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Yangtze Optical Fibre and Cable Joint Stock Limited Company*
長飛光纖光纜股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6869)

**PROPOSED REGISTRATION AND ISSUANCE OF SHORT TO
MEDIUM-TERM DEBT FINANCING INSTRUMENTS IN THE PRC**

**PROPOSED REGISTRATION AND ISSUANCE OF SHORT TO MEDIUM-TERM
DEBT FINANCING INSTRUMENTS IN THE PRC**

The Board announces that, at the meeting of the Board held on December 23, 2016, the Board resolved to approve the proposed registration and issuance of the Short to Medium-Term Debt Financing Instruments in the PRC in the form of one-off, multiple or multi-tranche issuances, and that such proposed registration and issuance, and the granting of the General Mandate to the Board and the Authorized Committee, be put forward as a special resolution to the Shareholders at the Extraordinary General Meeting for consideration and approval pursuant to Article 82 of the Articles.

EXTRAORDINARY GENERAL MEETING

The Company will seek approval for the proposed registration and issuance of the Short to Medium-Term Debt Financing Instruments in the PRC and the granting of the General Mandate to the Board and the Authorized Committee from the Shareholders at the Extraordinary General Meeting.

A supplemental circular containing, among others, further information on the proposed registration and issuance of the Short to Medium-Term Debt Financing Instruments in the PRC and the granting of the General Mandate to the Board and the Authorized Committee, together with a supplemental notice of the Extraordinary General Meeting, is expected to be dispatched to the Shareholders as soon as practicable.

* For identification purposes only

The registration and issuance of the Short to Medium-Term Debt Financing Instruments are subject to the approval by the Shareholders at the Extraordinary General Meeting and the approvals from the relevant government departments or regulatory authorities of the PRC. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

1. PROPOSED REGISTRATION AND ISSUANCE OF THE SHORT TO MEDIUM-TERM DEBT FINANCING INSTRUMENTS IN THE PRC

The Board announces that, at the meeting of the Board held on December 23, 2016, the Board resolved to approve the proposed registration and issuance of the Short to Medium-Term Debt Financing Instruments in the PRC in the form of one-off, multiple or multi-tranche issuances, and that such proposed registration and issuance, and the granting of the General Mandate to the Board and the Authorized Committee, be put forward as a special resolution to the Shareholders at the Extraordinary General Meeting for consideration and approval pursuant to Article 82 of the Articles.

Issuing entity, size and method of issuance

The Company will be the issuing entity for the registration and issuance of the Short to Medium-Term Debt Financing Instruments. The Short to Medium-Term Debt Financing Instruments will be issued in the form of one-off, multiple or multi-tranche issuances by way of public offering in the PRC.

The total size of the Short to Medium-Term Debt Financing Instruments to be registered and issued shall not exceed RMB2,000 million (inclusive of RMB2,000 million), where each single debt financing instrument shall not exceed RMB1,400 million (inclusive of RMB1,400 million), and must be in compliance with the requirements on the maximum limit of the Short to Medium-Term Debt Financing Instruments to be registered and issued under the relevant laws and regulations. The particular issue size of the Short to Medium-Term Debt Financing Instruments of various types and terms shall be determined by the Board or the Authorized Committee in accordance with the prevailing market conditions and the capital needs of the Company.

Specific details of the Short to Medium-Term Debt Financing Instruments to be registered and issued, such as the issue size, number of tranches, issue currency, method of issuance, shall be determined in accordance with relevant laws and regulations, opinions and advice of regulatory authorities, the capital needs of the Company and the prevailing market conditions at the time of issuance, based on the principle of acting in the best interests of the Company.

Types of debt financing instruments

The types of the Short to Medium-Term Debt Financing Instruments to be issued include medium-term notes (中期票據), corporate bonds, super short-term financing notes (超短期融資券) and short-term financing notes (短期融資券).

The types and specific repayment priorities of the Short to Medium-Term Debt Financing Instruments shall be determined by the Board or the Authorized Committee in accordance with the relevant requirements and the prevailing market conditions at the time of issuance.

Term of debt financing instruments

The term of all Short to Medium-Term Debt Financing Instruments shall not exceed 5 years (inclusive of 5 years), and the instrument may be of a type with a single term or of a hybrid type with multiple terms. The specific composition of the term and size of each instrument with varying terms shall be determined by the Board or the Authorized Committee in accordance with the relevant requirements and the prevailing market conditions at the time of issuance.

