closed-loop handling mechanism for customer feedbacks and handles related complaints in strict compliance with the requirements of After-sales Service Process to ensure that customers' comments and complaints are properly handled. We have established a sound service support system to effectively respond to customer request and efficiently handle customers' difficulties through the support from sales personnel around the globe and technical support. Our service teams commit to respond within 24 hours and solve customers' service request within 48 hours. 7×24 service hotline is available for receiving customer feedback and responding to customers' needs anytime. Meanwhile, we have established group responding system, reporting system, training system and performance appraisal system for after-sales service with an aim to achieve optimal control over various after-sales service, thereby ensuring timely and efficient solution of related complaints and making corresponding improvement of products and services.

Comprehensive optimization of customer services by YOFC Qianjiang

During the Reporting Period, YOFC Qianjiang has comprehensively improved customer service quality in terms of service staff, process optimization, electronic handling and regular communication.

Service staff

- Dedicated quality engineers are assigned to different product lines as designated windows to handle customers' complaints.

Process optimization

- Documents on handling procedures of product quality complaints are upgraded and optimized and 8D work method is adopted to design procedure tables. Improvement, promotion and standardization work for quality issues are strengthened.

Electronic handling

- OA for handling procedures for preform/core rod complaint is launched replacing paper orders, which has significantly improved process handling efficiency;
- Electronic quality complaint information is convenient to retrieve, categorize, close tracking and statistical analysis.

Regular communication

- Biweekly exchange meetings on preform and fibre technology are convened to conduct technological communication and discussion on preform issues as requested by internal and external customers;
- Monthly company-level quality meeting is held to review closing status of quality complaints and the management of the Company listens to the handling progress of each case and accelerates the progress through resource coordination where necessary.

3. UPHOLDING QUALITY IN PURSUIT OF THE OPTIMUM

YOFC will comprehensively analyze and respond to customer complaints. Apart from after-sales services, we handle product and service complaints through product return, product exchange and loss compensation in accordance with relevant procedures such as *Product Return and Exchange Application and Handling Process* and *the Product Recall Management Procedure*. During the Reporting Period, the Group had not recalled any products sold or delivered due to safety or health-related reasons.

Customer Privacy

YOFC regards customer information and data as a valuable resource of the Company and prohibits anyone from selling, sharing and disclosing customer information for any purpose. We have formulated *Sales Centre Customer Data and Privacy Policy*, requiring every staff to protect customer information and data in accordance with the Company's requirements so as to ensure full protection of the safety of customer information.



Setting review permission

- We strictly adhere to hierarchical management system and sales representatives of operators from different levels can only access to information of their respective customers. National market information shall be coordinated and controlled by department managers. Crosslevel access to customer information shall be subject to corresponding review and approval procedures.



Technological protection

- We strictly perform confidentiality policies and customer information shall be maintained by designated personnel. Appointed designated personnel shall be responsible for the use, storage and destruction of customer profile information and other items. All customer information must be encrypted for transmission via email. Customer information and privacy are protected by technology such as permission setting for the internal system and encryption software.

4. GREEN OPERATION FOR GREEN DEVELOPMENT

With increasingly stringent regulatory environment policies and based on the corporate's own responsibility for social environment, we constantly follow issues such as environmental policies and trends, environmental pollution and climate change. To support sustainable development of the social environment and timely understand industrial policies and regulatory requirements, we continuously improve green operation management within the Group and reduce the potential impact on the environment during operation to facilitate green development. During the Reporting Period, our production bases have been expanded, which has contributed to improvement in resource utilization and emission data compared to those of previous years. We have taken and will continue to take active measures to control resource utilization and emissions during production and operation and carry out various environmental protection projects with a view to constantly improving sustainable development capability of the enterprise.

4.1 ENERGY CONSERVATION

Since 2018, Hubei Provincial Development and Reform Commission and Wuhan Municipal Development and Reform Commission have set "dual control" target to YOFC for controlling total energy consumption and intensity every year. According to such targets, YOFC is required to control total energy consumption and energy consumption per unit of optical fibre of the Company. In 2019, the assessment of 2018 "dual control" target was successfully passed and completed beyond expectation. During the Reporting Period, YOFC continued to enhance energy consumption reduction management and transformation of energy-saving technology in accordance with the requirements of "dual control" target, striving to be a leader in energy conservation and emission reduction and make contributions to the society in green development.

YOFC is deeply aware that resource conservation not only has a positive impact on environmental protection but also serves as an effective means of controlling corporate costs. During the Reporting Period, YOFC integrated cost reduction and efficiency improvement with organizational performance to achieve a management model featuring all-region coverage, hierarchical goal direction and regular review.

4. GREEN OPERATION FOR GREEN DEVELOPMENT

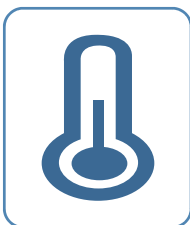
To achieve the goal of cost reduction and efficiency improvement, during the Reporting Period, YOFC carried out a series of projects regarding energy conservation and consumption reduction.

Power station transformation project



With consistent capacity expansion of the Company and gradual increase in equipment energy consumption, it has become vital and essential to adopt energy conservation and consumption reduction measures for highly energy-consuming equipment. On the basis of ensuring safe operation of equipment, the Company has completed energy-saving transformation of certain cooling stations and replaced existing fixed frequency pumps with efficient variable frequency pumps. Meanwhile, the Company adopted the group control system for cooling computer rooms and implement the latest optimization procedures and prescheduling procedures to maximize energy conservation, which can not only reduce possible errors caused by human operation and simplify the operation of cold source system, but also reduce temperature difference of cooling condensers by adding online cleaning devices for cooling condensers of chiller hosts, so as to ensure that energy conversion efficiency of chillers maintain at a high level and thereby significantly saving energy.

Transformation project for air-conditioning frequency variation



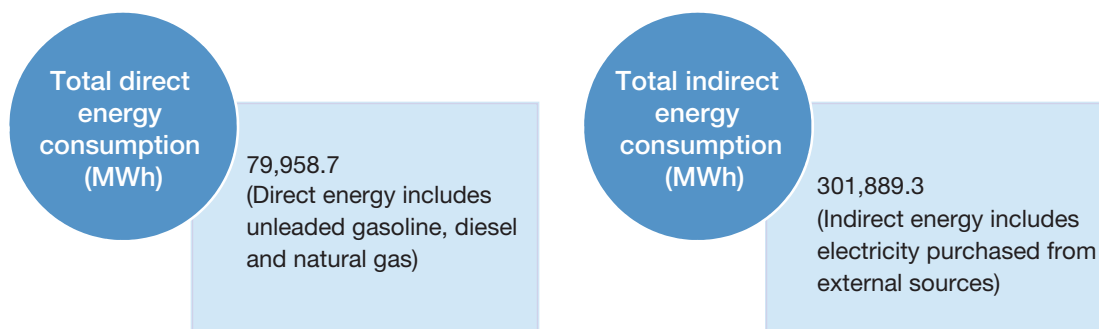
In response to YOFC's requirements on energy conservation and emission reduction, YOFC Qianjiang Factory transformed its air-conditioners in cleaning zone and power zone with lower requirements on environment to cut electricity consumption and increase power efficiency. Fixed frequency air-conditioners are transformed into variable frequency air-conditioners and transducers, sensors and corresponding intelligent adjustment functions are added. Airconditioning systems are operated under optimal model through recommissioning to reduce energy consumption of air-conditioners and operating power of equipment. Upon meeting the requirement of cleanliness, temperature and humidity in the workshops, air conditioners are operated at optimum level for electricity conservation so as to achieve energy conservation.

To achieve systemic energy management and control, YOFC has established a platform for production information protection based on automation and information technology and centralized management model to enable integrated energy management and control as well as implementing centralized and flat dynamic monitoring and digitalized management in the transmission and distribution as well as consumption of energy systems of the Company. By obtaining data from on-site metering instruments, measuring instruments and control system, the Group summarized various energy consumption indicators with the consolidation of tables, curves and process configurations to realize dynamic management of energy consumption so that decision makers can receive timely updates of energy consumption of the Company. Through the analysis and comparison of energy consumption data, the Group completed the assessment of energy utilization and identified its weaknesses in energy consumption by auditing, achieving guidance on energy usage to the Company and providing an intuitive and scientific basis for energy conservation and consumption reduction.

4. GREEN OPERATION FOR GREEN DEVELOPMENT

Apart from numerous efforts in energy conservation and consumption reduction, with a view to actively discharging corporate social responsibility, YOFC, as a major industrial electricity user, entered into Power Transaction Intention Agreement with Hubei Qingjiang Hydropower Development Co., Ltd. in 2018 and 2019 to purchase renewable clean energy-hydropower for industrial production of the Company. By directly purchasing hydropower instead of traditional thermal power, greenhouse gas emissions decreased by approximately 128,490.7 CO₂ equivalent-tonnes compared with coal-powered generation, thereby protecting ecological environment and promoting sustainable development of the society.

