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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this supplemental circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Yangtze Optical Fibre and Cable Joint Stock Limited Company\*, you should at once hand this supplemental circular together with the accompanying supplemental proxy form to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**(1) PROPOSED NEW ANNUAL CAPS FOR THE OPTICAL FIBRE  
TECHNOLOGY COOPERATION AGREEMENT WITH DRAKA AND  
RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS WITH  
YOFC SHANGHAI**

**(2) PROPOSAL ON THE ESTIMATES OF THE 2020 TO 2022 ANNUAL  
TRANSACTION AMOUNTS FOR THE RELATED PARTY TRANSACTIONS TO  
BE CARRIED OUT IN THE ORDINARY AND USUAL COURSE OF BUSINESS**

**(3) PROPOSAL ON THE 2020 ANNUAL EXTERNAL GUARANTEE AMOUNT  
AND**

**(4) SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING**

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This supplemental circular should be read in conjunction with the circular of the Company dated December 2, 2019.

A letter from the Board is set out on pages 5 to 26 of this supplemental circular.

A supplemental notice of the EGM, which will be held as originally scheduled at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Friday, January 17, 2020 at 1:30 p.m. is set out on pages 43 to 45 of this supplemental circular.

A supplemental proxy form for the EGM is enclosed with this supplemental circular. If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying supplemental proxy form in accordance with the instructions printed thereon. The supplemental proxy form should be returned by holder of H Shares to the Company's H share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by hand or by post not less than 24 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the supplemental proxy form will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

References to time and dates in this supplemental circular are to Hong Kong time and dates.

\* For identification purpose only

December 31, 2019

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## DEFINITIONS

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*In this supplemental circular, the following expressions have the following meanings, unless the context requires otherwise:*

“2017-2019 Framework Agreements”	together, the 2017-2019 YOFC Shanghai Sales Framework Agreement and the 2017-2019 YOFC Shanghai Purchase Framework Agreement
“2017-2019 YOFC Shanghai Purchase Framework Agreement”	the purchase framework agreement entered into between YOFC Shanghai and the Company on November 11, 2016 to regulate the purchase transactions of the Group with YOFC Shanghai
“2017-2019 YOFC Shanghai Sales Framework Agreement”	the sales framework agreement entered into between YOFC Shanghai and the Company on November 11, 2016 to regulate the sales transactions of the Group with YOFC Shanghai
“2020-2022 Framework Agreements”	together, the 2020-2022 YOFC Shanghai Sales Framework Agreement and the 2020-2022 YOFC Shanghai Purchase Framework Agreement
“2020-2022 YOFC Shanghai Purchase Framework Agreement”	the purchase framework agreement entered into between YOFC Shanghai and the Company on December 20, 2019 to regulate the purchase transactions of the Group with YOFC Shanghai
“2020-2022 YOFC Shanghai Sales Framework Agreement”	the sales framework agreement entered into between YOFC Shanghai and the Company on December 20, 2019 to regulate the sales transactions of the Group with YOFC Shanghai
“A Share(s)”	ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for in Renminbi and listed on the Shanghai Stock Exchange (stock code: 601869)
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company

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## DEFINITIONS

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“Company”	Yangtze Optical Fibre and Cable Joint Stock Limited Company* (長飛光纖光纜股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the A shares and H shares of which are listed on Shanghai Stock Exchange and the Main Board of the Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Draka”	Draka Comteq B.V., a company incorporated in the Netherlands on May 14, 2004 and wholly-owned by Draka Holding B.V.. It is a substantial shareholder and a connected person of the Company
“Extraordinary General Meeting” or “EGM”	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 Friday, January 17, 2020 at 1:30 p.m., or any adjournment thereof
“Group”	the Company and its subsidiaries (excluding YOFC Shanghai if and where the context requires)
“H Share(s)”	overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars (stock code: 6869)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	December 27, 2019, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information in this supplemental circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

\* For identification purpose only

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## DEFINITIONS

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“Optical Fibre Technology Cooperation Agreement”	the optical fibre technology cooperation agreement entered into on October 13, 2008 between Draka and the Company, which was subsequently revised on August 27, 2013 and May 30, 2014
“OVD”	outside vapor deposition
“PCVD”	plasma activated chemical vapor deposition
“PRC”	the People’s Republic of China, and for the purpose of this supplemental circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prysmian Group”	Prysmian S.p.A. and its associates (for the avoidance of doubt, excluding YOFC Shanghai)
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (上海證券交易所股票上市規則)
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Share(s)”	A Shares and/or H Shares
“Shareholder(s)”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“USD”	United States dollar
“VAD”	vapor axial deposition
“YOFC Shanghai”	Yangtze Optical Fibre and Cable (Shanghai) Co., Ltd. (長飛光纖光纜(上海)有限公司), a company incorporated in the PRC on October 30, 2002. It is owned as to 75% by the Company and 25% by Draka, and is a connected person of the Company

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## DEFINITIONS

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“ZAR” South African Rand, the lawful currency of South Africa

“%” per cent.

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. ZHUANG Dan  
Mr. Frank Franciscus DORJEE

*Registered Office:*

No. 9 Guanggu Avenue  
East Lake High-tech Development Zone  
Wuhan, Hubei Province  
PRC

*Non-executive Directors:*

Mr. MA Jie (*Chairman*)  
Mr. YAO Jingming  
Mr. Philippe Claude VANHILLE  
Mr. Pier Francesco FACCHINI  
Mr. XIONG Xiangfeng  
Ms. ZHENG Huili

*Principal Place of Business in Hong Kong:*

Level 54  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

*Independent Non-executive Directors:*

Dr. NGAI Wai Fung  
Dr. IP Sik On Simon  
Mr. LI Ping  
Dr. LI Zhuo

December 31, 2019

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED NEW ANNUAL CAPS FOR THE OPTICAL FIBRE TECHNOLOGY COOPERATION AGREEMENT WITH DRAKA AND RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS WITH YOFC SHANGHAI**

**(2) PROPOSAL ON THE ESTIMATES OF THE 2020 TO 2022 ANNUAL TRANSACTION AMOUNTS FOR THE RELATED PARTY TRANSACTIONS TO BE CARRIED OUT IN THE ORDINARY AND USUAL COURSE OF BUSINESS**

**(3) PROPOSAL ON THE 2020 ANNUAL EXTERNAL GUARANTEE AMOUNT AND**

**(4) SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING**

### **I. INTRODUCTION**

References are made to the circular of the Company (“**Original Circular**”) and the notice of EGM (“**Original Notice**”), both dated December 2, 2019, which set out the time and venue of the EGM and contain the resolutions to be tabled before the EGM for approval by Shareholders. This supplemental circular should be read together with the Original Circular.

\* *For identification purpose only*

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## **LETTER FROM THE BOARD**

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References are also made to (i) the announcement of the Company dated December 23, 2019 in relation to, inter alia, the proposed new annual caps for the Optical Fibre Technology Cooperation Agreement with Draka, and the continuing connected transactions between the Group on the one hand and YOFC Shanghai on the other; (ii) the overseas regulatory announcement of the Company dated December 23, 2019 in relation to the proposal on the estimates of the 2020 to 2022 annual transaction amounts for the related party transactions to be carried out in the ordinary and usual course of business; and (iii) the overseas regulatory announcement of the Company dated December 23, 2019 in relation to the proposal on the 2020 annual external guarantee amount.