Interest rate of debt financing instruments

The interest rate and the method of calculation and payment thereof for the Short to Medium-Term Debt Financing Instruments to be registered and issued shall be determined by the Board or the Authorized Committee through negotiation and discussion with the underwriting institution (if any), and in accordance with the prevailing domestic and overseas market conditions and the relevant requirements regarding interest rate management for the Short to Medium-Term Debt Financing Instruments.

Use of proceeds

The proceeds raised from the registered and issued Short to Medium-Term Debt Financing Instruments shall be used for such purposes including, to satisfy the daily business operational needs of the Company, to replace the existing foreign currency liabilities of the Company and to optimize the debt financing structure of the Company. The designated use shall be determined by the Board or the Authorized Committee according to the actual capital needs of the Company at the relevant time.

Issue price

The issue price of the Short to Medium-Term Debt Financing Instruments shall be determined by the Board or the Authorized Committee in accordance with the prevailing market conditions at the time of issuance and the requirements of relevant laws and regulations.

Target subscribers

The target subscribers of the Short to Medium-Term Debt Financing Instruments are domestic and overseas institutional investors and/or individual investors and/or other qualified investors who satisfy the subscription conditions.

Listing of debt financing instruments

The relevant matters relating to the application for listing (if relevant) of the Short to Medium-Term Debt Financing Instruments shall be determined by the Board or the Authorized Committee in accordance with domestic and overseas laws and regulations and the requirements of regulatory authorities, the actual conditions of the Company and the prevailing domestic and overseas market conditions.

Safeguard measures for repayment of the debt financing instruments

In the event of an anticipated inability to repay the principal and interest of debt financing instruments or an actual inability to repay the principal and interest of debt financing instruments on the due date, the Company may adopt the following measures in accordance with the mandatory requirements (if applicable) under relevant laws, regulations or regulatory documents:

- (1) increase the proportion of the discretionary surplus provident fund and the proportion of the general risk reserve during the term of the debt financing instrument to mitigate repayment risk;
- (2) refrain from distributing dividends to Shareholders;
- (3) temporarily suspend the implementation of capital expenditure projects, such as material external investments and mergers and acquisitions;
- (4) reduce or halt the paying out of salaries and bonuses to Directors and senior management of the Company; and
- (5) not to effect any transfer of key responsible personnel.

Validity period of resolutions

The resolution in relation to the proposed registration and issuance of the Short to Medium-Term Debt Financing Instruments as passed at the Extraordinary General Meeting shall be valid for a period of 24 months commencing from the date on which such special resolution is passed.

If the Board or the Authorized Committee has already determined a registration and issuance, or partial issuance of the Short to Medium-Term Debt Financing Instruments within the validity period of the resolution, and the Company has obtained the approval, permission, filing or registration/confirmation (if applicable) on the issuances from regulatory authorities within the validity period of the resolution, the Company may complete the registration and issuance, or the relevant partial issuance of the subject Short to Medium-Term Debt Financing Instruments within the validity period of such approval, permission, filing or registration/confirmation.

Authorization for the registration and issuance of the Short to Medium-term Debt Financing Instruments in the PRC

In order to ensure the effective coordination of specific matters relating to the registration and issuance of the Short to Medium-Term Debt Financing Instruments and the process of issuance, the Board will propose, at the Extraordinary General Meeting, to authorize the Board, and the Board to further authorize the Authorized Committee to, in accordance with the requirements of relevant laws and regulations and the opinions and advice of regulatory authorities, pursuant to the framework and principles considered and approved at the Extraordinary General Meeting and based on the principle of acting in the best interests of the Company, have the absolute authority to handle all matters in relation to the registration and issuance of the Short to Medium-Term Debt Financing Instruments, including but not limited to:

- (1) in accordance with applicable laws, regulations and relevant requirements of regulatory authorities as well as the resolution passed at the Extraordinary General Meeting and by the Board, and based on the actual conditions of the Company and relevant debt markets, formulating and adjusting the specific issuance plans for the registration and issuance of the Short to Medium-Term Debt Financing Instruments, including but not limited to, the determination and/or revision of the type, quantity, par value, issue price, interest rate or its method of determination, place of issue, timing of issue, term, whether to issue in the form of multi-tranche issuances and the number of issue tranches, rating arrangement, issue time, target subscribers, method of issue, particular use of proceeds, underwriting arrangements, arrangements for repayment of principal and interest and disclosure of relevant information of each actual issuance of debt financing instrument, being all matters relating to the issuance;