Type of Energy	Usage in 2017	Usage in 2018	Usage in 2019
Purchased power (MWh)	201,947.6	248,801.6	301,889.3
Unleaded petrol (liters)	40,943.5	42,228.6	39,787.9
Diesel (liters)	62,024.2	58,883.4	94,882.6
Natural gas (cubic meters)	173,609.9	507,033.2	7,957,492.0
Energy consumption intensity (MWh/ten thousand revenue)	0.203	0.224	0.492
Greenhouse gas	Emission in 2017	Emission in 2018	Emission in 2019
Scope 1 (CO ₂ Equivalent – Tonnes)	634.1	1,345.0	17,544.0
Scope 2 (CO ₂ Equivalent – Tonnes)	129,103.0	138,685.3	168,007.7
Total emissions (CO ₂ Equivalent – Tonnes)	129,737.1	140,030.3	185,551.7
Greenhouse gas emission intensity (CO ₂ Equivalent – Tonnes/ten thousand revenue)	0.125	0.123	0.239



4. GREEN OPERATION FOR GREEN DEVELOPMENT

4.2 RESOURCES OPTIMIZATION

Upholding the philosophy of sustainable development, the Group has been adhering to environmental protection in daily operation. In respect of resource optimization, YOFC has been focusing on two aspects, namely process and management, to fully identify effective control points, to save paper resources by launching electronic systems, to improve water resource utilization through process optimization, and to promote reduction of packaging materials on the basis of continuous recycling them.

Electronic inspection replacing traditional inspection

During the Reporting Period, the Company officially launched and operated electronic inspection system for inspecting factory facilities and equipment. Through tasks such as system establishment, planning, allocating daily inspection, regular inspection, point inspection and preventive inspection, operating staff can use handheld devices to carry out on-site operation. The data will be synchronized to on-site operation management system allowing management personnel to consolidate, analyze and compare such data before making decisions. This has totally replaced paper-based inspection and human-based statistics, achieving effective management of plan tracing, data analysis and quantified assessment as well as substantially saving paper and toners.



4. GREEN OPERATION FOR GREEN DEVELOPMENT

Water Resource Management

Water usage of YOFC mainly consists of domestic and production water. During the Reporting Period, the Group continuously pushed forward water resource optimization projects to increase efficiency of water resource usage as well as advocating water conservation for all and incorporating water resource costs into department assessment indicators. In response to water conservation initiation, various subsidiaries and product lines successively identified water resources usage for existing processes as well as planning and implementing water-saving projects and improvement for relevant processes.

During the Reporting Period, water resource usage of the Group is as follows:

	Usage in 2017	Usage in 2018	Usage in 2019
Water consumption (m ³)	813,105	872,289	880,322
Water consumption intensity (m ³ /ten thousand revenue)	0.784	0.767	1.133

Reduction project for pure water and acid

Silica optical fibre preforms are mainly composed of glass jacket cylinders and core rods and optical fibre preforms are the core of optical fibre manufacturing process. To improve the quality of optical fibre preforms and ensure normal attenuation of optical fibres, each core rod, jacket cylinder and solid cable shall be pickled and washed to remove impurities and contaminates on the surface. As the Company needs to handle a large number of core rods, jacket cylinders and solid cables every year, acid and pure water consumption is huge. To reduce the consumption of acid and pure water for cleaning preforms, the Company optimized related processes and productions in 2019, mainly including:

Optimization of corrosion process

Improvement of cleaning method has cut the corrosion of glass jacket cylinders by over 30%.

Concentration range

We handle different types of core rods or preforms based on the activity difference of acid in high concentration and low concentration ranges, and enhance the activity of low concentration acid by increasing its temperature so as to fully utilize its residual energy.

Extension of acid change period

We add a small amount of new acid having reached its change period to increase its activity and hence extending acid changing period and reducing acid discharge.

Sorting and centralized handling

The corrosion and cleaning of multi-mode core rods is done with previous small cleaning equipment replacing large equipment for centralized handling.

Optimization of equipment and process

We have optimized showering structure to reduce the times of single water circulation as well as water consumption for each time.

4. GREEN OPERATION FOR GREEN DEVELOPMENT

Packaging Materials

To reduce resource usage and optimize cost structure, during the Reporting Period, YOFC held various activities regarding reducing, recycling and reusing packaging materials to continue promoting the optimization of packaging and packaging materials.

During the Reporting Period, the usage of packaging materials is as follows:

Type of packaging materials	2017	2018	2019
Paper (tonnes)	751.4	780.9	783.8
Plastic (tonnes)	574.0	701.5	741.0
Metal (tonnes)	13.6	13.7	12.3
Wood (tonnes)	12,531.6	13,329.7	14,172.0
Total (tonnes)	13,870.6	14,825.8	15,709.1
Intensity (tonnes/ten thousand revenue)	0.0134	0.0131	0.0202

Reusing and recycling packaging materials

During the Reporting Period, YOFC Qianjiang continued to promote and implement the project of reusing packaging materials and to recycle and reuse resources such as optical fibre coils, paper optical fibre boxes and wood OVD preform boxes, In addition, while supplying optical fibres, we cancelled the supply of optical fibre coverings for customers with no specific requirements.

39%

Recycle rate of
paper optical
fibre boxes

43%

Recycle rate of
wood OVD
preform boxes

39%

Recycle rate of
optical fibre
coils

4. GREEN OPERATION FOR GREEN DEVELOPMENT

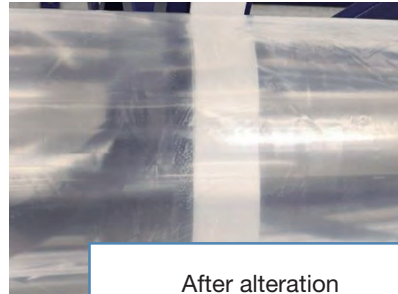
Preform packaging bag alteration project

During production and operation, the entire preform needs to be covered with 0.15mm (thickness) dust-proof packaging bags to prevent contamination. As we need to handle a large number of preforms every year and the consumption of dust-proof bags is huge, we made the following improvements during the Reporting Period:

- 1) We reduced the thickness of dust-proof bags from 0.15mm to 0.08mm while other dimensions are held constant and completed the test, process alteration and promotion of 0.08mm (wall thickness) packaging bags. The following images are illustrations of dust-proof bags covering preforms before and after alteration:

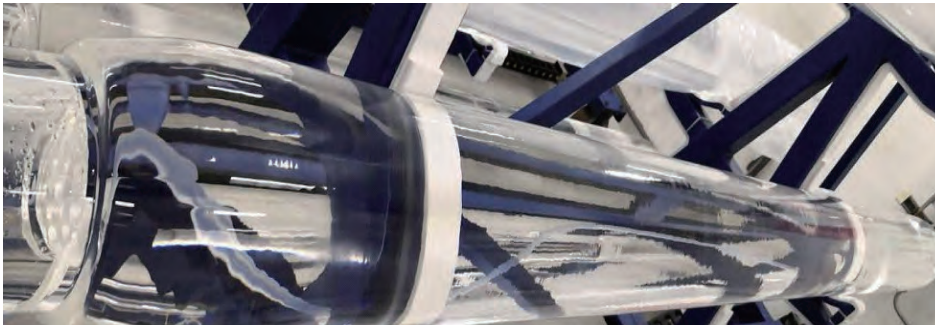


Before alteration



After alteration

- 2) We have completed the test and promotion of the Company's direct drawing of solid cables with no covering:



During the Reporting Period, we used 17,700 meters of 0.08mm (wall thickness) packaging bags in aggregate and direct drawing of solid cables without covering with a length of approximately 2,140 meters.

4. GREEN OPERATION FOR GREEN DEVELOPMENT

4.3 EMISSION MANAGEMENT

YOFC strictly complies with laws, local regulations and rules such as *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, *Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution* and *Law of the People's Republic of China on Prevention and Control of Water Pollution* and carries out management ISO14001 environment management system.

Waste Management

As an enterprise for manufacturing optical fibres and cables, YOFC's main wastes generated include general industrial solid waste, domestic garbage, sludge and hazardous waste, among which non-hazardous wastes will be transferred to the material recovery unit for treatment or recycling and reuse while all the hazardous wastes will be delivered to qualified third party companies for disposal.

To further control hazardous wastes generated, the Company further specified duty allocation and corresponding performance. The disposal of hazardous wastes will be handled by various production departments and incorporated into the review and calculation of production costs. Various production departments have been strengthening the management and control over chemical use and hazardous wastes.

Type of general waste	2017	2018	2019
Industrial solid waste (tonnes)	261.7	1,147.7	1,220.7
Domestic garbage (tonnes)	131.4	178.0	196.3
Sludge (tonnes)	450.3	582.0	524.7
Total non-hazardous waste disposal	843.4	1,907.7	1,941.7
Non-hazardous waste disposal intensity (tonnes/million revenue)	0.08	0.17	0.25

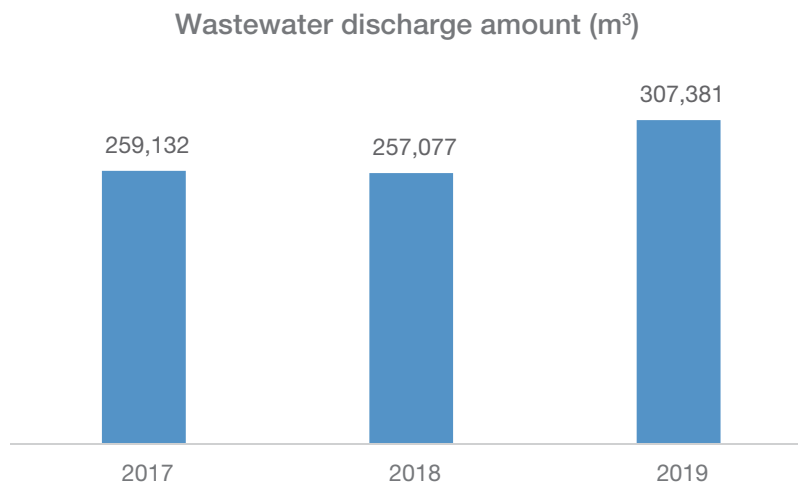
Type of hazardous waste	2019
Waste organic solvents (tonnes)	47.1
Waste acid (tonnes)	344.1
Waste activated carbon (tonnes)	5.7
Waste packaging materials contaminated by chemicals (tonnes)	29.0
Other hazardous wastes e.g. waste ink (tonnes)	16.4
Total hazardous waste disposal (tonnes)	442.3
Hazardous waste disposal intensity (tonnes/million revenue)	0.06

4. GREEN OPERATION FOR GREEN DEVELOPMENT

Wastewater Discharge

The Company has adopted targeted measures for handling domestic wastewater and production wastewater. For domestic wastewater, the Company uses underground domestic sewage treatment devices and for production wastewater, the Company has established sewage treatment stations to ensure that wastewater treatment meets the standards before being discharged to the municipal sewage pipe network. Our drainage system is designed according to the principle of diverting wastewater from clean water and rain and sewage diversion and an online monitoring system connected to the local environmental protection bureaus is installed at the main outlets to conduct real-time monitoring of pollutant concentration with an aim to ensure stable qualified wastewater discharge.