The purpose of this supplemental circular is to provide you with, among other things, (i) details of the proposed annual caps for the continuing connected transactions between the Company and Draka under the Optical Fibre Technology Cooperation Agreement for the three years ending December 31, 2020, 2021 and 2022, the information of the sale and purchase transactions with YOFC Shanghai as respectively contemplated under the 2020-2022 YOFC Shanghai Sales Framework Agreement and the 2020-2022 YOFC Shanghai Purchase Framework Agreement and the respective proposed annual caps; (ii) details of the proposal on the estimates of the 2020 to 2022 annual transaction amounts for the related party transactions to be carried out in the ordinary and usual course of business; (iii) details of the proposal on the 2020 annual external guarantee amount; and (iv) the supplemental notice of EGM. Save as set out in this supplemental circular, no changes have been made to matters in relation to the EGM as set out in the Original Circular and the Original Notice.

## **II. PROPOSED NEW ANNUAL CAPS FOR THE OPTICAL FIBRE TECHNOLOGY COOPERATION AGREEMENT WITH DRAKA AND RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS WITH YOFC SHANGHAI**

### **A. Background**

#### **1 The Optical Fibre Technology Cooperation Agreement**

The existing annual caps for the transactions contemplated under the Optical Fibre Technology Cooperation Agreement will expire on December 31, 2019. As the Optical Fibre Technology Cooperation Agreement will not expire until July 22, 2024 and the Company will continue carrying out the transactions contemplated thereunder in the ordinary and usual course of business of the Group, the Board proposes to renew the annual caps for the three years ending December 31, 2020, 2021 and 2022.



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## LETTER FROM THE BOARD

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### **2 Sale and Purchase Transactions with YOFC Shanghai**

On November 11, 2016, the Company entered into the 2017-2019 YOFC Shanghai Sales Framework Agreement with YOFC Shanghai to regulate the sales transactions with YOFC Shanghai. On the same day, the Company also entered into the 2017-2019 YOFC Shanghai Purchase Framework Agreement with YOFC Shanghai to regulate the purchase transactions with YOFC Shanghai.

The 2017-2019 YOFC Shanghai Sales Framework Agreement and the 2017-2019 YOFC Shanghai Purchase Framework Agreement with YOFC Shanghai will expire on December 31, 2019. As the Group intends to continue carrying out the transactions contemplated under the 2017-2019 Framework Agreements in the ordinary and usual course of business of the Group, the Board announces that on December 20, 2019:

- (1) the Company and YOFC Shanghai entered into the 2020-2022 YOFC Shanghai Sales Framework Agreement on the same terms as the 2017-2019 YOFC Shanghai Sales Framework Agreement for a term of three years commencing from January 1, 2020; and
- (2) the Company and YOFC Shanghai entered into the 2020-2022 YOFC Shanghai Purchase Framework Agreement on the same terms as the 2017-2019 YOFC Shanghai Purchase Framework Agreement for a term of three years commencing from January 1, 2020,

to renew the 2017-2019 Framework Agreements upon the effective date of the 2020-2022 YOFC Shanghai Sales Framework Agreement and the 2020-2022 YOFC Shanghai Purchase Framework Agreement. The 2020-2022 Framework Agreements shall take retrospective effect from January 1, 2020 upon the passing of the relevant resolutions for approval of the 2020-2022 Framework Agreements at the Extraordinary General Meeting. The sale and purchase transactions with YOFC Shanghai will be subject to the respective proposed annual caps for the three years ending December 31, 2020, 2021 and 2022.

### **B. The Optical Fibre Technology Cooperation Agreement**

#### **1 Summary of the terms of the Optical Fibre Technology Cooperation Agreement**

The Company entered into the Optical Fibre Technology Cooperation Agreement with Draka in relation to the joint development of optical fibre technology, the grant of a license over Draka's patents and the provision of technical services. The principal terms of the Optical Fibre Technology Cooperation Agreement are summarized below:

<b>Date</b>	October 13, 2008, and further revised on August 27, 2013 and May 30, 2014
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## LETTER FROM THE BOARD

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<b>Parties</b>	The Company and Draka
<b>Duration</b>	<p>The Optical Fibre Technology Cooperation Agreement came into effect on June 1, 2008 and shall expire on July 22, 2024 unless terminated earlier by one party by written notice in the case of breach of contract by the other party, provided that in the case of any breach capable of being made good, the agreement shall not be terminated unless and until such breaching party has failed to ratify the breach within sixty days after it has been served with a written notice specifying the breach and requiring it to ratify the breach.</p>
<b>Nature of Transactions</b>	<p>Joint development of optical fibre technology, the grant of a license over Draka's patents and the provision of technical services.</p> <p><i>Joint development of optical fibre technology</i></p> <p>The Company and Draka agree to seek and conduct joint development project in the area of optical fibre technology. A joint development project shall become effective after a separate written agreement on a project plan shall be entered into between the parties to set out, among other things, the scope, goal, schedule and budget of the project and the nomination of project leaders for the purpose of such joint development project. Either party shall have the right of first refusal to acquire jointly developed inventions in the event of liquidation or termination of the other party.</p> <p><i>License Grant</i></p> <p>Draka has granted a non-exclusive and non-transferable license to the Company to use certain patent or patent applications owned by Draka to manufacture at the Company's production facility in Wuhan, the PRC and sell optical fibres and semi-finished products that are used for the manufacture of optical fibres in and outside China.</p>

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## LETTER FROM THE BOARD

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### *Provision of Technical Services*

The Company and Draka have agreed to provide to each other the training, support, assistance to operate the optical fibre production equipment and assessment of possibilities for procurement of raw materials and components.

### **Pricing Basis**

### *Joint development of optical fibre technology*

Each party shall bear its own internal costs to conduct the joint development project and shall exclusively own the intellectual property rights of the inventions made solely by its own inventors. Both the Company and Draka have the right to use the inventions solely developed by the other party free of charge on a non-exclusive basis for the production and sales of optical fibres and semi-finished products that are used for the manufacture of optical fibres. In case the inventions are not independently developed by either party, the rights shall be jointly owned by the Company and Draka on a 50:50 basis.

### *License Grant*

The Company has agreed to pay royalty fee to Draka equivalent to 1.3% of the net selling price of each optical fibre product manufactured under the licensed patents that the Company sells or disposes of. The Company is not required to pay any royalty fees if products are sold to Draka or its affiliates. If either party wishes to use any improvements, upgrades, modifications made in the working methods, manufacturing processes and manufacturing equipment that the other party applies or uses in its mass production of optical fibre products, then it may file a request with the other party and, if the other party accepts such request, additional royalties shall be payable as agreed upon the parties.

### *Provision of Technical Services*

The remuneration to be paid by each party for technical services shall be determined under a separate agreement.

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## LETTER FROM THE BOARD

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### 2 The existing annual caps and historical amounts

The table below sets out the existing annual caps for the transactions contemplated under the Optical Fibre Technology Cooperation Agreement during the periods indicated below:

	<b>For the year ended December 31,</b>		<b>For the year ending</b>
	<b>2017</b>	<b>2018</b>	<b>December 31, 2019</b>
	<i>(RMB'000)</i>		
Existing annual caps	41,000	45,000	49,000

The table below sets out the total amount of royalty fees paid by the Company to Draka under the Optical Fibre Technology Cooperation Agreement during the periods indicated below:

	<b>For the year ended December 31,</b>		<b>Ten months ended</b>
	<b>2017</b>	<b>2018</b>	<b>October 31, 2019</b>
	<i>(RMB'000)</i>		
	<i>(audited)</i>		<i>(unaudited)</i>
Royalty fees	40,618	37,194	13,546

*Notes:*

- (1) During the years ended December 31, 2017 and 2018 and the ten months ended October 31, 2019, no joint development project has been carried out and no fees have been incurred by the Company.
- (2) During the years ended December 31, 2017 and 2018 and the ten months ended October 31, 2019, no technical services has been procured from Draka and no technical service fees have been paid by the Company.