- (2) determining the appointment of intermediaries, executing, implementing, revising and completing all agreements and documents relating to the registration and issuance of the Short to Medium-Term Debt Financing Instruments, and disclosing (if applicable) the relevant information in accordance with relevant laws and regulations and the listing rules of the exchange(s) on which the Company's securities will be listed;
- (3) selecting and appointing management trustee(s) and clearance/settlement manager(s) for the registration and issuance of the Short to Medium-Term Debt Financing Instruments, executing the trust management agreement(s) and clearance/settlement management agreement(s) (if applicable);
- (4) undertaking all applications and filings as well as listing matters with regard to the registration and issuance of the Short to Medium-Term Debt Financing Instruments, including but not limited to, the execution, preparation, revision and submission of the application and filing materials for the registration and issuance and listing of the Short to Medium-Term Debt Financing Instruments as required by relevant regulatory authorities, and if applicable, signing the relevant application and filing documents and other legal documents;
- (5) making relevant adjustments to matters relating to the registration and issuance of the Short to Medium-Term Debt Financing Instruments in accordance with the advice or policy changes of regulatory authorities or change in market conditions, or determining whether to continue to proceed with all or part of the work in respect of the registration and issuance of the Short to Medium-Term Debt Financing Instruments in accordance with actual conditions, except for matters which, pursuant to the relevant laws, regulations and the Articles, approval is to be sought afresh from the Shareholders at a general meeting; and
- (6) handling other relevant matters in relation to the registration and issuance of the Short to Medium-Term Debt Financing Instruments.

The above-mentioned authorization shall remain valid from the date on which the resolution to consider and approve the registration and issuance of the Short to Medium-Term Debt Financing Instruments is considered and approved by the Shareholders at the Extraordinary General Meeting to the date as of which all relevant authorization matters in relation to the issuance of the Short to Medium-Term Debt Financing Instruments have been duly completed.

2. REASONS AND BENEFIT FOR THE PROPOSED REGISTRATION AND ISSUANCE OF THE SHORT TO MEDIUM-TERM DEBT FINANCING INSTRUMENTS IN THE PRC

The Board is of the view that the proposed registration and issuance of the Short to Medium-Term Debt Financing Instruments in the PRC will enable the Company to replace existing foreign currency liabilities, optimize the debt financing structure and, at the same time, open up and widen channels for RMB financing, reduce future total debt financing costs by replacing bank loans with lower-interest-rate debt financing instruments and save financial fees for the Company. Therefore, the Board considers that the proposed registration and issuance of the Short to Medium-Term Debt Financing Instruments is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

3. EXTRAORDINARY GENERAL MEETING

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DEFINITIONS

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

“Articles”	the articles of association of the Company adopted on May 6, 2014 and effective from December 10, 2014, as amended from time to time
“Authorized Committee”	the working group authorized by the Board for the purpose of the registration and issuance of the Short to Medium-Term Debt Financing Instruments
“Board”	the board of directors of the Company
“Company”	Yangtze Optical Fibre and Cable Joint Stock Limited Company* (長飛光纖光纜股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the directors of the Company
“Domestic Shares”	ordinary shares of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Tuesday, January 24, 2017 at 10:00 a.m., or any adjournment thereof
“General Mandate”	the general mandate to be granted by the Shareholders to the Board and the Authorized Committee at the Extraordinary General Meeting, pursuant to which, among others, the Board and the Authorized Committee are authorized to effect the proposed registration and issuance of the Short to Medium-Term Debt Financing Instruments in the form of one-off, multiple or multi-tranche issuances

“H Shares”	overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Shares and/or H Shares
“Shareholder(s)”	holders of Shares
“Short to Medium-Term Debt Financing Instruments”	short to medium-term debt financing instruments, including but not limited to medium-term notes, corporate bonds, super short-term financing notes and short-term financing notes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Yangtze Optical Fibre and Cable Joint Stock Limited Company*
 長飛光纖光纜股份有限公司
Wen Huiguo
Chairman

Wuhan, PRC, December 23, 2016

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

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