The wastewater discharge of YOFC in recent years is as follows:



Sewage station upgrading and water reclaiming project

To enhance the effect of sewage treatment, during the Reporting Period, the Company launched transformation project for sewage treatment system. By transforming and upgrading wastewater treatment processes and using membrane aerated bioreactor and activated sludge to jointly treat wastewater, impurities and contaminants in the wastewater are better removed, Treated wastewater with good water quality can be reused without secondary treatment.

In addition, during the Reporting Period, the Company carried out water reclaiming projects to use wastewater at the main outlets as recycled water in cooling towers to supplement water pool resources, with electrical conductivity and total hardness far lower than recycled water in cooling towers pools, which can properly reduce the use of running water and save 21,900 cubic meters of water every year as well as reducing wastewater discharge.

4. GREEN OPERATION FOR GREEN DEVELOPMENT

Noise Management

As a manufacturing plant, we actively carry out corresponding measures to further reduce the noise at the boundary of the plant to reduce the impact of the noise generated by the gradual addition of production projects on the surrounding residents. During the Reporting Period, we continuously identify and improve the most prominent noise sources, focus on the centralized noise treatment for the areas near the Company being affected at a larger extent and implement noise reduction retrofit projects.



Gas station relocation project

- During the Reporting Period, the Company implemented the gas station relocation project of Praxair (Wuhan) Practical Gas Co., Ltd. ("Praxair") with an investment amount of approximately RMB16.8 million. The ancillary gas supply devices of Praxair are adjacent to residential areas to the north. Therefore, taking full consideration of the impact on surrounding residents, we made overall plans to demolish and relocate the existing glass raw material warehouses and then relocate such gas stations to that area, which has substantially reduced the impact of gas supply devices on surrounding residential areas.

5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

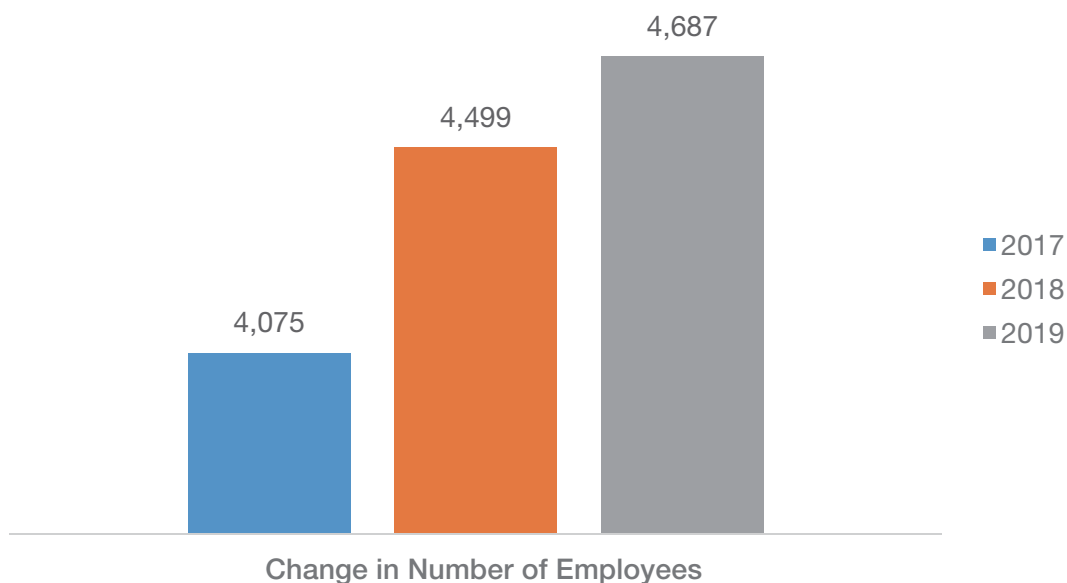
Talent is the core competitiveness in the modern society and employees are one of the most valuable assets of the Company. YOFC actively implemented the principle of “Justice and equity, Promotion of the worthy” to attract passionate and professional talents. It continuously optimized the human resources management system, thereby realizing sustainable development of the Company and steady personal growth of the staff at the same time. We attached great importance to both physical and mental health and the development of our staff. Much attention has been paid to foster a safe working environment and create a healthy and harmonious working sentiment for the staff. Meanwhile, we constantly improved our globalized human resources policy to ensure standardized management of talents.

5.1 EMPLOYEE OVERVIEW

In strict compliance with the laws and regulations of the countries and places where it operate in such as *the Labour Law of the People’s Republic of China* and *the Labour Contract Law*, YOFC has formulated various management systems such as *Recruitment Management Requirements*, *Staff Performance Management Procedures* and *Resignation Management Procedures and Documents*, which offered equal opportunities of competition and stipulated reasonable working hours, thereby practically protecting the interests of each of our employees. We strongly opposed discrimination in any forms and offered equal and diversified development opportunities to our employees. Meanwhile, we constantly improved the employee salary and benefit system and provided our staff with more competitive salaries and benefits as compare to that of the market standards, so as to satisfy the Group’s demand for quality talents. The Group strictly prohibited the employment of child labour or forced labour. Once an incident of non-compliance is identified, the relevant personnel will be suspended from work immediately. During the Reporting Period, there were no cases of child labor or forced labor within the Group.

During the Reporting Period, we introduced two new performance management systems, namely the *Management Measures for Cadres during the Inspection Period* and the *Related Parties Satisfactory Survey*, and one new system, namely the *Competing Business Restrictions Agreement*. We also revised 16 human resources systems, such as *Collective Contracts*, *Staff Manual*, *Management System for Subsidiaries of Long-term Expat Staff*, with updates on management terms including, among others, work pays, working conditions, working hours, rest periods and holidays, labour safety and health, social security and benefits, based on the actual condition of the Company, in an effort to provide further protection for employees’ rights and interests. At the same time, we convened the third human resources meeting of the Group to optimize the Group’s human resources system and further finalize the implementation plans of various systems.

YOFC attracted talents on a continuous basis, which facilitated the booming development of the Group. As of 31 December 2019, the Group had a total of 4,687 employees, representing an increase of 4.18% over 2018.



5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

The 3rd Human Resources Meeting of YOFC Group in 2019



In 2019, YOFC convened the 3rd human resources meeting of YOFC Group at its headquarters in Wuhan, during which the human resources center of the Group gave briefings on the human resources budget of the Group, the management of compliance of human resources-related matters and responses to enquiries in relation thereto, the flexible management of labours and responses to enquiries in relation thereto, and the work progress of and planning for Human Resource Information System (HRIS) in 2019. Through this meeting, we have established project teams for aspects such as recruitment, training, remuneration, policy compliance, government subsidy and launch of procedures, and implement the results of our discussion on a continuous basis.

Staff Recruitment

In order to expand the coverage of recruitment information, improve the efficiency and effectiveness of recruitment and to more accurately employ talents that are suitable for the development of the Company, during the Reporting Period, YOFC newly launched the corporate WeChat recruitment channel in addition to continuous optimization of its existing recruitment channels. Furthermore, we have adopted various protective measures for staff recruitment targeting different recruitment channels:

“Join YOFC” in WeChat public account and recruitment via official website

- Designated personnel will update the information on relevant positions every Monday

Newly introduced the recruitment channel of corporate WeChat account and internal recruitment

- Improve the dissemination of information on internal recruitment and enhance staff awareness by launching several rounds of internal recruitment promotion with the use of H5 (HTML (HyperText Markup Language) 5)

5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

During the Reporting Period, in order to better satisfy the new demands for business development and nurture all-rounded sales talents, we implemented the customized “sales management trainee” program targeting staff with science and engineering background, which has strengthened the talent reserve of our sales business with technical background. During the recruitment in school campus, we visited 6 higher education institutions nationwide and delivered speech to 700 students in total. With an aim to help the fresh graduate to gain in-depth understanding of YOFC, we organized the activity named “YOFC 2020 Campus Recruitment Final Interview and School Open Day”, which is the first public activity organized by YOFC for the recruitment in school campus, the purpose of which was to help the students to join, understand and experience YOFC’s culture of “open, inclusive, innovative, mutually beneficial”.

School Open Day organized by YOFC

During the campus recruitment briefing session in 2019, the management and product line managers of YOFC provided brief introduction of the Company and described the powerful strengths of YOFC in terms of establishment background, industry position, business development and R&D capability, so that the students can gain basic understanding of YOFC and get to know how much the Company values its talents.