### 3 Proposed new annual caps

The Company currently does not have any plan to conduct any joint development project with Draka or to source any technical services from Draka. The Board proposes that the below annual caps be set for the total amount of royalty fees payable to Draka under the Optical Fibre Technology Cooperation Agreement in respect of the years ending December 31, 2020, 2021 and 2022:

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## LETTER FROM THE BOARD

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	<b>Proposed Annual Cap</b> <i>(RMB'000)</i>		
	<b>For the year ending December 31,</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
Royalty fees	25,000	25,000	25,000

In arriving at the above proposed new annual caps, the Company has taken into account the following:

- (i) the historical amounts paid to Draka;
- (ii) the expected sales volume of optical fibre preforms and optical fibres manufactured with the licensed patents and patent applications from Draka based on the Group's existing production capacity; and
- (iii) the price of the optical fibre preforms and optical fibres in the next three years which is expected to be of a similar level as 2019.

### **C. Sales Transactions with YOFC Shanghai**

#### **1 Background**

The Company sells raw materials, equipment and components to YOFC Shanghai, a subsidiary of the Company, on an ad hoc basis for meeting its temporary operational needs.

#### **2 Summary of the terms of the 2020-2022 YOFC Shanghai Sales Framework Agreement**

On November 11, 2016, the Company entered into the 2017-2019 YOFC Shanghai Sales Framework Agreement with YOFC Shanghai to regulate the sales transactions with YOFC Shanghai. The principal terms of the 2020-2022 YOFC Shanghai Sales Framework Agreement, which shall replace the 2017-2019 YOFC Shanghai Sales Framework Agreement with retrospective effect from January 1, 2020 upon the passing of the relevant resolution for approval of the 2020-2022 YOFC Shanghai Sales Framework Agreement at the Extraordinary General Meeting, are summarized below:

<b>Date</b>	December 20, 2019
<b>Parties</b>	The Company and YOFC Shanghai

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## LETTER FROM THE BOARD

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### **Duration**

The 2020-2022 YOFC Shanghai Sales Framework Agreement shall take retrospective effect from January 1, 2020 upon the passing of the relevant resolution for approval of the 2020-2022 YOFC Shanghai Sales Framework Agreement at the Extraordinary General Meeting and is valid until either (i) the expiry of a period of three years or (ii) the date on which Draka ceases to be a connected person of the Company, whichever comes earlier.

The parties to the agreement may negotiate to extend the agreement for a further term of three years within two months before the expiry of the three-year term of the agreement unless the agreement is terminated earlier due to Draka ceasing to be a connected person of the Company.

### **Nature of Transactions**

Sale of optical fibres and optical fibre cables, raw materials, equipment and components in respect of the 2020-2022 YOFC Shanghai Sales Framework Agreement.

To implement the sales transactions contemplated under the 2020-2022 YOFC Shanghai Sales Framework Agreement, YOFC Shanghai will place specific purchase orders with the Group each time it sources from the Group optical fibres, optical fibre cables, raw materials, equipment and components. A purchase order typically contains terms on product specifications, quantity, payment date and method, delivery arrangements, liabilities and warranties. The marketing team of the Company will keep abreast of the pricing information made available to the public by the General Administration of Customs of the PRC from time to time. Such pricing information is usually updated on a monthly basis.

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## LETTER FROM THE BOARD

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### **Pricing Basis**

The pricing terms of each sales transaction shall be consistent the following guidelines:

- (i) the prevailing tender price announced by the local telecommunications operators at the place where the relevant purchaser is located (the “**Local Tender Price**”); or
- (ii) the latest average export (from China) price made available to the public by the General Administration of Customs of the PRC, at the time of the relevant transaction (the “**Export Price**”),

where neither Local Tender Price nor the Export Price is available, the pricing terms shall be consistent with the prevailing tender price announced by the state-owned telecommunications operators in the PRC (the “**PRC Tender Price**”) and where none of the Local Tender Price, the Export Price or the PRC Tender Price is available or applicable, the price shall be determined on a fair and reasonable basis which is equivalent or comparable to those offered to or quoted by third parties independent of the Company for similar products.

### **3 Internal control measures**

The Local Tender Price and the PRC Tender Price will be fixed when the overseas telecommunications operators or the state-owned telecommunications operators in the PRC, as the case may be, have completed their bidding process and announced the bidding results. The bidding results including the tender price will be made available to all the bidders participating in the bidding process including the Company. The bidding process will only be carried out by the overseas telecommunications operators when they have the business needs and therefore the Local Tender Price will not be announced on a frequent basis. Each of the state-owned telecommunications operators in the PRC will usually carry out their respective central bidding processes once in a year to determine the volume of optical fibres and optical fibre cables to be purchased from each domestic manufacturer in the PRC. The PRC Tender Price will be announced to industry participants after completion of the central bidding process conducted by the state-owned telecommunications operators in the PRC.

A predetermined price range will be set by the chief sales officer of the Company in the first quarter every year by reference to the Local Tender Price and the PRC Tender Price. The price range will also be updated from time to time to incorporate the latest Export Price.

## LETTER FROM THE BOARD

For export sales, the actual contract price will be determined with reference to the higher of the Local Tender Price or the Export Price if both the Local Tender Price and the Export Price are available for the specific type of optical fibres or optical fibre cables being sold. Before accepting an export purchase order, the salesman responsible for such order shall make sure that the actual contract price falls within the predetermined price range set by the chief sales officer. Where the price of any order is below the minimum value of the predetermined price range, it shall be approved by the chief sales officer and the president of the Company before such order is accepted.

For domestic sales, since the Local Tender Price and the Export Price are not relevant, the price will be determined with reference to the PRC Tender Price. The PRC Tender Price announced by the state-owned telecommunications operators is usually considered as a benchmark for the prices of optical fibres and optical fibre cables to be sold by domestic manufacturers. Before accepting a domestic purchase order, the salesman responsible for such order shall make sure that the actual contract price is at least equal to or higher than the PRC Tender Price.

#### 4 The existing annual caps and historical amounts

The table below sets out the existing annual caps for the sales transactions contemplated under the 2017-2019 YOFC Shanghai Sales Framework Agreement during the periods indicated below:

	<b>For the year ended December 31,</b>		<b>For the year ending December 31,</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>(RMB' 000)</i>		
Existing annual caps for the sales transactions with YOFC Shanghai	408,000	448,000	494,000

The table below sets out the historical transaction amounts received by the Group from the sales transactions with YOFC Shanghai under the 2017-2019 YOFC Shanghai Sales Framework Agreement during the periods indicated below:

			<b>For the year ended December 31,</b>		<b>Ten months ended October 31,</b>
<b>Seller</b>	<b>Purchaser</b>	<b>Goods</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
			<i>(RMB' 000)</i>		
			<i>(audited)</i>		<i>(unaudited)</i>
The Group	YOFC Shanghai	Optical fibres, optical fibre cables, raw materials, equipment and components	380,600	378,875	192,590



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## LETTER FROM THE BOARD

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*Note:*

- (1) The historical transaction amounts for the sales transactions between the Company and YOFC Shanghai did not exceed the existing annual caps for the years ended December 31, 2017 and 2018. Further details of the historical transactions amounts for the sales transactions with YOFC Shanghai are set out in the previous annual reports of the Company. As at October 31, 2019, the historical transaction amounts for the sales transactions between the Company and YOFC Shanghai have not exceeded the existing annual cap for the year ending December 31, 2019.

