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**Smart Link Better Life.**

## **Yangtze Optical Fibre and Cable Joint Stock Limited Company\***

**長飛光纖光纜股份有限公司**

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

**(Stock Code: 6869)**

### **2020 First Quarterly Report**

This announcement is issued by Yangtze Optical Fibre and Cable Joint Stock Limited Company\* 長飛光纖光纜股份有限公司 (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information provision under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The 2020 first quarterly report (unaudited, the “**Quarterly Report**”) contained in this announcement has been prepared in accordance with China Accounting Standards of Business Enterprises and the requirements on preparation and disclosure of quarterly report issued by China Securities Regulatory Commission, and has been approved by the Board of Directors (the “**Board**”) of the Company.

#### **I. IMPORTANT NOTICE**

- 1.1 The Board, Board of Supervisors, directors, supervisors and senior management officers of the Company undertake the authenticity, accuracy and completeness of the contents contained in this quarterly report without false representation, misleading statement or material omission, and they jointly and severally accept full responsibility.
- 1.2 All directors of the Company have attended the board meeting to approve the Quarterly Report.
- 1.3 Ma Jie, the legal representative of the Company, Zhuang Dan, the person in charge of the accounting affairs, and Liang Guanning, the head of the accounting department (accounting director) warrant that the financial statements contained in this Quarterly Report are authentic, accurate and complete.
- 1.4 The Quarterly Report of the Company is unaudited.

\* *For identification purpose only*

## II. CORPORATE INFORMATION

### 2.1 Major financial data

(Expressed in Renminbi “RMB”)

	<b>As at 31 March 2020 (Unaudited)</b>	<b>As at 31 December 2019 (Audited)</b>	<b>Increase/decrease compared to the end of last year (%)</b>
Total assets	14,282,340,157	13,775,899,595	3.68
Total equity attributable to equity shareholders of the Company	8,776,496,845	8,788,220,362	(0.13)
	<b>For the three months ended 31 March 2020 (Unaudited)</b>	<b>For the three months ended 31 March 2019 (Unaudited)</b>	<b>Increase/decrease compared to the same period of last year (%)</b>
Net cash inflow from operating activities	(274,937,756)	(378,768,963)	Not applicable
Revenue	1,224,338,757	1,598,780,588	(23.42)
Profit for the period attributable to equity shareholders of the Company	(7,174,583)	253,418,943	Not applicable
Profit for the period attributable to equity shareholders of the Company excluding non-recurring items	(15,628,420)	151,722,513	Not applicable
Weighted average return on equity (%)	(0.08)	3.04	Not applicable
Basic earnings per share (RMB)	(0.01)	0.33	Not applicable
Diluted earnings per share (RMB)	(0.01)	0.33	Not applicable

## Non-recurring items and amount

Applicable     Not applicable

(Expressed in RMB)

	<b>For the three months ended 31 March 2020</b> (Unaudited)	<b>Note</b>
<b>Items</b>		
Gains or losses from disposal of non-current assets	4,703	
Government grants accounted into current gains or losses (other than government grants closely related to the businesses of the Company, and in a fixed or quantifiable amount in conformity with the common standards of the State)	10,617,665	
Changes in fair value of financial assets and liabilities held for trading, and disposal of financial assets and liabilities held for trading and available-for-sale financial assets, other than those held for effective hedging related to normal operations	165,070	
Other non-operating income and expenses other than the above items	25,627	
Other items accorded with the definition of non-recurring profit or loss	535,046	
Impact on non-controlling interests (after tax)	(1,061,767)	
Income tax effect	(1,832,507)	
<b>Total</b>	<b>8,453,837</b>	

## 2.2 Total number of shareholders, the shareholding of top ten shareholders and top ten tradable shareholders (or unrestricted shareholders) as at the end of the reporting period