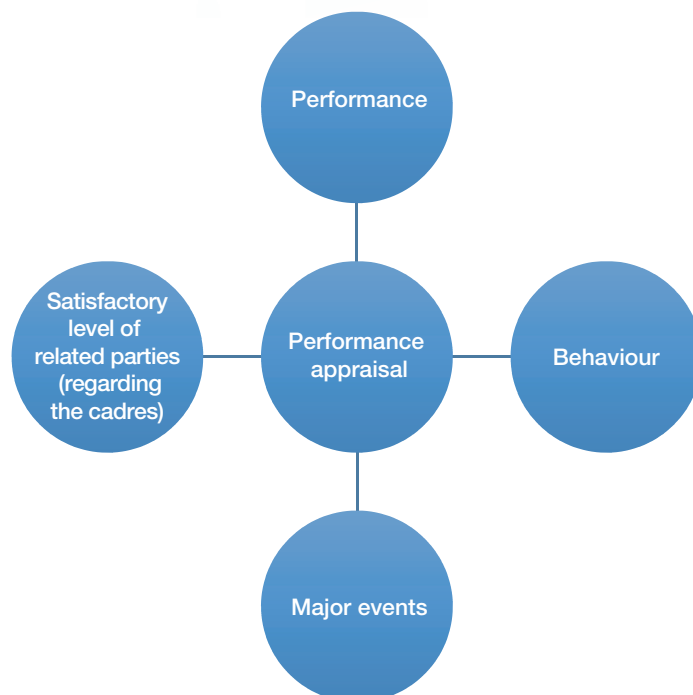
After the briefing session, upon screening, mutual agreement and examination, YOFC invited over 20 outstanding students from higher education institutions to participate in the activity named “YOFC 2020 Campus Recruitment Final Interview and School Open Day” and attend the final interview.



Performance Management and Incentives

During the Reporting Period, YOFC introduced two new performance appraisal systems, namely the *Management Measures for Cadres during the Inspection Period* and the *Related Parties Satisfactory Survey* to continuous improve and optimize the work in relation to performance appraisal of staff. After the optimization, the scope of appraisal include: performance, behavior, major events and satisfactory level of related parties (regarding the cadres), which further enhanced the efficiency of our performance management and the work motivation of our staff.

5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE



Scope of Performance Appraisal

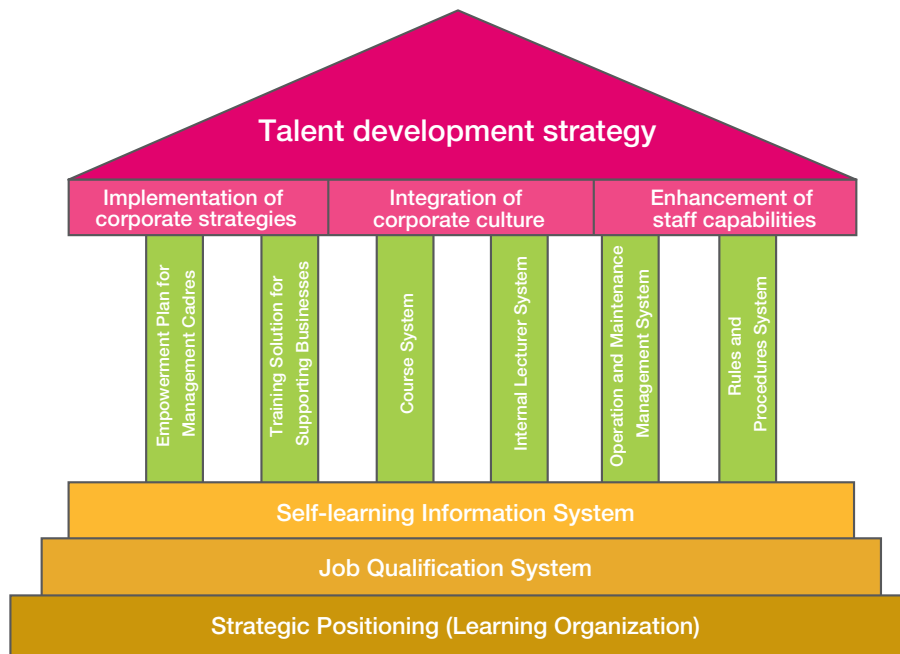
During the Reporting Period, YOFC introduced the slogan of “Motivate and Retain Employees” and proposed and implemented various staff incentive policies. Based on the actual condition of the Company, we studied the best solutions and measures to stimulate the motivation of our employees, which will in turn facilitate the mutual growth of the staff and the Company.

Raise the subsidy standards for overseas staff	Introduce work subsidy for frontline staff working on shift	Sales incentive plan	Employee Stock Ownership Scheme
<ul style="list-style-type: none"> In order to increase the work motivation of overseas staff and encourage staff to join frontline overseas, YOFC has optimized the subsidy management system for overseas expat staff for a long period to raise the subsidy standards for staff working overseas. 	<ul style="list-style-type: none"> In order to fully motivate operators working on shift on production frontlines, and to maintain motivation and stability of the workforce, YOFC has introduced work subsidy for frontline staff working on shift. 	<ul style="list-style-type: none"> In order to mobilize the enthusiasm and motivation of sales personnel, and fully demonstrate the principle of “higher compensation for hard-working staff” and link rewards to staff’s contributions, YOFC has formulated and implemented sales incentive plans on various sales platforms simultaneously, such as “Red Sea Action”, “Hurricane Action” and incentive plans for overseas project teams. 	<ul style="list-style-type: none"> In order to increase the cohesiveness of staff and the competitiveness of the Company, as well as retain core staff members to promote the long-term stable development of the Company and enhancement of shareholders’ values, YOFC has formulated and implemented Phase 1 of the employee stock ownership scheme in 2019, under which 100 staff hold shares of the Company and purchased 2 million H Shares of the Company, accounting for 0.26% of the total share capital of the Company.

5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

5.2 TRAINING AND DEVELOPMENT

On the basis of the Self-learning Information System, Job Qualification System and Strategic Positioning (Learning Organization), YOFC consistently utilized Empowerment Plan for Management Cadres, Training Solution for Supporting Businesses, Course System, Internal Lecturer System, Operation and Maintenance Management System and Rules and Procedures System as pillars to support the implementation of corporate strategies, integration of corporate culture and enhancement of staff capabilities, which has facilitated the implementation of its talent development strategy and hence promoted the booming development of the Company's business. During the Reporting Period, we have implemented five management training systems, namely the *Job Qualification Management Requirements*, *Training Management System*, *Internal Lecturer Management System*, *Internal Course Development Management System* and *Operator Qualification Assessment Management System*, which were used to coordinate the operation of YOFC's training systems, as well as support and ensure the efficient implementation of training projects.



5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

Training Projects

Project Spark

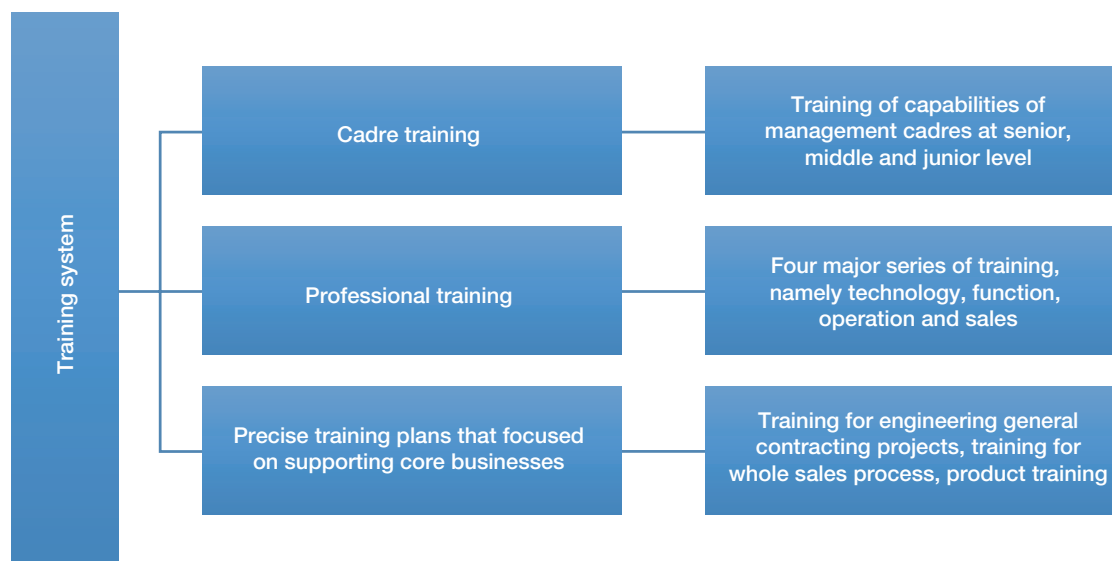
Following the development of projects such as internal courses and cultivation of internal lecturers, the “Project Spark” of YOFC is a new attempt of YOFC regarding extraction and development of its own experience, that is, to develop courses and nurture internal lecturers and establish “Intelligent Database” through its internal experience.

Project Spark is divided into three stages: recruitment of project team member and team-building, preparation of experience extraction course, arrangement of experience extraction course. During the course of the project, the members of the operation team of “Project Spark” will, during the independent internal course extraction process, join hands with the members of the preparation team to provide guidance for the lecturer responsible for course development to conduct the course extraction, so as to enhance the efficiency of course development and promote the growth of the internal lecturers.

For phase 1 of Project Spark which has been completed in 2019, 19 lecturers with 19 courses have successfully passed our assessment and joined the lecturer team, which not only expanded our lecturer team, but also enriched the internal knowledge transmission structure of the Company.