### 5 Proposed new annual caps

The Board proposes that the below proposed annual caps be set for the sales transactions with YOFC Shanghai in respect of the years ending December 31, 2020, 2021 and 2022:

Seller	Purchaser	Goods	Proposed Annual Cap		
			For the year ending December 31,		
			2020	2021	2022
			<i>(RMB' 000)</i>		
The Group	YOFC Shanghai	Optical fibres, optical fibre cables, raw materials, equipment and components	350,000	350,000	350,000

In arriving at the above proposed new annual caps, the Company has taken into account the following:

- (i) the historical transaction amounts with YOFC Shanghai; and
- (ii) despite the slowing down of sales of optical fibre and optical fibre cables to YOFC Shanghai during 2019, optical fibre and cable are key infrastructures in telecom network, and the mass construction of 5G network is expected to bring another cycle for the optical fibre and cable industry. On June 6, 2019, the Ministry of Industry and Information Technology issued 5G licenses to four telecom operators. According to the information from GSA (Global Mobile Suppliers Association), in May 2019, 235 telecom operators in 93 countries invested in 5G, and the construction is expected to expand from trial network to scaled network. It is anticipated that the mass scale construction of 5G network may facilitate growth in demand in optical fibre and optical fibre cables.

**Shareholders should note that the above monetary annual caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group under the terms of the 2020-2022 YOFC Shanghai Sales Framework Agreement.**

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## LETTER FROM THE BOARD

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### D. Purchase Transactions with YOFC Shanghai

#### 1 Background

The Company purchases optical fibre, optical fibre cables and spare parts from YOFC Shanghai, a subsidiary of the Company, to meet any temporary operational needs.

#### 2 Summary of the terms of the 2020-2022 YOFC Shanghai Purchase Framework Agreement

On November 11, 2016, the Company entered into the 2017-2019 YOFC Shanghai Purchase Framework Agreement with YOFC Shanghai to regulate the purchase transactions with YOFC Shanghai. The principal terms of the 2020-2022 YOFC Shanghai Purchase Framework Agreement, which shall replace the 2017-2019 YOFC Shanghai Purchase Framework Agreement with retrospective effect from January 1, 2020 upon the passing of the relevant resolution for approval of the 2020-2022 YOFC Shanghai Purchase Framework Agreement at the Extraordinary General Meeting, are summarized below:

<b>Date</b>	December 20, 2019
<b>Parties</b>	The Company and YOFC Shanghai
<b>Duration</b>	The 2020-2022 YOFC Shanghai Purchase Framework Agreement shall take retrospective effect from January 1, 2020 upon the passing of the relevant resolution for approval of the 2020-2022 YOFC Shanghai Purchase Framework Agreement at the Extraordinary General Meeting and is valid until either (i) the expiry of a period of three years or (ii) the date on which Draka ceases to be a connected person of the Company, whichever comes earlier.

The parties to the agreement may negotiate to extend the agreement for a further term of three years within two months before the expiry of the three-year term of the agreement unless the agreement is terminated earlier due to Draka ceasing to be a connected person of the Company.

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## LETTER FROM THE BOARD

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### **Nature of Transactions**

Purchases of optical fibres, optical fibre cables and spare parts in respect of the 2020-2022 YOFC Shanghai Purchase Framework Agreement.

To implement the purchase transactions contemplated under the 2020-2022 YOFC Shanghai Purchase Framework Agreement, the Group will place specific purchase orders with YOFC Shanghai each time the Group purchases optical fibres, optical fibre cables and spare parts from YOFC Shanghai. A purchase order typically contains terms on product specifications, quantity, payment date and method, delivery arrangements, liabilities and warranties. The marketing team of the Company will keep abreast of the pricing information made available to the public by the General Administration of Customs of the PRC from time to time. Such pricing information is usually updated on a monthly basis.

### **Pricing Basis**

The pricing terms of each purchase transaction shall be consistent with the following guidelines:

- (i) the latest average import (into China) price made available to the public by the General Administration of Customs of the PRC (中華人民共和國海關總署) at the time of the relevant transaction (the “**Import Price**”); or
- (ii) the prevailing tender price announced by the state-owned telecommunications operators in the PRC (the “**Purchase PRC Tender Price**”),

where none of the above is available or applicable, the price shall be determined on a fair and reasonable basis which is equivalent or comparable to those offered to or quoted by third parties independent of the Company for similar products. The Group shall solicit at least two other contemporaneous transactions with unrelated third parties for products in similar quantities and quality to determine if the price and terms offered by YOFC Shanghai are fair and reasonable and comparable to those offered by unrelated third parties.

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### 3 Internal control measures

The Purchase PRC Tender Price will be fixed when the state-owned telecommunications operators in the PRC have completed their central bidding process and announced the bidding results. As the central bidding process will usually be carried out once a year, the Purchase PRC Tender Price will be announced to industry participants after completion of the central bidding process.

For import purchases, the price will be determined with reference to the Import Price. A predetermined price range will be set by the head of supply chain department of the Company at the beginning of each financial year with reference to the latest available Import Price and such range will be updated from time to time based on the latest information available from the General Administration of Customs of the PRC. Before placing a purchase order, the procurement staff responsible for such order shall make sure that the actual contract price shall fall within such predetermined price range. Where the price of any order is above the maximum value of the predetermined price range, it shall be approved by the head of supply chain department and the president of the Company before such order is placed.

For domestic purchases, the price will be determined with reference to the Purchase PRC Tender Price. The Purchase PRC Tender Price announced by the state-owned telecommunications operators is usually considered as a benchmark for the prices of optical fibres and optical fibre cables to be purchased from other domestic manufacturers. Before placing a domestic purchase order, the procurement staff responsible for such order shall make sure that actual contract price would not be higher than the Purchase PRC Tender Price.

### 4 The existing annual caps and historical amounts

The table below sets out the existing annual caps for the purchase transactions contemplated under the 2017-2019 YOFC Shanghai Purchase Framework Agreement during the periods indicated below:

	<b>For the year ended</b>		<b>For the year</b>
	<b>December 31,</b>		<b>ending</b>
	<b>2017</b>	<b>2018</b>	<b>December 31,</b>
	<b>2019</b>		
	<i>(RMB' 000)</i>		
Existing annual caps for the purchase transactions with YOFC Shanghai	830,000	910,000	1,000,000

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The table below sets out the historical transaction amounts paid by the Company to YOFC Shanghai during the periods indicated below:

Purchaser	Seller	Goods	For the year ended		Ten months
			December 31, 2017	2018	ended October 31, 2019
			<i>(RMB' 000)</i>		
			(audited)		(unaudited)

### The 2017-2019 YOFC Shanghai Purchase Framework Agreement

The Company	YOFC Shanghai	Optical fibres, optical fibre cables and spare parts	356,820	497,306	306,738
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*Note:*

- (1) The historical transaction amounts for the purchase transactions between the Company and YOFC Shanghai did not exceed the existing annual caps for the years ended December 31, 2017 and 2018. Further details of the historical transactions amounts for the purchase transactions with YOFC Shanghai are set out in the previous annual reports of the Company. As at October 31, 2019, the historical transaction amounts for the purchase transactions between the Company and YOFC Shanghai have not exceeded the existing annual cap for the year ending December 31, 2019.

## 5 Proposed new annual caps

The Board proposes that the below proposed annual caps be set for the purchase transactions with YOFC Shanghai in respect of the years ending December 31, 2020, 2021 and 2022.