Unit: share

**Total number of shareholders**

**35,969**

Name of shareholders (full name)	Shareholding as the end of the reporting period	Shareholding of top ten shareholders				Nature of shareholders
		Percentage (%)	Restricted shareholding	Pledged or locked-up Status	Number	
China Huaxin Post and TelecomTechnologies Co., Ltd.	179,827,794	23.73	179,827,794	Nil	0	State-owned legal person
Draka Comteq B.V.	179,827,794	23.73	0	Nil	0	Overseas legal person
HKSCC Nominees Limited	171,534,349	22.63	0	Nil	0	Overseas legal person
Wuhan Yangtze Communications Industry Group Co., Ltd.	119,937,010	15.82	119,937,010	Nil	0	State-owned legal person
Ningbo Ruitu Business Management Consulting Partnership Enterprise	12,716,290	1.68	0	Nil	0	Domestic non- state-owned legal person
Ningbo Ruiying Business Management Consulting Partnership Enterprise	6,770,700	0.89	0	Nil	0	Domestic non- state-owned legal person
Hong Kong Securities Clearing Company Ltd	3,820,868	0.50	0	Nil	0	Others
Ningbo Ruiqi Business Management Partnership Enterprise	2,465,345	0.33	0	Nil	0	Domestic non-state-owned legal person
Ningbo Ruiyue Business Management Partnership Enterprise	1,698,910	0.22	0	Nil	0	Domestic non- state-owned legal person
TruValue Asset MANAGEMENT – ICBC- Foreign Trade Trust · Wenfu FOF one unit trust	837,920	0.11	0	Nil	0	Domestic non- stated-owned legal person

**Shareholding of top ten unrestricted shareholders**

Name of shareholders	Class and number of shares		
	Number of unrestricted tradable shares held	Class	Number
Draka Comteq B.V.	179,827,794	Overseas listed foreign shares	179,827,794
HKSCC Nominees Limited	171,534,349	Overseas listed foreign shares	171,534,349
Ningbo Ruitu Business Management Consulting Partnership Enterprise	12,716,290	RMB ordinary shares	12,716,290
Ningbo Ruiying Business Management Consulting Partnership Enterprise	6,770,700	RMB ordinary shares	6,770,700
Hong Kong Securities Clearing Company Ltd Partnership Enterprise	3,820,868	RMB ordinary shares	3,820,868
Ningbo Ruiqi Business Management Consulting Partnership Enterprise	2,465,345	RMB ordinary shares	2,465,345
Ningbo Ruiyue Business Management Consulting Partnership Enterprise	1,698,910	RMB ordinary shares	1,698,910
TruValue Asset MANAGEMENT—ICBC-Foreign Trade Trust·Wenfu FOF one unit trust	837,920	RMB ordinary shares	837,920
Industrial and Commercial Bank of China Limited—Guotai CSI All Share Communications Index ETF	711,963	RMB ordinary shares	711,963
China Construction Bank Limited—E Fund China Security State Owned Enterprises the Belt and Road ETF fund	594,100	RMB ordinary shares	594,100

Explanation of associations or actions in concert among the above shareholders: There are common executive partners among Ningbo Ruitu Business Management Consulting Partnership Enterprise, Ningbo Ruiying Business Management Consulting Partnership Enterprise, Ningbo Ruiqi Business Management Consulting Partnership Enterprise, and Ningbo Ruiyue Business Management Consulting Partnership Enterprise.

Explanation of holders of preferred shares with resumed voting right and the number of shares held: Not applicable

**2.3 Total number of and top ten holders of preference shares and their unrestricted shareholdings as at the end of the reporting period**

Applicable     Not applicable

### III. SIGNIFICANT EVENTS

#### 3.1 Significant changes in major financial statements and financial indicators and the reasons thereof

Applicable  Not applicable

##### *3.1.1 Analysis of changes in major item in consolidated balance sheet*

###### *(1) Financial assets held for trading*

Financial assets held for trading as at 31 March 2020 decreased by approximately RMB9.23 million, representing a 93.25% decrease, which was mainly due to that debt instrument investments significantly decreased as compared to 31 December 2019.

###### *(2) Receivables under financing*

Receivables under financing as at 31 March 2020 decreased by approximately RMB49.04 million, representing a 51.49% decrease, which was mainly due to that the bills receivables decreased and some bills are endorsed and transferred or due for collection because of the novel coronavirus, as compared to 31 December 2019.