We continuously adjust the training goals and focused on new business, overseas projects and R&D sector, aiming to develop precise training plans that focused on supporting core businesses. During the Reporting Period, according to the business and strategic development of the Company, we further refined our internal course development, and developed a total of 207 courses covering aspects such as new business, overseas projects, sales, R&D and operation, and were mainly conducted in four forms, namely internal face-to-face courses, micro classes, video courses and case studies. Built based on course lecturer, training management and information system platform (E-learning platform), our training system can be divided into three levels, namely cadre training, professional training and support for core businesses, with trainings covering targeted and diversified courses at each level.



5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

As of 31 December 2019, our training management and information system platform (E-learning platform) has a total of 3,439 active users. During the Reporting Period, we achieved a total of 153,750 training hours, and the average training hours of employees was 33 hours.

Indicator	2017	2018	2019
Total training hours	101,875	187,010	153,750
Average training hours of employees	25	42	33

In addition, YOFC attached equal importance to the training of outsourcing staff. In 2019, in order to help new outsourcing staff to better adapt to YOFC, in August 2019, we launched Phase 1 of the new staff training for outsourcing staff. The training course covered relevant courses such as introduction of the Company and its corporate culture, human resources system, basic knowledge about management system, safety and environmental issues of the Company. The coverage ratio of new outsourcing staff of the current period was 100%. After this systematic training, the ability of the outsourcing staff has increased significantly in terms of daily operation of workshop, execution of systems, quality control, execution ability of staff and teamwork.

5.3 HEALTH AND SAFETY

YOFC strictly complies with *the Production Safety Law of the People's Republic of China*, *the Special Equipment Safety Law of the People's Republic of China*, *the Fire Protection Law of the People's Republic of China* and other laws and regulations relating to employee health and safety. During the Reporting Period, we newly introduced two assessment indicators to the Group, namely "Lost days due to work-related injury (every 1 million working hours)" and "Incidents below grade 5 (every 1 million working hours)" and stipulated detailed clauses thereof. We also newly introduced the requirements in relation to letter of responsibility for production safety to the "Safe Production Responsibility System", so as to include the goals of work in relation to occupational health into the Company's management of annual safe production goals, and set targets of the safety indicators for the subsidiaries. Plans have also been made for onsite supervision and inspection on a regular basis and the safety performance of subsidiaries will be assessed every quarter.

Safety Issue	Target	Actual completion in 2019
Work-related fatalities	0	0
Major fire accidents	0	0
Explosion accidents	0	0
Major acute industrial mass poisoning	0	0
Environmental pollution and leakage of dangerous chemicals required to be reported to government	0	0
Over-limit emission rate of waste water, exhaust gas and waste residue	0/0/0	0/0/0
Staff occupational disease incidents	0	0
Lost days due to work-related injury (every 1 million working hours)	≤32.6 days (calculated based on the following data: 180 lost days, a total of 5,512,848 working hours during the year)	0
Incidents below grade 5 (every 1 million working hours)	≤1.77 times (Grading as stipulated in the investigation report and handling procedures of the incident)	0.36
Material non-compliance within the EHS system found during internal or external audit	0	0

5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

Occupational Health and Safety

YOFC considers employees as family members and always regards occupational health and safety of the employees as one of the key tasks of its human resources management. We strictly abide by the relevant laws and regulations of the regions in which we operate, such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Measures for the Administration of Occupational Health Examination* and the *Regulation on Work-Related Injury Insurances*. During the Reporting Period, by strenuously carrying out safety inspection works, we have timely eliminated safety issues and included the issues into the consolidated potential hazard list. Investigations on potential safety hazards that may result in accidents have been conducted in a timely manner and rectification measures have been implemented. For job positions that may be exposed to occupational diseases, we have upgraded the tasks through intelligent production technology, which has improved the working environment of the employees and reduced the risks of safety incidents on a continuous basis. Meanwhile, we required new staff to pass the assessment of occupational health before they started to work. Every job position will be equipped with corresponding labour supplies, and occupational health check will be carried out for each of our staff on a regular basis.

Replacement of manual labour with automatic machinery procedures to reduce exposure to occupational disease

In the packaging process of optical fibres, manual labour is required to perform purging over the incoming optical fibre coils with high-pressure air gun. Although the noise limit of the job position has not been exceeded as calculated based on the equivalent exposure limit, the Company has prioritized this process in its plan during the implementation of intelligent manufacturing.



Currently, the automatic packaging process has been put into operation. As such, the number of staff working at this position has decreased by half, which has not only reduced the staff's exposure to occupation health risks, but also enhanced the production efficiency (the area within the yellow fences are fully-automated packaging area).

Investigation on and rectification of potential safety hazards to enhance and improve the safety of the working environment

In October 2019, YOFC Qianjiang arranged the safety officer of each department to identify the sources of risks during the operation of the Company's various departmental procedures. For activities with "significant" risks, the Company has rationalized the existing management and control measures and proposed solutions to be adopted. YOFC Qianjiang conducted investigation on and treatment for potential hazards from the perspective of "Error-Safety" and improved the on-site environment of production through technological improvement measures.

5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

During the Reporting Period, we formulated standards for investigation of potential hazards and promoted the same to all of our subsidiaries in an effort to promote centralized management of safety and environmental work.

Promotion of centralized management of safety and environmental management work

In 2019, YOFC formulated the standards for investigation of potential hazards and promoted the same to all of its subsidiaries. In response to the feedback of PT. Yangtze Optical Fibre Indonesia, the Company has arranged professional fire safety engineer to provide on-site guidance and repair the faulty fire safety system. It has also formulated maintenance plan for the fire safety system and requirements on management, checking and control fire equipment, as well as provided on-site training for staff of this subsidiary.



On-site training



On-site training



Checking and control of fire equipment

5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

Safety Emergency

Pursuant to the *Production Safety Law of the People's Republic of China*, the *Contingency Plans for Safe Production Incidents or Crisis of the PRC*, the *Fire Control Law of the People's Republic of China* and other relevant laws and regulations, YOFC has formulated the internal system of "*Fire Emergency Handling Procedures*". During the Reporting Period, we have conducted a total of 32 emergency drills, including leakage of chemicals, fire escape drill, emergency rescue, etc.. Through these emergency drills, we have enhanced the self-protection ability of the staff under emergencies, improved the on-site guidance and adaptation ability as well as safety awareness of the staff and junior managers under emergencies, at the same time further verified the effectiveness of the relevant systems.

Carrying out a number of emergency drills

In 2019, YOFC Qianjiang formulated 11 procedural documents regarding dangerous chemicals and gas leakage, including the "*Chlorine Leakage Emergency Plan*", "*Dangerous Chemicals Management Procedures*", "*H2 Alarm Emergency Handling Procedures*", "*Propane Gas Supply System Emergency Handling Procedures*" and "*Harmful Gas Alarm System Emergency Handling Procedures*", which has improved the handling procedures for safety emergencies regarding gas leakage. Moreover, in the first quarter of 2019, we have formulated annual emergency drilling plan, pursuant to which drills were conducted as planned regularly to prevent the occurrence of safety incidents and enhance the safety awareness of the employees.



Drilling on knocked over coating flasks



Drilling on gas leakage



Drilling on chemical leakage



Conclusion for fire safety drilling

5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

During the Reporting Period, the Group has a total of 5 incidents of work-related injuries, which resulted in a loss of 168 working days accordingly. There was no fatality due to work-related injuries. Upon occurrence of each incident of work-related injuries, we adopted rescue and emergency measures immediately, and timely assisted the employee to complete the application for work-related injuries. Investigation report has been prepared in accordance with a series of handling procedures for incidents of work-related injuries, with rectification plan and follow-up actions proposed and implemented.

Handling of incident of work-related injury due to optical fibre preform transportation vehicle being knocked over

In 2019, the staff of YOFC Qianjiang inadvertently crushed his fingers when operating a optical fibre preform transportation vehicle. For this emergency involving work-related injury, YOFC Qianjiang has promptly adopted the following measures:

- First-aid treatment for the employee: Upon the occurrence of the incident of work-related injury, the company promptly arranged vehicle to transfer the employee to Wuhan Fourth Hospital for treatment. Pursuant to the requirements of the company, the medical reserve funds for emergency treatment of work-related injuries of the company have been utilized during the treatment.
- Reporting of the work-related injury: In accordance with the Regulation on Work-Related Injury Insurances and the Reporting Procedures of Work-Related Injury Insurance, the company has completed the reporting of the work-related injury within the stipulated timeframe, and assisted the employee to complete procedures such as identification of work-related injuries and assessment of labour capacity, and paid close attention to the release of benefits of the staff's work-related injury insurance.
- Reporting, investigation and handling of the accident: In accordance with the procedures for Reporting, investigation and handling of accidents, upon notification of the accident, the safety and environmental team has established an accident investigation team to investigate the course of the accident, fatalities and injuries of staff, direct economic loss and reasons for the accident. They have also identified the responsibility, made recommendation for handling, proposed rectification measures and completed the accident investigation report.
- Preventive and improvement measures: 1) upgraded and replaced the vehicles being knocked over in the accident; 2) downloaded the surveillance videos of the scene of accident, and arranged training on operation procedures of transportation vehicles for warehouse staff.