Purchaser	Seller	Goods	Proposed Annual Cap		
			2020	2021	2022
			<i>(RMB' 000)</i>		
			For the year ending December 31,		
The Company	YOFC Shanghai	Optical fibres, optical fibre cables and spare parts	450,000	450,000	450,000

In arriving at the above proposed new annual caps, the Company has taken into account the following:

- (i) the historical transaction amounts with YOFC Shanghai; and

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- (ii) the projected increase in the purchase of optical fibre cables from YOFC Shanghai in line with the growth in demand for optical fibre cables resulting from the anticipated mass construction of 5G network.

### **E. Reasons for and Benefits of the Continuing Connected Transactions**

#### **The Optical Fibre Technology Cooperation Agreement**

Optical fibres are made by first constructing a cylindrical high purity glass rod with a carefully controlled refractive index profile, known as an optical fibre preform. The optical fibre preform production process requires careful control over complex chemical processes with expensive equipment and many producers employing proprietary technologies in their production processes. Within the industry, OVD, VAD and PCVD are the three commonly used processes for the production of optical fibre preforms. The PCVD process is able to produce a wide variety of optical fibre preforms for a wide variety of optical fibres, including technologically advanced optical fibres for wider and specialty applications. Draka owns core patents of the PCVD production process and since Draka Holding N.V. became the then holder of the equity interest of the Company in 1994, the Company has been furnished with the key technologies in connection with the PCVD production process. While the Company has been continuously developing its proprietary technologies, Draka continues to be one of the Company's sources of technology. The cooperation between the parties is imperative for the Company to continue to use Draka's patents and technology to manufacture its products, and is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

#### **Sale and purchase transactions with YOFC Shanghai**

The Group is principally engaged in the manufacture and sales of optical fibre preforms, optical fibres and optical fibre cables. YOFC Shanghai is principally engaged in the production and sales of optical fibre cables. The Company has benefited from working with YOFC Shanghai, providing optical fibres, optical fibre cables, raw materials, equipment and components to YOFC Shanghai, and purchasing optical fibres, optical fibre cables and spare parts from YOFC Shanghai. The Group has established long-term relationship with YOFC Shanghai. Such relationship is fair and reasonable, beneficial for the stable operation and business expansion of the Company and in the interest of the Company and the Shareholders as a whole.

With regard to the continuing connected transactions contemplated under the Optical Fibre Technology Cooperation Agreement, the Directors (including the independent non-executive Directors but excluding Mr. Philippe Claude Vanhille and Mr. Pier Francesco Facchini who have abstained from voting) are of the view that the proposed annual caps for the continuing connected transactions contemplated under the Optical Fibre Technology Cooperation Agreement for the three years ending December 31, 2020, 2021 and 2022 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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With regard to the continuing connected transactions contemplated under the 2020-2022 Framework Agreements, the Directors (including the independent non-executive Directors but excluding Mr. Zhuang Dan, Mr. Philippe Claude Vanhille and Mr. Pier Francesco Facchini who have abstained from voting) are of the view that the 2020-2022 Framework Agreements, which have been and will be entered into in the ordinary and usual course of business of the Group, are on normal commercial terms, and the terms of the 2020-2022 Framework Agreements as well as the proposed annual caps for the continuing connected transactions contemplated thereunder for the three years ending December 31, 2020, 2021 and 2022 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board has passed resolutions to approve, among others, the proposed annual caps for the continuing connected transactions between the Company and Draka under the Optical Fibre Technology Cooperation Agreement for the three years ending December 31, 2020, 2021 and 2022, and the continuing connected transactions with YOFC Shanghai under the 2020-2022 Framework Agreements and the respective proposed annual caps on December 20, 2019. None of the Directors has any material interest in the aforementioned continuing connected transactions or the respective proposed annual caps or is required to abstain from voting on the Board resolution in relation to the aforementioned continuing connected transactions and the respective proposed annual caps, except for Mr. Zhuang Dan (in case of the continuing connected transactions contemplated under the 2020-2022 Framework Agreements and the respective proposed annual caps only), Mr. Philippe Claude Vanhille and Mr. Pier Francesco Facchini. Mr. Zhuang Dan is the chairman and a director of YOFC Shanghai. Mr. Philippe Claude Vanhille has been serving as the executive vice-president of telecom business of the Prysmian Group and is primarily responsible for its global telecom business; he is also an executive director of Draka and holds several positions in certain subsidiaries of Prysmian S.p.A. and a joint venture owned as to 50% by the Prysmian Group. Mr. Pier Francesco Facchini is currently an executive director and the chief financial officer of Prysmian S.p.A. and is also responsible for its IT activities; he also holds a number of positions in the subsidiaries of Prysmian S.p.A.. Accordingly, Mr. Philippe Claude Vanhille and Mr. Pier Francesco Facchini have abstained from voting on the resolutions in respect of the proposed annual caps for the continuing connected transactions between the Company and Draka under the Optical Fibre Technology Cooperation Agreement for the three years ending December 31, 2020, 2021 and 2022, and continuing connected transactions with YOFC Shanghai under the 2020-2022 Framework Agreements and the respective proposed annual caps. Mr. Zhuang Dan has abstained from voting on the resolutions in respect of the continuing connected transactions contemplated under the 2020-2022 Framework Agreements and the respective proposed annual caps.

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### **F. Information on the Company, Draka and YOFC Shanghai**

The Company is principally engaged in the manufacture and sales of optical fibre preforms, optical fibres and optical fibre cables with various standard specifications that are widely used in the telecommunications industry and the provision of other related products and services.

Draka is an indirect wholly-owned subsidiary of Prysmian S.p.A., which, together with its group companies, is a world leader in the energy and telecom cables and systems industry. As at the Latest Practicable Date, Draka holds approximately 23.73% of the total issued share capital of the Company.

YOFC Shanghai is principally engaged in the production and sales of optical fibre cables. As at the Latest Practicable Date, YOFC Shanghai is owned as to 75% by the Company and 25% by Draka.

### **G. Listing Rules Implications**

#### **The Optical Fibre Technology Cooperation Agreement**

As at the Latest Practicable Date, Draka holds approximately 23.73% of the total issued share capital of the Company and is therefore a substantial shareholder of the Company. Accordingly, the transactions with Draka under the Optical Fibre Technology Cooperation Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Since the highest relevant percentage ratio under the Listing Rules in respect of the transactions with Draka under the Optical Fibre Technology Cooperation Agreement is expected to be more than 0.1% but less than 5.0% on an annual basis, the transactions will be exempt from the circular (including independent financial advice) and independent shareholders' approval requirements but will be subject to the annual reporting and announcement requirements under Chapter 14A of the Listing Rules.

#### **Sale and purchase transactions with YOFC Shanghai**

As at the Latest Practicable Date, Draka holds approximately 23.73% of the total issued share capital of the Company and is therefore a substantial shareholder of the Company. YOFC Shanghai is a non-wholly owned subsidiary of the Company, which is owned as to 75% by the Company and 25% by Draka, and is therefore a connected person of the Company pursuant to Rule 14A.16(1) of the Listing Rules. Accordingly, the transactions between the Group on the one hand and YOFC Shanghai on the other constitute continuing connected transactions of the Company under the Listing Rules.