###### *(3) Long-term deferred expenses*

Long-term deferred expenses as at 31 March 2020 increased by approximately RMB7.81 million, representing a 154.76% increase, which was mainly due to the expanding in the scope of consolidated subsidiaries caused by Sunstar Communication Technology Company Limited and YOFC-Yadanarbon Fibre Company Limited.

###### *(4) Other non-current assets*

Other non-current assets as at 31 March 2020 decreased by approximately RMB90.12 million, representing a 71.46% decrease, which was mainly due to the settlement of prepayments for equipments and for acquiring equity interests of Sunstar Communication Technology Co. Ltd., during the beginning of the period of which the delivery has been completed during the period.

###### *(5) Short-term loans*

Short-term loans as at 31 March 2020 increased by approximately RMB459.64 million, representing a 51.32% increase, which was mainly due to the newly borrowed short-term loans to replenish the current funds of the Group.

###### *(6) Bills receivable*

Bills receivable as at 31 March 2020 decreased by approximately RMB207.18 million, representing a 36.04% decrease, which was mainly due to that the group's use of bills for external payment has been greatly affected by the novel coronavirus, and some bills payable are due for payment.

### ***3.1.2 Analysis of changes in major item in consolidated income statement***

During the reporting period, the Group's operating income decreased by 23.43% comparing to the same period of last year, which was mainly due to decreased sales orders from the impact of COVID-19. Affected by the decreased operating income, the gross profit, net profit, earning per share and other major financial results decreased proportionally. Taxes and surcharges decreased by 37.03% comparing to the same period of last year, which was mainly due to lower operating income resulted in less tax. Selling and distribution expenses decreased by 30.69% comparing to the same period of last year, which was mainly because of COVID-19 resulted in decreased shipping volume and employees' travel expenses. Financial expenses increased by 2,119.68% from the same period last year, which was mainly because foreign currencies such as Mexican peso, Indonesian rupee, South African Nates devaluated significantly against RMB or US Dollar, resulted in substantial exchange losses comparing with the same period last year. Other income decreased significantly comparing to the same period last year, which was because in the same period last year, the Company received special government grants amounted to approximately RMB105.19 million for projects such as R&D, innovation and fixed assets investment, and the grants were included in the profit and loss. Investment income decreased by RMB40.42 million, which was mainly due to decreased profitability of the Company's joint ventures resulted from the impact of COVID-19. Credit losses increased by RMB14.39 million mainly due to significantly increased allowance for doubtful debts in the reporting period, which was because the increase of accounts receivables and its ageing. Impairment losses increased by RMB2.31 million, which was main due to increased provision for decline in inventories in the reporting period.

### ***3.1.3 Analysis of changes in major item in consolidated statement of cash flow***

- (1) The net cash used by the Group's operating activities decreased by RMB103.83 million, which was mainly due to the impact of the novel coronavirus, the Group's payment business during the reporting period was affected to a certain extent and the amount of external payments was relatively reduced.
- (2) The net cash used by the Group's investment activities decreased by RMB279.27 million, which was mainly due to the capacity expansion project of the company's subsidiary Yangtze Optical Fibre (Qianjiang) Co., Ltd. has been basically completed this year. The payment for acquisition of fixed assets decreased significantly as compared with the same period of last year.
- (3) The net cash generated from financing activities of the Group increased by RMB165.57 million, which was mainly due to the newly borrowed short-term loans to replenish the current funds of the Group.

### 3.2 Analysis of description of significant events and their impacts and solutions

Applicable    Not applicable

In the first quarter of 2020, the Company's headquarter and major preform facilities, which were located in Hubei province, were affected by COVID-19. After strict preventive and control measures were implemented in Hubei province in January 2020, the Company, on the one hand, seriously followed all these measures during lock-down period of the epidemic. On the other hand, the Company actively participated in the prevention and control of COVID-19 and provided telecom products and relevant services for Houshenshan and Leishenshan hospitals. According to guidance on epidemic prevention and production recovery, the Company's headquarter and facilities in Hubei resumed production gradually from mid-March 2020. Due to strict preventive and control measures implemented nationwide, the construction of customers such as telecom operators were affected, which generated pressure on the overall demand in the industry.