Stop using vehicles involved in the accident



Replacement with low-built vehicles

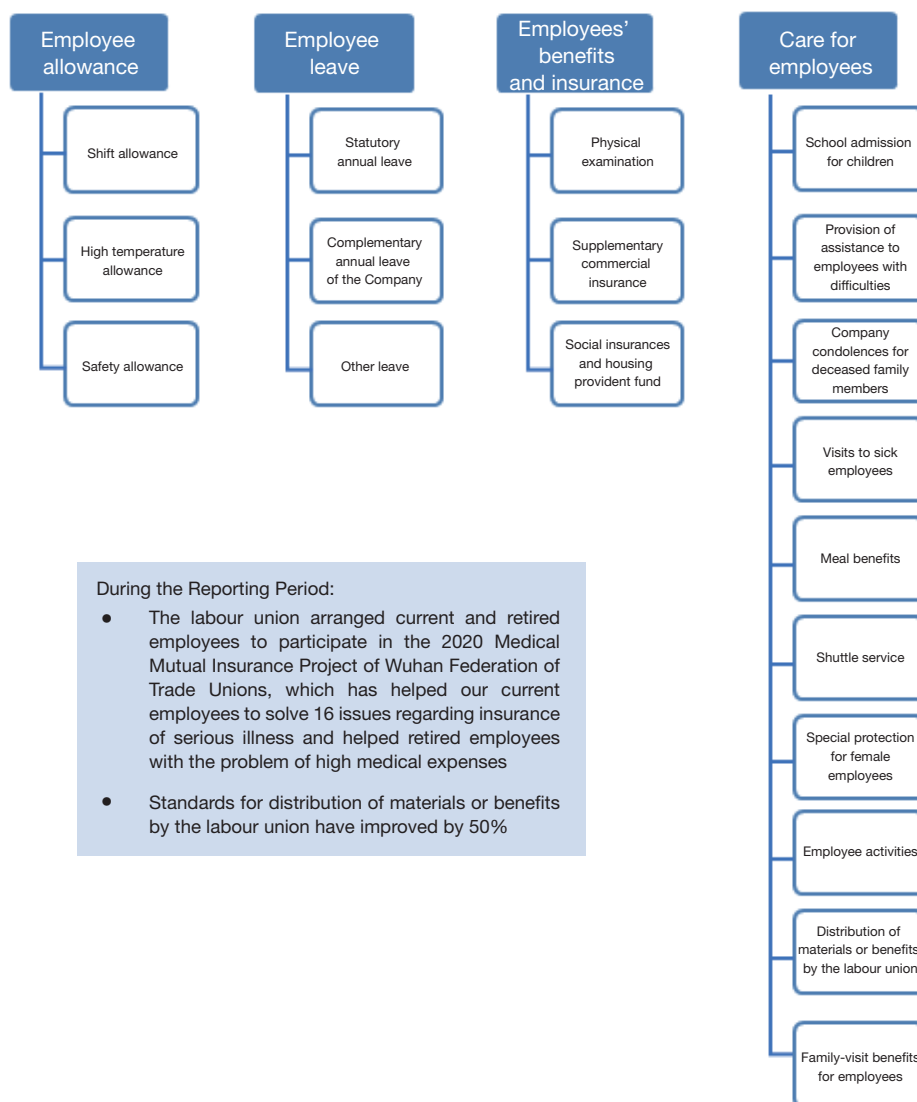
5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

5.4 COMMUNICATION AND CARE

YOFC encourages the staff to communicate with the management, and treasures every opportunity of communication with its staff. The Company constantly optimized the organization and development of labour union with a view to facilitating communication between the Company and its employees. It also showed its care for staff in both work and daily lives by helping the staff to solve any difficulties they have encountered. In addition, we strived to foster a harmonious and friendly environment by formulating and constantly improving a series of benefit policies and systems. We have set up diversified channels for internal communication and feedback. Through internal and external advocacy, we actively carried out various staff activities and party-building works, which have enhanced both the cohesiveness and competitiveness of the staff.

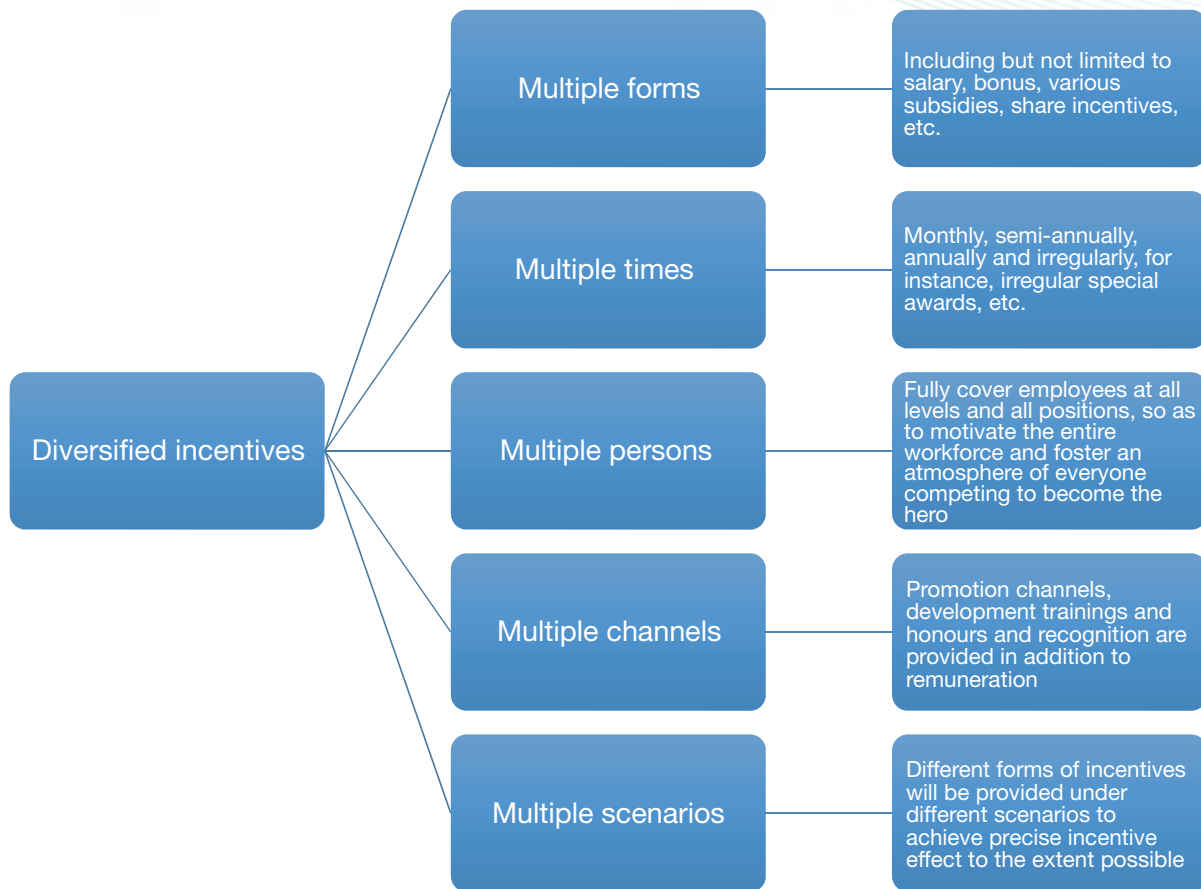
Staff Benefits

The main benefits of YOFC's staff include employee allowance, employee leave, benefits and insurances as well as diversified caring activities. Moreover, in order to achieve the overall strategic goal of the Company, we have designed diversified forms of incentives based on the strategic plan and business scenarios of the Company, aiming to enhance the intrinsic motivation of the staff and hence facilitate the realization of business objectives, details of which were as follow:



Staff Benefits

5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE



Diversified Incentive Measures

Services for staff

In January 2019, the labour union of the Company held election for renewal and thereby, 9 members of the 4th session of the labour union committee of YOFC, 3 members of audit committee on union expenses of the Company and 3 members of women employees committee of the Company were elected. To better serve and act on behalf of all the employees, the labour union of YOFC has formulated constitutional documents such as the “Trade Union Memorandum of Association and Working Rules of YOFC”, “Notice on Service Projects of Trade Union of YOFC” to be circulated to staff generally, and newly launched the “Application Form for Admission to the Trade Union of YOFC” during the reporting period pursuant to “Trade Union Law of the People’s Republic of China”, “Labour Law of the People’s Republic of China” and “Company Law of the People’s Republic of China” to further consolidate the communication and exchange between the management and employees of the Company. By caring for staff all time in the working and ordinary life, we aim to develop a big family which is inclusive and in harmony.

5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

Democratic communication meetings of 2019

During the reporting period, YOFC organized two large democratic communication meetings. The management of the Company listened to the questions and queries of the frontline staff carefully and responded to their questions actively. Meanwhile, they gave a summary of the Company's current operations and challenges it was facing and shared the industrial developments with fellow staff. The management indicated the areas pending further strengthening and improvement among the coming efforts. Through the democratic communication meetings, employees have gained more knowledge on the business strategies and operational and management philosophy, which facilitated a closer bond between the management and staff and manifested a clear direction of how the Company can better serve its employees and increase staff satisfaction.



Care and comfort for needy staff in hardship



On the eve of the National Day in 2019, the Party Committee members, trade union and the management of YOFC gave care and comfort to the needy Party members, modelling staff and staff suffering from serious diseases. They applied for medical subsidies on behalf of those qualified employees suffering from serious diseases, showing care and warm comfort from the working team. During 2019, the sum we contributed in favor of the needy employees in hardship amounted to RMB8,000.

5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

Staff activities

In order to enrich the leisure and cultural life of employees, enhance the cohesion and build up a tradition of organizing activities for all staff, we organized a number of vibrant and diverse cultural and sport events during the reporting period. By these, we aimed to strengthen the corporate culture and create a healthy and vivid working atmosphere of positively forging ahead for the better results.