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Since the highest relevant percentage ratio under the Listing Rules in respect of (1) the sales transactions with YOFC Shanghai as contemplated under the 2020-2022 YOFC Shanghai Sales Framework Agreement and (2) the purchase transactions with YOFC Shanghai as contemplated under the 2020-2022 YOFC Shanghai Purchase Framework Agreement in each case is expected to be more than 0.1% but less than 5.0% on an annual basis, the sales transactions as contemplated under the 2020-2022 YOFC Shanghai Sales Framework Agreement and the purchase transactions as contemplated under the 2020-2022 YOFC Shanghai Purchase Framework Agreement are respectively exempt from the circular (including independent financial advice) and independent shareholders' approval requirements but will be subject to the annual reporting and announcement requirements under Chapter 14A of the Listing Rules.

As the A Shares of the Company are listed on the Shanghai Stock Exchange, the Company will continue to be subject to and regulated by the Shanghai Listing Rules and other applicable laws and regulations in the PRC insofar as its A Shares remain listed. The requirements of the Listing Rules in relation to connected transactions are different from those of the Shanghai Listing Rules.

Although the proposed annual caps for the continuing connected transactions between the Company and Draka under the Optical Fibre Technology Cooperation Agreement for the three years ending December 31, 2020, 2021 and 2022, and the sale and purchase transactions with YOFC Shanghai as respectively contemplated under the 2020-2022 YOFC Shanghai Sales Framework Agreement and the 2020-2022 YOFC Shanghai Purchase Framework Agreement and the proposed annual caps are exempt from the independent shareholders' approval requirement under the Listing Rules, such transactions shall be subject to the approval by the Shareholders at the general meeting pursuant to the Shanghai Listing Rules. The Company will seek approval for the proposed annual caps for the continuing connected transactions between the Company and Draka under the Optical Fibre Technology Cooperation Agreement for the three years ending December 31, 2020, 2021 and 2022, and the sale and purchase transactions with YOFC Shanghai as respectively contemplated under the 2020-2022 YOFC Shanghai Sales Framework Agreement and the 2020-2022 YOFC Shanghai Purchase Framework Agreement and the proposed annual caps applicable thereto from the Shareholders at the Extraordinary General Meeting.

### **III. PROPOSAL ON THE ESTIMATES OF THE 2020 TO 2022 ANNUAL TRANSACTION AMOUNTS FOR THE RELATED PARTY TRANSACTIONS TO BE CARRIED OUT IN THE ORDINARY AND USUAL COURSE OF BUSINESS**

Pursuant to the Company Law of the People's Republic of China, the Accounting Standards for Business Enterprises and other applicable PRC laws and regulations, the Company has prepared an estimate on the 2020 to 2022 annual transaction amounts for the related party transactions to be carried out in the ordinary and usual course of business. The transactions listed in the estimates did not and will not constitute notifiable transactions or connected transactions of the Company under Chapter 14 and Chapter 14A of the Listing Rules.

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Details of the estimates of the 2020 to 2022 annual transaction amounts for the related party transactions to be carried out in the ordinary and usual course of business are set out in Appendix I to this supplemental circular.

It is proposed that the Board or such persons as authorized by the Board, be authorized by the general meeting to enter into specific business agreements with the related parties from time to time during the years 2020 to 2022 within the estimated limits on the transaction amounts, for each transaction contemplated under this proposal in the ordinary and usual course of business.

In accordance with the applicable PRC laws and regulations and the Articles of Association, Mr. Zhuang Dan, as a Director, has abstained from voting on the relevant Board resolutions by virtue of his positions held in the counterparties to the transactions. This proposal has been approved by the Board, and shall be submitted to the EGM for consideration and approval by way of an ordinary resolution pursuant to Article 64(6) of the Articles of Association.

#### **IV. PROPOSAL ON THE 2020 ANNUAL EXTERNAL GUARANTEE AMOUNT**

To satisfy the daily operational needs of each subsidiary of the Group, the Company proposed that during year 2020, the Company would provide its subsidiaries and those subsidiaries would provide among each other guarantees not exceeding the amount of USD145 million, RMB108.5 million, ZAR15 million and MXN5 million (Mexican Peso), equivalent to approximately RMB1.13 billion. In addition, it is proposed that the Board or such person as authorized by the Board, be authorized to handle the specific matters in relation to the external guarantee, including adjusting specific guarantee amount and signing relevant legal documents in accordance with actual business needs within the limit of the 2020 annual external guarantee amount contemplated under this proposal.

Details of the 2020 annual external guarantee amount are set out in Appendix II to this supplemental circular.

This proposal has been approved by the Board, and shall be submitted to the EGM for consideration and approval by way of an ordinary resolution pursuant to Article 65 the Articles of Association.

#### **V. EGM**

A supplemental notice of the EGM to be held as originally scheduled and convened at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Friday, January 17, 2020 at 1:30 p.m. is set out on pages 43 to 45 of this supplemental circular.

A supplemental proxy form (the “**Supplemental Proxy Form**”) in respect of the ordinary resolutions to consider and approve (i) the proposed annual caps for the continuing connected transactions between the Company and Draka under the Optical Fibre Technology Cooperation

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Agreement for the three years ending December 31, 2020, 2021 and 2022, and the continuing connected transactions with YOFC Shanghai under the 2020-2022 Framework Agreements and the respective proposed annual caps; (ii) the proposal on the estimates of the 2020 to 2022 annual transaction amounts for the related party transactions to be carried out in the ordinary and usual course of business; and (iii) the proposal on the 2020 annual external guarantee amount, is enclosed with this supplemental circular. If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying supplemental proxy form in accordance with the instructions printed thereon. To be valid, the supplemental proxy form together with the power of attorney or other authorization document (if any) should be returned by holder of H Shares to the Company's H share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by hand or by post not less than 24 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the supplemental proxy form will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

The proxy form issued by the Company along with the circular of the Company dated December 2, 2019 (the "**Original Proxy Form**") will remain valid and effective to the fullest extent applicable if correctly completed and lodged with the H Share registrar of the Company. Shareholders entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote in their stead. For the avoidance of doubt, should the proxies being appointed to attend the EGM under each of the Original Proxy Form and the Supplemental Proxy Form are different and more than one of the proxies attended the EGM, only the proxy validly appointed under the Original Proxy Form shall be designated to vote at the EGM.

Please refer to the Original Notice for details in respect of other resolutions to be passed at the EGM, eligibility for attending the EGM, proxy, registration procedures, closure of register of members and other relevant matters.

### **VI. VOTING BY WAY OF POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the EGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

In accordance with the Listing Rules, Draka and its associates will abstain from voting at the EGM on the ordinary resolutions to approve the sale and purchase transactions with YOFC Shanghai as respectively contemplated under the 2020-2022 YOFC Shanghai Sales Framework Agreement and the 2020-2022 YOFC Shanghai Purchase Framework Agreement and the respective proposed annual caps, and the proposed annual caps for the continuing connected transactions between the Company and Draka under the Optical Fibre Technology Cooperation Agreement for the three years ending December 31, 2020, 2021 and 2022.

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### VII. FURTHER INFORMATION

Further information in respect of the proposal on the estimates of the 2020 to 2022 annual transaction amounts for the related party transactions to be carried out in the ordinary and usual course of business and the proposal on the 2020 annual external guarantee amount is also set out on pages 27 to 42 of this supplemental circular for your attention.