As on 28 April 2020, the Company's perform capacity has recovered. With the acceleration of telecom network construction and the alleviation of COVID-19, the market demand and the operation of the Company may gradually recover.

### 3.3 Undertaking not performed in time during the reporting period

Applicable    Not applicable

### 3.4 Warnings on any potential loss in accumulated net profit for the period from the beginning of the years to the end of next reporting period or any material change from the corresponding period last year and the record therefor

Applicable    Not applicable

By order of the Board  
**Yangtze Optical Fibre and Cable Joint Stock Limited Company\***  
長飛光纖光纜股份有限公司  
**Ma Jie**  
Chairman

Wuhan, PRC, 28 April 2020.

*As at the date of this announcement, the Board comprises Mr. Zhuang Dan as executive director; Mr. Ma Jie, Mr. Philippe Claude Vanhille, Mr. Guo Tao, Mr. Pier Francesco Facchini, Mr. Frank Franciscus Dorjee, Mr. Xiong Xiangfeng and Ms. Lai Zhimin, as non-executive directors; Mr. Bingsheng Teng, Mr. Liu Deming, Mr. Song Wei and Dr. Wong Tin Yau, Kelvin, as independent non-executive directors.*

\* For identification purpose only



## IV. APPENDIX

### 4.1 Financial statements

#### Consolidated Balance Sheet As at 31 March 2020

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB yuan)

Items	31 March 2020 (Unaudited)	31 December 2019 (Audited)
<b>Current assets:</b>		
Cash at bank and on hand	2,167,816,471	2,123,861,315
Financial assets held for trading	668,648	9,902,598
Bills receivable	219,535,588	232,508,205
Accounts receivable	3,465,341,271	3,123,505,778
Receivables under financing	46,194,645	95,235,940
Prepayments	124,575,839	120,994,458
Other receivables	128,671,378	109,599,839
Including: Interest receivable	–	–
Dividends receivable	522,213	522,213
Inventories	1,926,970,573	1,779,342,250
Other current assets	242,600,742	256,866,780
<b>Total current assets</b>	<b>8,322,375,155</b>	<b>7,851,817,163</b>
<b>Non-current assets:</b>		
Long-term receivables	16,000,000	16,000,000
Long-term equity investments	1,474,544,503	1,495,444,610
Investments in other equity instruments	61,162,419	57,172,099
Fixed assets	3,707,794,211	3,650,781,975
Construction in progress	118,959,616	104,852,760
Right-of-use assets	66,625,708	64,400,158
Intangible assets	350,757,968	307,136,373
Goodwill	19,671,099	–
Long-term deferred expenses	12,857,475	5,046,886
Deferred tax assets	95,609,213	97,148,174
Other non-current assets	35,982,790	126,099,397
<b>Total non-current assets</b>	<b>5,959,965,002</b>	<b>5,924,082,432</b>
<b>Total assets</b>	<b>14,282,340,157</b>	<b>13,775,899,595</b>

<b>Items</b>	<b>31 March 2020 (Unaudited)</b>	<b>31 December 2019 (Audited)</b>
<b>Current liabilities:</b>		
Short-term loans	1,355,218,621	895,576,208
Bills payable	367,610,751	574,793,263
Accounts payable	1,275,513,274	1,261,607,902
Contract liabilities	315,237,740	262,900,550
Employee benefits payable	212,464,280	219,940,848
Taxes payable	80,602,780	103,566,255
Other payables	466,529,855	410,686,340
Non-current liabilities due within one year	42,286,033	40,179,239
<b>Total current liabilities</b>	<b>4,115,463,334</b>	<b>3,769,250,605</b>
<b>Non-current liabilities:</b>		
Long-term loans	42,000,000	42,000,000
Lease liabilities	49,254,714	48,585,433
Deferred tax liabilities	163,747,372	166,769,940
Other non-current liabilities	863,298,800	807,160,850
<b>Total non-current liabilities</b>	<b>1,118,300,886</b>	<b>1,064,516,223</b>
<b>Total liabilities</b>	<b>5,233,764,220</b>	<b>4,833,766,828</b>
<b>Shareholders' equity:</b>		
Share capital	757,905,108	757,905,108
Capital reserve	3,377,934,573	3,364,035,212
Less: Treasury shares	33,653,461	33,653,461
Other comprehensive income	19,331,701	37,779,996
Surplus reserve	612,010,760	612,010,760
Retained earnings	4,042,968,164	4,050,142,747
Total equity attributable to equity shareholders of the Company	8,776,496,845	8,788,220,362
Non-controlling interests	272,079,092	153,912,405
<b>Total shareholders' equity</b>	<b>9,048,575,937</b>	<b>8,942,132,767</b>
<b>Total liabilities and shareholders' equity</b>	<b>14,282,340,157</b>	<b>13,775,899,595</b>