Friendly basketball match of YOFC and the Procuratorate in Hong Shan District



Activities for the tutors of the internal training programs of YOFC on Teachers' Day



The 10th Sports Day and the 5th Fun Sports Day



The 4th Badminton Competition



Walking contest themed "Celebrate the 70th Anniversary of the Founding of the PRC, YOFC moves on with the Motherland"



The 5th Table-tennis Competition

5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

Thematic activities for women employees

On the International Women's Day on 8 March, 2019, the trade union and human resources center of the Company organized the garden floral tour and thematic seminar activities respectively for the Company's women employees to enhance their awareness on personal health. We specially invited professors and experts from the ancillary Tongji Hospital under Tongji Medical College of HUST and Optics Valley Hospital to give lectures on the knowledge relating to women's health care and maternity and infant health care for the Company's women employees. On the International Women's Day, our women staff toured Wuhan Botanical Garden in Chinese Academy of Sciences as advocates of the general concept of maintaining a positive and healthy living and working life.



Our caring in epidemic fight

In 2020, the novel coronavirus (COVID-19) epidemic was severe and sophisticated. YOFC timely responded and promptly set up the fighting COVID-19 emergency leaders' group and related working group and formulated various management systems to fight against the COVID-19 outburst such as *the Emergency Response Plan of Fighting COVID-19 of YOFC*, *the Management Rules on Reporting Health Conditions during Epidemic Period of YOFC*, *Particulars on Staff Counselling and Training for Epidemic Prevention* so as to effectively increase the awareness of safety, prevention and control ability and response level of the general staff. We aimed to minimize the impacts of COVID-19 on staff and corporate safety and stability.

Our fighting COVID-19 emergency working group traces the update policies on the epidemic and its external development everyday. It requests all employees of the Company to report their personal health conditions on a daily basis. It tracks the conditions of staff with anomalies everyday, and compiles a statistics by classifying those staff as to whether they were confirmed infection, probable infection or once in close contact with any confirmed case. It has formulated the prevention and control plan for resumption of work and the plan for gradual resumption of production. It has also actively made various preliminary preparations for resumption of work and production such as proper management on the storage and dispatch of epidemic prevention materials, sanitizing the on-duty spots in plant area and public areas and fixing the schedule of returning of staff to Wuhan.

5. CONNECT WITH EMPLOYEES FOR A BRIGHTER FUTURE

We designed special staff care policies for a special time. We allocated allowances to staff who were unable to return to their home county for family reunion respectively during the lockdown of Wuhan over the Spring Festival period. In addition, the Company also formed a volunteer service team of 60 people to deliver utilities for epidemic prevention use and daily necessities to Huoshenshan Hospital and Leishenshan Hospital on behalf of the internal staff of the Company during the period of external service provision to these hospitals in support of their construction.

During the epidemic fighting, YOFC's human resources center held online training courses, online contests on epidemic prevention and control knowledge, training programs for resumption of work and online examinations to allow staff to keep abreast of the prevention and control knowledge as well as enrich their all-time home-staying life.

Epidemic prevention and control in our unity

To continuously strengthen YOFC staff's awareness on the emergency response and prevention and control towards COVID-19 outburst, enhance the training on and learning the knowledge relating to resumption of work, we formulated *the Training Solution Plan on Resumption of Work and Online Learning Guide Map of YOFC* and three editions of *the Learning Manual Package for YOFC's Resumption of Work* have been circulated to staff. Further, we enhanced the staff's awareness on prevention and control by means of online learning, examinations and granting qualification certificates on training programs.

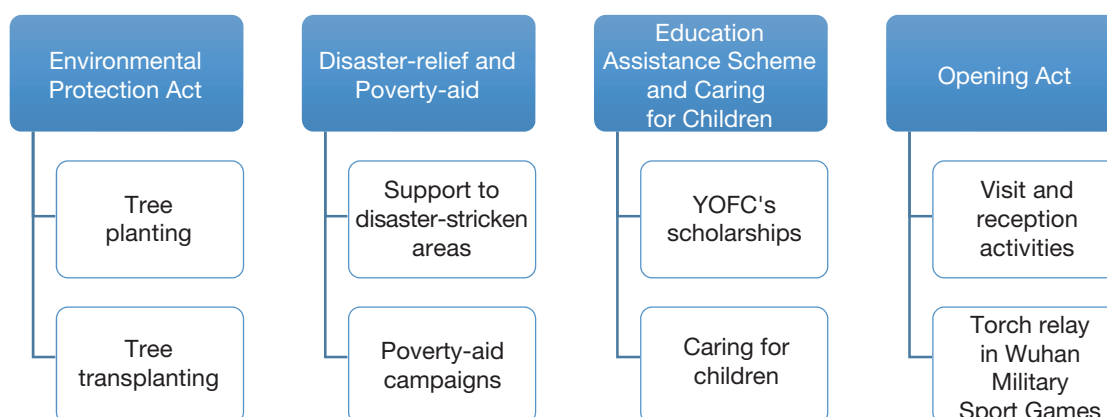


Meanwhile, we launched the “YOFC's competition on the knowledge of epidemic prevention and control” to continuously strengthen the awareness of the Company's staff on the emergency response and prevention and control towards COVID-19 epidemic, shape their confidence and encourage them to combat and overcome it with a positive mind, action and learning manner.

6. RETURN TO THE SOCIETY AS THE POWER OF LIGHT

YOFC adheres to the social responsibility concept of “Making joint efforts for win-win results”, establishing the foundation of our comprehensive corporate social responsibility model according to three layers, including “responsibility we must perform, responsibility we should perform, and responsibility we are willing to perform”. YOFC insists to promote long-term and continuous “participation of everyone”, actively performs our corporate social responsibility, leverages its own appeals by undertaking corporate social responsibilities to encourage its staff and all of our stakeholders, aiming to become an excellent corporate citizen.

During the reporting period, we proactively participated in various social charity activities, developed our soft power, insisted in education assistance and thus extending its caring spirit. With “responsibility” as our core belief, we have carried out social charity activities in four aspects, namely “Environmental Protection Act”, “Poverty-relief and Disaster-relief”, “Education Assistance Scheme and Caring for Children” and “Opening Act”, setting up the brand of “YOFC is Taking On Responsibility, Social Charity Act” to fulfill our corporate social responsibilities.



In the “2019 Annual Meeting of Information and Telecommunication Industry on Corporate Social Responsibilities” held in December 2019, upon initial, interim and final review by assessing experts, YOFC’s three cases in terms of social responsibility, namely, “Fulfilling zero emission of optical fibres manufacturing for recycling economy”, “YOFC’s developed innovative optical fibres breaking the overseas monopoly in technology” and “Performing corporate social responsibilities for long and aiding telecommunication students with love and care”, were granted the best performance awards.



6. RETURN TO THE SOCIETY AS THE POWER OF LIGHT

Environmental protection activities

Tree transplanting and social charity tree planting activities



Rational use of transportation



Tree transplanting

In February 2019, Wuhan YOFC Cable Co., Ltd. (“YOFC Cable”) relocated its production and office equipment. During the course of relocation, around 80 trees for greening purpose at the original plant site were transplanted to the new Industrial Park Phase II in a rational way. Currently, all transplanted trees survived after careful planting and caring.



Tree planting



Afforestation

In March 2019, YOFC organized a social charity tree planting activity in Wuhan Jiufeng Forest Zoo with members of Youth League and volunteer representatives. “Children of YOFC’s employees” also actively participated in the activity. Volunteers hanged a tag on every sapling which stated the name of YOFC and the date of tree planting in order to closely follow the growth of saplings continually in the future. Through the participation of this event, our employees profoundly understood the significance of environmental protection and committed to continue to make contribution to China’s development of green operation.

6. RETURN TO THE SOCIETY AS THE POWER OF LIGHT

Poverty Alleviation and Disaster Relief

During the Reporting Period, we have carried out various poverty alleviation works and made materials donation to the support team under the Jiangsu Provincial Party Committee stationed in Huaiyin District, Huai'an City, the People's Government of Akto County, Kizilsu Kyrgyz Prefecture, Xinjiang and the People's Government of Huanan County, Jiamusi City, Heilongjiang. The Group has made donation for poverty alleviation of RMB490,000 in total. In addition, we always pay attention to social news and development, and take the initiative in donating different kinds of material to regions suffered from sudden calamity, thereby making contribution to the society through caring and fulfilling corporate social responsibilities on a continuous basis.

At the beginning of the Lunar New Year in 2020, confronted with the sudden spread of epidemic in Wuhan, everyone in China joined hands to overcome difficulties and fight against the epidemic together. As an enterprise located in Wuhan, we undertook our social responsibilities without any hesitation. In active response to the call of the State, we have taken the lead in the deployment of prevention and control measures and supported the construction for disaster relief according to the requirements of provincial and city government. During which, we not only cared for our staff and customers, but also cared about the society. We have carried out a series of anti-epidemic measures by adhering to our corporate responsibilities.

- Provided communication material assistance of RMB1 million to Hubei branch of China Tower;
- Provided communication material assistance to Huoshenshan Hospital and Leishenshan Hospital for the construction of base station;
- Donated masks and other protective supplies to China Mobile Group Beijing Co., Ltd. and China Mobile Group Guangxi Co., Ltd.;
- Carried out a social charitable mask donation program and arranged its staff to donate masks to Huazhong University of Science and Technology, Wuhan Third Hospital (武漢市第三醫院) and Hospital of Wuhan University (武漢大學醫院).

We have received extensive praises from all sectors of the society due to the implementation of a series of anti-epidemic measures. We will continue to closely monitor the development of the epidemic in Wuhan and nationwide and provide optical telecommunication materials and emergency technical support, striving to fully cooperate with the government to provide emergency communication support.