Yours faithfully  
For and on behalf 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*

\* *For identification purpose only*

*Shareholders should be aware that the English text of this Appendix is only a translation of the Chinese version and for reference purpose only. The Chinese version shall prevail in the case of discrepancies and/or inconsistencies between the two versions.*

Pursuant to the Company Law of the People's Republic of China, the Accounting Standards for Business Enterprises and other applicable PRC laws and regulations, the Company has prepared an estimate on the 2020 to 2022 annual transaction amounts for the related party transactions during the ordinary and usual course of business, with details set out as follows:

#### I. TRANSACTION TYPE AND AMOUNTS FOR THE ESTIMATES

Related party	Type of Transaction	Currency	Estimated Transaction Amount for 2020	Estimated Transaction Amount for 2021	Estimated Transaction Amount for 2022
Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd. (江蘇長飛中利光纖光纜 有限公司)	Purchase of goods	RMB	370,000,000	370,000,000	370,000,000
	Sale of products/ Rendering of services	RMB	300,000,000	300,000,000	300,000,000
Sichuan Lefei Optoelectric Technology Company Limited (四川樂飛光電科技有限 公司)	Purchase of goods	RMB	800,000,000	800,000,000	800,000,000
	Sale of products/ Rendering of services	RMB	470,000,000	470,000,000	470,000,000
Shantou Hi-Tech Zone Ao Xing Optical Communication Equipment Co., Ltd. (汕頭高新區奧星光通信 設備有限公司)	Purchase of goods	RMB	350,000,000	350,000,000	350,000,000
	Sale of products/ Rendering of services	RMB	300,000,000	300,000,000	300,000,000
Yangtze (Wuhan) Optical System Corp. (長飛(武漢)光系統股份有 限公司)	Purchase of goods	RMB	10,000,000	10,000,000	10,000,000
	Sale of products/ Rendering of services	RMB	70,000,000	70,000,000	70,000,000

## APPENDIX I

**THE ESTIMATES OF THE 2020 TO 2022 ANNUAL TRANSACTION  
AMOUNTS FOR THE RELATED PARTY TRANSACTIONS TO BE  
CARRIED OUT IN THE ORDINARY AND USUAL COURSE OF BUSINESS**

Related party	Type of Transaction	Currency	Estimated Transaction Amount for 2020	Estimated Transaction Amount for 2021	Estimated Transaction Amount for 2022
Shin-Etsu YOFC (Hubei) Optical Preform Co., Ltd. (長飛信越(湖北)光棒有限 公司)	Purchase of goods	RMB	700,000,000	700,000,000	700,000,000
	Sale of products/Rendering of services	RMB	150,000,000	150,000,000	150,000,000
Shenzhen SDGI Optical Fibre Co., Ltd. (深圳特發信息光纖有限 公司)	Purchase of goods	RMB	80,000,000	80,000,000	80,000,000
	Sale of products/Rendering of services	RMB	300,000,000	300,000,000	300,000,000
Wuhan Guangyuan Electronic Technology Co., Ltd. (武漢光源電子科技有限 公司)	Purchase of goods	RMB	30,000,000	30,000,000	30,000,000
Wuhan Yunjingfei Optical Fibre Materials Co., Ltd. (武漢雲晶飛光纖材料有 限公司)	Purchase of goods	RMB	50,000,000	50,000,000	50,000,000
AVIC Baosheng Ocean Engineering Cable Company (中航寶勝海洋工程電纜 有限公司)	Purchase of goods	RMB	50,000,000	50,000,000	50,000,000

## II. BASIC INFORMATION ON THE COUNTERPARTY TO THE TRANSACTIONS

### 1. Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd. (江蘇長飛中利光纖光纜有限公司)

Nature of Corporation	limited liability company
Date of Establishment	March 6, 2002
Registered Capital	RMB92,880,000
Address	Changkun Industrial Park, Changshu, Jiangsu Province
Legal Representative	Wang Baixing (王柏興)
Scope of Business	Manufacture and sale of optical fibres and optical fibre cables and its associated series of products, active optical devices and passive optical devices, telecommunications terminal devices and telecommunications equipment. Sale of optical fibre cable protective materials and other optical fibre cable raw materials. Export business for its self-produced products and technologies, and import business of mechanical equipment, accessories, raw materials and technologies required by the Company, except for goods and technologies restricted by or prohibited to be imported or exported by the PRC State; engineering works for the connection and installation of telecommunications energy cables and optical fibre cables. (For projects subject to approval pursuant to PRC laws, approval must be obtained from relevant regulators prior to the commencement of any business activities.)
Related Party Relationship	Director and senior managers of the Company serve as its directors. According to the relevant provisions of Rule 10.1.3 (3) of the Shanghai Listing Rules, Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd. (江蘇長飛中利光纖光纜有限公司) is a related party of the Company
Key Financial Information for 2018	As of December 31, 2018, Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd. had total assets of approximately RMB817,355,800, net assets of approximately RMB319,479,800, operating income for 2018 of approximately RMB1,057,135,100, and net profit of approximately RMB46,754,100. (The above information has been audited)

**2. Sichuan Lefei Optoelectric Technology Company Limited (四川樂飛光電科技有限公司)**

Nature of Corporation	limited liability company
Date of Establishment	May 17, 1993
Registered Capital	RMB108,000,000
Address	Jiulizhen, Emeishan, Sichuan
Legal Representative	Yan Changku (閔長鵬)
Scope of Business	Manufacture and sale of various types of optical fibres (including optical fibre preforms), optical fibre cables and other telecommunications cables, optical equipments, telecommunications testing equipment, and the import and export of the aforementioned products (excluding prohibited projects by the PRC State). Development and provision of services for internet connection devices and software; design, construction and provision of ancillary manufacturing services for CATV optical fibre networks. (For projects subject to approval pursuant to PRC laws, approval must be obtained from relevant regulators prior to the commencement of any business activities.)
Related Party Relationship	Senior managers of the Company serve as its directors. According to the relevant provisions of Rule 10.1.3 (3) of the Shanghai Listing Rules, Sichuan Lefei Optoelectric Technology Company Limited (四川樂飛光電科技有限公司) is a related party of the Company
Key Financial Information for 2018	As of December 31, 2018, Sichuan Lefei Optoelectric Technology Company Limited had total assets of approximately RMB356,951,500, net assets of approximately RMB157,841,200, operating income for 2018 of approximately RMB1,000,674,500, and net profit of approximately RMB25,535,800. (The above information has been audited)



**3. Shantou Hi-Tech Zone Ao Xing Optical Communication Equipment Co., Ltd. (汕頭高新區奧星光通信設備有限公司)**

Nature of Corporation	limited liability company
Date of Establishment	November 6, 1992
Registered Capital	RMB170,558,817
Address	No. 15 Keji East Road, High-tech Zone, Shantou
Legal Representative	Gao Jingtao (高靜濤)
Scope of Business	Research, development, manufacture and sales of optical fibre preforms, optical fibres, optical fibre cables, telecommunication cables, specialty cables and devices, accessories, components and materials; manufacture of specialized equipment and telecommunication products; provision of engineering and technical services of such products. (For projects subject to approval pursuant to PRC laws, approval must be obtained from relevant regulators prior to the commencement of any business activities.)
Related Party Relationship	Director of the Company serves as its director. According to the relevant provisions of Rule 10.1.3 (3) of the Shanghai Listing Rules, Shantou Hi-Tech Zone Ao Xing Optical Communication Equipment Co., Ltd. (汕頭高新區奧星光通信設備有限公司) is a related party of the Company
Key Financial Information for 2018	As of December 31, 2018, Shantou Hi-Tech Zone Ao Xing Optical Communication Equipment Co., Ltd. had total assets of approximately RMB487,106,700, net assets of approximately RMB262,933,400, operating income for 2018 of approximately RMB695,918,800, and net profit of approximately RMB25,754,400. (The above information has been audited)