Legal representative of  
the Company:

Ma Jie

The person in charge of  
accounting affairs:

Zhuang Dan

The head of  
the accounting department:

Liang Guanning

**Balance Sheet**  
**As at 31 March 2020**

**Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company**

(Expressed in RMB yuan)

<b>Items</b>	<b>31 March 2020</b> (Unaudited)	<b>31 December 2019</b> (Audited)
<b>Current assets:</b>		
Cash at bank and on hand	1,161,893,491	1,279,401,817
Financial assets held for trading	668,648	9,902,598
Bills receivable	196,383,791	224,188,743
Accounts receivable	3,396,136,404	3,107,330,529
Receivables under financing	45,304,207	80,806,788
Prepayments for raw materials	95,599,807	84,638,833
Other receivables	1,759,021,822	1,759,897,269
Including: Interest receivable	–	–
Dividends receivable	522,213	522,213
Inventories	1,201,598,544	1,212,347,120
Other current assets	67,574,480	96,469,423
<b>Total current assets</b>	<b>7,924,181,194</b>	<b>7,854,983,120</b>
<b>Non-current assets:</b>		
Long-term receivables	98,600,000	98,600,000
Long-term equity investments	2,732,998,644	2,594,472,969
Investments in other equity instruments	60,952,419	56,962,099
Fixed assets	1,169,056,380	1,173,724,449
Construction in progress	67,143,430	37,162,813
Right-of-use assets	22,489,308	22,489,308
Intangible assets	108,818,674	109,468,950
Deferred tax assets	44,551,287	40,370,545
Other non-current assets	27,815,846	89,515,089
<b>Total non-current assets</b>	<b>4,332,425,988</b>	<b>4,222,766,222</b>
<b>Total assets</b>	<b>12,256,607,182</b>	<b>12,077,749,342</b>

<b>Items</b>	<b>31 March 2020</b> (Unaudited)	<b>31 December 2019</b> (Audited)
<b>Current liabilities:</b>		
Short-term loans	1,196,391,459	784,605,321
Bills payable	367,849,674	689,110,593
Accounts payable	1,586,259,203	1,597,990,041
Contract liabilities	249,383,052	255,609,622
Employee benefits payable	172,496,788	175,874,487
Taxes payable	59,956,833	65,339,958
Other payables	612,348,600	492,931,362
Including: Interest payable	–	–
Dividend payable	–	–
Non-current liabilities due within one year	25,389,651	25,389,651
<b>Total current liabilities</b>	<b>4,270,075,260</b>	<b>4,086,851,035</b>
<b>Non-current liabilities:</b>		
Long-term loans	42,000,000	42,000,000
Lease liabilities	18,905,820	18,905,820
Deferred tax liabilities	106,659,114	109,418,576
Other non-current liabilities	58,137,735	56,158,835
<b>Total non-current liabilities</b>	<b>225,702,669</b>	<b>226,483,231</b>
<b>Total liabilities</b>	<b>4,495,777,929</b>	<b>4,313,334,266</b>
<b>Shareholders' equity:</b>		
Share capital	757,905,108	757,905,108
Capital reserve	3,385,484,893	3,381,585,532
Less: Treasury shares	33,653,461	33,653,461
Other comprehensive income	24,465,483	21,073,711
Surplus reserve	612,010,760	612,010,760
Retained earnings	3,014,616,470	3,025,493,426
<b>Total shareholders' equity</b>	<b>7,760,829,253</b>	<b>7,764,415,076</b>
<b>Total liabilities and shareholders' equity</b>	<b>12,256,607,182</b>	<b>12,077,749,342</b>