6. RETURN TO THE SOCIETY AS THE POWER OF LIGHT

Supporting the construction of Huoshenshan Hospital

In response to the novel coronavirus outbreak in 2020, we promptly arranged our personnel to efficiently respond to the need of the construction of Huoshenshan Hospital's communication network under the lead of an emergency leading group for fighting against the novel coronavirus pneumonia epidemic to ensure the infrastructures in the hospital could be swiftly put into operation with the adoption of information and digital technology. Meanwhile, YOFC's employees fulfilled their duties and proactively applied to participate in the construction of communication network in Huoshenshan Hospital. We have completed cable distribution of approximately 18.6 kilometers and welding of formed cable of almost 1,000 fibres in total within three days through on-site construction and dispatch of over 16 hours per day, which ensured the completion and commencement of operation of Huoshenshan Hospital as scheduled.



Fight against the pandemic with relief donation of materials



Since the COVID-19 outbreak in 2020, Yangtze Optics Africa Cable Proprietary Limited has closely monitored the epidemic development in Mainland China. Being aware of the emergency needs of prevention materials such as masks in China, it has actively commenced its preparatory efforts in supply of relevant materials. By identifying the sources of supplies through various means by the local staff, 22 cartons of masks were finally collected from small-volume orders in two weeks' time.

On 14 February, all the masks were transported to The Durban Chinese Chamber of Commerce for the centralized donation. As the old saying goes, "We can share our warriors' gowns once you say you don't have enough. All because we are comrades.". Facing this battle without any gun smoke, every individual represents an indispensable fighting power wherever he is. That is why we came to stand in solidarity to combat the pandemic.

6. RETURN TO THE SOCIETY AS THE POWER OF LIGHT

Assisted the operators in repairing and restoring post-Lekima stricken telecommunication

In 2019, the Super Typhoon Lekima, being the strongest typhoon in the north-western Pacific Ocean, swept a number of cities and provinces such as Shanghai, Jiangsu, Anhui, Zhejiang, Shandong and Liaoning in China. According to the statistics of the Bureau of Telecommunication Administration under the Ministry of Industry and Information Technology of the People's Republic of China, a total of 4,835 base-stations were under decommission, 11,430 posts knocked down and 3,828 km of optical fibre cables damaged across three provinces, namely Zhejiang, Shandong and Liaoning. YOFC closely monitored the development of the typhoon disaster. Upon 40 hours of Lekima's landing, we received emergency order requests and promptly launched the relief mechanism of optical fibre cables supply. We accelerated the manufacturing of optical fibre cables for the purpose of relief by overtime work in the cable production bases with additional workshops to assist the operators in repairing and restoring the telecommunication in disaster-stricken areas as soon as possible.



Education Assistance Scheme and Caring for Children

YOFC adheres to making contributions in cultivating talents for the society and caring for the children's growth in the long term, which has gained wide recognition of various sectors of the community. Through the "YOFC Scholarship" project introduced since 2001, we have provided scholarships to excellent college and university students for 18 consecutive years. During the reporting period, the "YOFC Scholarship" project invested a total of RMB900,000.

In 2019, YOFC organized a series of children caring social charity events and donated numerous books, learning materials and recreational and sports equipment to Wuhan Children's Hospital (武汉市儿童医院), Wuhan Tibetan Middle School (武汉西藏中学), Jiangjun Xiwang Primary School (将军希望小学) and Huolianfan Luohu Xiwan Primary School (火连畷罗湖希望小学) in Hong'an County. On achieving its own corporate development for years, the Company also actively performs its corporate social responsibility, leverages its own appeals by undertaking corporate social responsibilities to encourage all of our stakeholders, aiming to become an excellent corporate citizen.

6. RETURN TO THE SOCIETY AS THE POWER OF LIGHT

2019 YOFC Scholarship Award Ceremony

The implementation of the “YOFC Scholarship” program not only encourages students to overcome difficulties and make progress in pursuing education, but also effectively facilitates the improvement of research application standard of colleges and universities as well as the cultivation of talents in the industry which accumulate a strong momentum for the development of China’s optical communication industry.



During 2019, YOFC has awarded scholarships to almost 200 excellent students from 9 colleges and universities, namely Huazhong University of Science and Technology, Wuhan University of Technology, Nanjing University of Posts and Telecommunications, Chongqing University of Posts and Telecommunications, Xi’an University of Posts & Telecommunications, Beijing University of Posts and Telecommunications, Jilin University, Peking University and Zhejiang University respectively.

Children caring social charity events

In 2019, YOFC organized a series of children caring social charity events and donated a large number of books, learning materials and recreational and sports equipment to Wuhan Children’s Hospital (武汉市兒童醫院), Wuhan Tibetan Middle School (武漢西藏中學), Jiangjun Xiwang Primary School (將軍希望小學) and Huolianfan Luohu Xiwan Primary School (火連畷羅湖希望小學) in Hong’an County and Wuhan Lijing Kindergarten (武漢麗晶幼兒園). Among which, the Group has donated RMB200,000 worth of books to children in Wuhan in the donation campaign organized by Wuhan Women’s Federation (武漢市婦女聯合會). During the campaign, some of the books were donated to the Department of Rehabilitation of Wuhan Children’s Hospital and children who were receiving rehabilitation treatment.



Wuhan Children Caring Donation Campaign



Materials donation to Wuhan Tibetan Middle School



Materials donation to Jiangjun Xiwang Primary School in Hong’an County



Books donation to Wuhan Lijing Kindergarten

6. RETURN TO THE SOCIETY AS THE POWER OF LIGHT

Opening Act

In 2019, YOFC organized a total of 63 visits and investigation campaigns with an aggregate of 2,883 participants received voluntarily, including government delegations, enterprises and institutions, teachers and students from community schools. In addition, we have participated in various social activities with a view to growing with society and actively fulfilling our obligations as a corporate citizen.

2019 YOFC “Open Day for Children of YOFC’s Employees”



In July 2019, YOFC’s labour union organized an event for staff, namely “Open Day for Children of YOFC’s Employees”. This event not only provided an opportunity for children of employees to understand the jobs of their parents, but also to experience YOFC’s outstanding corporate culture. On the day of event, we arranged a visit to YOFC’s plant site for “children of YOFC’s employees”, a food making workshop with parents and a game session, hence promoting happy growth for “children of YOFC’s employees”.

The Executive Director and President of YOFC participated in the torch relay event for Wuhan Military Sport Games

In October 2019, the torch relay event for the 7th Military Sport Games (or, “Wuhan Military Sport Games”) was held on Donghu Ludao, Wuhan. The torch relay at Wuhan section was completed in concerted efforts by 100 torch runners from the locality, military and overseas. Mr. Zhuang Dan, the Executive Director and President of YOFC, participated in the torch relay event as the 56th torch runner. As the world’s leading enterprise in the optical fibre and cable industry, YOFC always remains competitive with its own strengths and seeks cooperation opportunities for mutual benefits, which is aligned with the core vision of “Share Friendship and Build Peace Together” of Wuhan Military Sport Games.



INDICES FOR CONTENT OF ESG REPORTING GUIDE BY THE HONG KONG STOCK EXCHANGE

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Chapter
A. Environmental		
Aspect A1	Emissions	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	4. Green Operation for Green Development
KPI A1.1	The types of emissions and respective emissions data.	4.3 Emission Management
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1 Energy Conservation
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3 Emission Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3 Emission Management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	4.3 Emission Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	4.3 Emission Management
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Resources can be used in production, storage, transportation, buildings and electronic equipment.	4.1 Energy Conservation 4.2 Resources Optimization
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (KWh in '000) and intensity (e.g. per unit of production volume, per facility).	4.1 Energy Conservation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.2 Resources Optimization
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	4.1 Energy Conservation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	4.2 Resources Optimization
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	4.2 Resources Optimization

INDICES FOR CONTENT OF ESG REPORTING GUIDE BY THE HONG KONG STOCK EXCHANGE

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Chapter
Aspect A3	The Environment and Natural Resources	
General Disclosure	Policies on minimizing the issuer’s significant impact on the environment and natural resources.	4. Green Operation for Green Development
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4. Green Operation for Green Development
B. Society		
Aspect B1	Employment	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.1 Employee Overview
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1 Employee Overview
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	To be disclosed in the future
Aspect B2	Health and Safety	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to provision of a safe working environment and protecting employees from occupational hazards.	5.3 Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	5.3 Health and Safety
KPI B2.2	Lost days due to work injury.	5.3 Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5.3 Health and Safety
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities. Training represents occupational training including internal and external courses paid by employers.	5.2 Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	To be disclosed in the future
KPI B3.2	The average training hours completed per employee by gender and employee category.	5.2 Training and Development

INDICES FOR CONTENT OF ESG REPORTING GUIDE BY THE HONG KONG STOCK EXCHANGE

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Chapter
Aspect B4	Labour Standards	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of child labour and forced labour.	5.1 Employee Overview
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Employee Overview
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Employee Overview
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.3 Responsible Supply
KPI B5.1	Number of suppliers by geographical region.	3.3 Responsible Supply
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.3 Responsible Supply
Aspect B6	Product Responsibility	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters of products and services provided and remedy actions.	3.1 Quality Control
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not relevant
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	3.4 Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.2 Intelligent Innovation
KPI B6.4	Description of quality assurance process and recall procedures.	3.1 Quality Control
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3.4 Customer Service

INDICES FOR CONTENT OF ESG REPORTING GUIDE BY THE HONG KONG STOCK EXCHANGE

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Chapter
Aspect B7	Anti-corruption	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2.1 Corporate Governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.1 Corporate Governance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.1 Corporate Governance
Aspect B8	Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take the communities' interests into consideration.	6. Return to the Society as the Power of Light
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sports).	6. Return to the Society as the Power of Light
KPI B8.2	Resources contributed (e.g. money or time) to the focus areas.	6. Return to the Society as the Power of Light





長飛光纖光纜股份有限公司

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