Legal representative of the  
Company:

Ma Jie

The person in charge of  
accounting affairs:

Zhuang Dan

The head of the accounting  
department:

Liang Guanning

**Consolidated Income Statement**  
**For the three months ended 31 March 2020**

**Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company**

(Expressed in RMB yuan)

<b>Items</b>	<b>For the three months ended 31 March 2020 (Unaudited)</b>	<b>For the three months ended 31 March 2019 (Unaudited)</b>
<b>I. Operating income</b>	1,224,338,757	1,598,780,588
Less: Operating costs	929,115,392	1,161,650,833
Taxes and surcharges	4,010,041	6,368,193
Selling and distribution expenses	49,051,152	70,774,230
General and administrative expenses	102,322,774	126,353,466
Research and development expenses	56,095,425	83,948,083
Financial expenses	64,794,403	2,919,094
Including: Interest expenses	9,239,310	10,547,612
Interest revenue	6,590,736	10,014,241
Add: Other income	10,617,665	109,397,789
Investment income (“-” for losses)	(14,103,913)	26,319,746
Including: Income from investment in associates and joint ventures	(14,103,913)	25,764,112
Gains from changes in fair value (“-” for losses)	(56,570)	160,877
Credit losses (“-” for losses)	(17,714,671)	(3,320,594)
Impairment losses (“-” for losses)	(7,217,129)	(4,908,089)
Gains from asset disposals (“-” for losses)	4,703	9,378,943
<b>II. Operating profit (“-” for loss)</b>	(9,520,345)	283,795,361
Add: Non-operating income	835,323	499,956
Less: Non-operating expenses	809,696	541,851
<b>III. Profit before income tax (“-” for loss)</b>	(9,494,718)	283,753,466
Less: Income tax expenses	(97,779)	37,464,700

Items	For the three months ended 31 March 2020 (Unaudited)	For the three months ended 31 March 2019 (Unaudited)
<b>IV. Net profit for the period (“-” for net loss)</b>	(9,396,939)	246,288,766
(1) Net profit classified by continuity of operations (“-” for net loss):		
1. Net profit from continuing operations (“-” for net loss)	(9,396,939)	246,288,766
2. Net profit from discontinued operations (“-” for net loss)	-	-
(2) Net profit classified by ownership (“-” for net loss):		
1. Shareholders of the Company (“-” for net loss)	(7,174,583)	253,418,943
2. Non-controlling interests (“-” for net loss)	(2,222,356)	(7,130,177)
<b>V. Other comprehensive income, net of tax</b>	(28,662,635)	(4,297,552)
Other comprehensive income (net of tax) attributable to shareholders of the Company	(18,448,295)	(4,371,177)
(1) Items that will not be reclassified to profit or loss	3,391,772	(4,445,972)
1. Changes in fair value of investments in other equity instruments	3,391,772	(4,445,972)
(2) Items that may be reclassified subsequently to profit or loss	(21,840,067)	74,795
1. Translation differences arising from translation of foreign currency financial statements	(21,840,067)	74,795
Other comprehensive income (net of tax) attributable to non-controlling interests	(10,214,340)	73,625
<b>VI. Total comprehensive income for the period</b>	(38,059,574)	241,991,214
Total comprehensive income attributable to equity shareholders of the Company	(25,622,878)	249,047,766
Total comprehensive income attributable to non-controlling interests	(12,436,696)	(7,056,552)
<b>VII. Earnings per share:</b>		
(1) Basic earnings per share	(0.01)	0.33
(2) Diluted earnings per share	(0.01)	0.33

For the business combination under common control effected in the current period, the net profit recognized by the merged party before the combination was RMB0, and the net profit recognized by the merged party in the previous reporting period was RMB0.

Legal representative of  
the Company:

Ma Jie

The person in charge of  
accounting affairs:

Zhuang Dan

The head of  
the accounting department:

Liang Guanning

**Income Statement**  
**For the three months ended 31 March 2020**

**Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company**

(Expressed in RMB)

Items	For the three months ended 31 March 2020 (Unaudited)	For the three months ended 31 March 2019 (Unaudited)
<b>I. Operating income</b>	1,136,122,232	1,806,347,804
Less: Operating costs	973,404,527	1,503,088,405
Taxes and surcharges	2,021,851	3,618,494
Selling and distribution expenses	36,121,094	58,320,440
General and administrative expenses	67,836,615	91,608,734
Research and development expenses	36,176,073	57,805,691
Financial expenses	966,499	(3,854,314)
Including: Interest expenses	9,874,303	14,087,156
Interest revenue	8,217,104	19,031,873
Add: Other income	4,917,595	105,647,238
Investment income(“-” for losses)	(12,687,465)	26,735,833
Including: Income from investment in associates and joint ventures	(12,687,465)	26,602,033
Gains from changes in fair value(“-” for losses)	(56,570)	377,595
Credit losses(“-” for losses)	(17,407,837)	(3,180,512)
Impairment losses(“-” for losses)	(7,217,129)	(4,658,266)
Losses from asset disposals(“-” for losses)	4,703	9,378,943
<b>II. Operating profit(“-” for losses)</b>	(12,911,130)	230,061,185
Add: Non-operating income	200,000	1,030
Less: Non-operating expenses	241,453	-
<b>III. Profit before income tax (“-” for loss)</b>	(12,952,583)	230,062,215
Less: Income tax expenses	(2,075,627)	28,557,160
<b>IV. Net profit for the period (“-” for net loss)</b>	(10,876,956)	201,505,055
(1) Net profit from continuing operations (“-” for net loss)	(10,876,956)	201,505,055
(2) Net profit from discontinued operations (“-” for net loss)	-	-
<b>V. Other comprehensive income, net of tax</b>	3,391,772	(4,445,972)
(1) Items that will not be reclassified to profit or loss	3,391,772	(4,445,972)
Changes in fair value of investments in other equity instruments	3,391,772	(4,445,972)
<b>VI. Total comprehensive income for the period</b>	(7,485,184)	197,059,083

Legal representative of  
the Company:

Ma Jie

The person in charge of  
accounting affairs:

Zhuang Dan

The head of  
the accounting department:

Liang Guanning

**Consolidated statement of Cash Flow**  
**For the three months ended 31 March 2020**

**Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company**

(Expressed in RMB)

<b>Items</b>	<b>For the three months ended 31 March 2020 (Unaudited)</b>	<b>For the three months ended 31 March 2019 (Unaudited)</b>
<b>I. Cash flows from operating activities:</b>		
Proceeds from sale of goods and rendering of services	959,652,263	1,421,033,878
Refund of taxes	22,439,031	–
Proceeds from other operating activities	54,633,374	125,711,892
Sub-total of cash inflows	1,036,724,668	1,546,745,770
Payment for goods and services	1,019,393,124	1,471,723,652
Payment to and for employees	196,014,984	343,007,650
Payment of various taxes	48,285,074	75,480,690
Payment for other operating activities	47,969,242	35,302,741
Sub-total of cash outflows	1,311,662,424	1,925,514,733
Net cash outflow from operating activities	(274,937,756)	(378,768,963)
<b>II. Cash flows from investing activities:</b>		
Proceeds from disposal of investments	9,177,380	153,202,240
Investments returns received	6,528,041	17,819,842
Net proceeds from disposal of fixed assets	16,239	–
Proceeds from other investing activities	17,900,810	–
Sub-total of cash inflows	33,622,470	171,022,082
Payment for acquisition of fixed assets, intangible assets and other long-term assets	132,788,472	279,953,328
Payment for acquisition of investments	–	269,502,868
Payment for other investing activities	–	–
Sub-total of cash outflows	132,788,472	549,456,196
Net cash outflow from investing activities	(99,166,002)	(378,434,114)



<b>Items</b>	<b>For the three months ended 31 March 2020 (Unaudited)</b>	<b>For the three months ended 31 March 2019 (Unaudited)</b>
<b>III. Cash flow from financing activities:</b>		
Proceeds from investors	–	–
Proceeds from borrowings	701,470,661	478,512,250
Sub-total of cash inflows	701,470,661	478,512,250
Repayments of borrowings	260,992,653	178,425,960
Payment for dividends, profit distributions or interest	17,178,853	21,788,884
Payment for other financing activities	1,448,431	22,015,775
Sub-total of cash outflows	279,619,937	222,230,619
Net cash inflow from financing activities	421,850,724	256,281,631
<b>IV. Effect of foreign exchange rate changes on cash and cash</b>		
<b>cash</b>	(3,791,810)	(7,583,688)
<b>V. Net increase/(decrease) in cash and cash equivalents</b>	43,955,156	(508,505,134)
Add: Cash and cash equivalents at the beginning of the year	2,088,466,320	2,627,976,441
<b>VI. Cash and cash equivalents at the end of the period</b>	2,132,421,476	2,119,471,307

Legal representative of  
the Company:

Ma Jie

The person in charge of  
accounting affairs:

Zhuang Dan

The head of  
the accounting department:

Liang Guanning

**Statement of Cash Flow**  
**For the three months ended 31 March 2020**

**Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company**

(Expressed in RMB yuan)

<b>Items</b>	<b>For the three months ended 31 March 2020 (Unaudited)</b>	<b>For the three months ended 31 March 2019 (Unaudited)</b>
<b>I. Cash flows from operating activities:</b>		
Proceeds from sale of goods and rendering of services	852,127,774	1,789,204,603
Refund of taxes	17,273,977	–
Proceeds from other operating activities	8,087,233	116,141,163
Sub-total of cash inflows	877,488,984	1,905,345,766
Payment for goods and services	1,209,487,855	1,612,611,913
Payment to and for employees	110,202,105	256,449,271
Payment of various taxes	26,361,380	41,443,328
Payment for other operating activities	42,886,108	30,316,075
Sub-total of cash outflows	1,388,937,448	1,940,820,587
Net cash outflow from operating activities	(511,448,464)	(35,474,821)
<b>II. Cash flows from investing activities:</b>		
Proceeds from disposal of investments	79,057,165	50,000,000
Investments returns received	4,701,816	16,850,021
Net proceeds from disposal of fixed assets	16,239	–
Proceeds from other investing activities	–	–
Sub-total of cash inflows	83,775,220	66,850,021
Payment for acquisition of fixed assets, intangible assets and other long-term assets	47,255,653	85,050,601
Payment for acquisition of investments	181,253,256	528,644,667
Payment for other investing activities	–	–
Sub-total of cash outflows	228,508,909	613,695,268
Net cash outflow from investing activities	(144,733,689)	(546,845,247)

<b>Items</b>	<b>For the three months ended 31 March 2020 (Unaudited)</b>	<b>For the three months ended 31 March 2019 (Unaudited)</b>
<b>III. Cash flow from financing activities:</b>		
Proceeds from investors	–	–
Proceeds from borrowings	609,643,000	357,558,000
Proceeds from other financing activities	136,310,163	–
Sub-total of cash inflows	745,953,163	357,558,000
Repayments of borrowings	204,502,494	145,400,000
Payment for dividends, profit distributions or interest	4,700,227	12,600,565
Payment for other financing activities	–	18,167,437
Sub-total of cash outflows	209,202,721	176,168,002
Net cash inflow from financing activities	536,750,442	181,389,998
<b>IV. Effect of foreign exchange rate changes on cash and cash</b>		
<b>cash</b>	1,923,384	(4,983,919)
<b>V. Net decrease in cash and cash equivalents</b>	(117,508,327)	(405,913,989)
Add: Cash and cash equivalents at the beginning of the year	1,275,752,672	2,172,045,025
<b>VI. Cash and cash equivalents at the end of the period</b>	1,158,244,345	1,766,131,036

Legal representative of  
the Company:

Ma Jie

The person in charge of  
accounting affairs:

Zhuang Dan

The head of  
the accounting department:

Liang Guanning

#### 4.2 Auditor's report

Applicable     Not applicable