**4. Yangtze (Wuhan) Optical System Corp. (長飛(武漢)光系統股份有限公司)**

Nature of Corporation	limited liability company
Date of Establishment	July 29, 2004
Registered Capital	RMB47,500,000

Address	No. 4 Guanshan 2nd Road, Hongshan District, Wuhan
Legal Representative	Zhou Lijing (周理晶)
Scope of Business	Research and development, manufacture, processing, sales and provision of technology services for specialty optical fibres, optical devices, optical sensing and a series of other optical system products; research and development, provision of technology service and technology consultation of system integration, computer software and hardware products; telecommunications engineering design, installment and maintenance; as proprietor or as agent in the business of importing and exporting of various goods and technologies (except for goods and technologies restricted by or prohibited to be imported or exported by the PRC State). (For the purposes of the abovementioned scope of business, projects subject to specific requirements by the PRC State can be carried out when approved or pursuant to a permit, during the assessed period)
Related Party Relationship	Senior manager of the Company serves as its director. According to the relevant provisions of Rule 10.1.3 (3) of the Shanghai Listing Rules, Yangtze (Wuhan) Optical System Corp. (長飛(武漢)光系統股份有限公司) is a related party of the Company
Key Financial Information for 2018	As of December 31, 2018, Yangtze (Wuhan) Optical System Corp. had total assets of approximately RMB94,084,700, net assets of approximately RMB67,203,200, operating income for 2018 of approximately RMB44,561,300, and net profit of approximately RMB4,164,300. (The above information has been audited)

**5. Shin-Etsu YOFC (Hubei) Optical Preform Co., Ltd. (長飛信越(湖北)光棒有限公司)**

Nature of Corporation	limited liability company
Date of Establishment	August 18, 2015
Registered Capital	JPY8,000,000,000
Address	Te No. 1 Changfei Avenue, Jiangnan Yanhua Industrial Park, Qianjiang
Legal Representative	Zhuang Dan (莊丹)

Scope of Business	Manufacture and sale of optical fibre preforms for optical fibres, production and sale of hydrochloric acid and silicon tetrachloride; production and sale of industrial products (excluding hazardous chemicals). (Involves licensed project, prior permission from the relevant departments must be obtained before operating)
Related Party Relationship	Director and supervisor of the Company serve as its directors. According to the relevant provisions of Rule 10.1.3 (3) of the Shanghai Listing Rules, Shin-Etsu YOFC (Hubei) Optical Preform Co., Ltd. (長飛信越(湖北)光棒有限公司) is a related party of the Company
Key Financial Information for 2018	As of December 31, 2018, Shin-Etsu YOFC (Hubei) Optical Preform Co., Ltd. had total assets of approximately RMB890,537,200, net assets of approximately RMB624,080,600, operating income for 2018 of approximately RMB436,659,300, and net profit of approximately RMB87,441,500. (The above information has been audited)
<b>6. Shenzhen SDGI Optical Fibre Co., Ltd. (深圳特發信息光纖有限公司)</b>	
Nature of Corporation	limited liability company
Date of Establishment	August 30, 2000
Registered Capital	RMB386,518,320
Address	No. 20 Technology North 1st Road, Nanshan Xili Residential District, Shenzhen
Legal Representative	Peng Zuhua (彭祖華)
Scope of Business	Technology development, technology consultation and sales of optical fibres, telecommunication products and mechanical equipment; domestic sales, export and import business. Manufacture of optical fibres and mechanical equipment
Related Party Relationship	Supervisor and senior managers of the Company serve as its directors. According to the relevant provisions of Rule 10.1.3 (3) of the Shanghai Listing Rules, Shenzhen SDGI Optical Fibre Co., Ltd. (深圳特發信息光纖有限公司) is a related party of the Company

Key Financial Information for 2018	As of December 31, 2018, Shenzhen SDGI Optical Fibre Co., Ltd. had total assets of approximately RMB710,537,000, net assets of approximately RMB490,230,800, operating income for 2018 of approximately RMB462,835,100, and net profit of approximately RMB36,589,200. (The above information has been audited)
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**7. Wuhan Guangyuan Electronic Technology Co., Ltd. (武漢光源電子科技有限公司)**

Nature of Corporation	limited liability company
Date of Establishment	November 4, 2002
Registered Capital	RMB5,000,000
Address	Wuzhigou West, Gexin Avenue South, Dongxihu District (No. 15 Wunan Road, Wujiashan)
Legal Representative	Li Xizhe (李希哲)
Scope of Business	Research and development, development and sales of plastic products, precision moulds, electronic products, telecommunications equipment, photoelectric devices, optical fibres and optical fibre cables technology; as proprietor or as agent in the business of importing and exporting of various goods and technologies (except for goods and technologies restricted by or prohibited to be imported or exported by the PRC State). (For projects subject to approval pursuant to PRC laws, approval must be obtained from relevant regulators prior to the commencement of any business activities.)
Related Party Relationship	Senior manager of the Company serves as its director. According to the relevant provisions of Rule 10.1.3 (3) of the Shanghai Listing Rules, Wuhan Guangyuan Electronic Technology Co., Ltd. (武漢光源電子科技有限公司) is a related party of the Company
Key Financial Information for 2018	As of December 31, 2018, Wuhan Guangyuan Electronic Technology Co., Ltd. had total assets of approximately RMB19,929,200, net assets of approximately RMB9,502,300, operating income for 2018 of approximately RMB30,716,800, and net loss of approximately RMB295,100. (The above information has not been audited)

**8. Wuhan Yunjingfei Optical Fibre Materials Co., Ltd. (武漢雲晶飛光纖材料有限公司)**

Nature of Corporation	limited liability company
Date of Establishment	April 26, 2011
Registered Capital	RMB45,000,000
Address	No. 9 Guanggu Avenue, Donghu Development Zone, Wuhan
Legal Representative	Bao Wendong (包文東)
Scope of Business	Development, manufacture and sale of high-purity germanium tetrachloride, high-purity silicon tetrachloride and associated series of products used for optical fibres; import and export of goods, import and export of technology, as agent in importing and exporting (except for goods and technologies prohibited to be imported or exported by the PRC State). (For the purposes of the abovementioned scope of business, projects subject to specific requirements by the PRC State can be carried out when approved or pursuant to a permit, during the assessed period.)
Related Party Relationship	Senior manager of the Company serves as its director. According to the relevant provisions of Rule 10.1.3 (3) of the Shanghai Listing Rules, Wuhan Yunjingfei Optical Fibre Materials Co., Ltd. (武漢雲晶飛光纖材料有限公司) is a related party of the Company
Key Financial Information for 2018	As of December 31, 2018, Wuhan Yunjingfei Optical Fibre Materials Co., Ltd. had total assets of approximately RMB86,133,400, net assets of approximately RMB62,221,700, operating income for 2018 of approximately RMB71,716,600, and net profit of approximately RMB3,198,300. (The above information has been audited)

**9. AVIC Baosheng Ocean Engineering Cable Company (中航寶勝海洋工程電纜有限公司)**

Nature of Corporation	limited liability company
Date of Establishment	August 26, 2015
Registered Capital	RMB1,000,000,000

Address	No. 1 Shiqiao south road, Yangzhou
Legal Representative	Chen Dayong (陳大勇)
Scope of Business	Design, research and development, manufacture and sales of submarine cables, submarine optical cables, optoelectronic composite cables, submarine special cables, DC cables, high-voltage cables, ultra-high-voltage cables, umbilical cables, towing cables, OPGW and other electrical cables and accessories, soft connectors and other marine projects products; providing terminal facilities management services for ships; providing general cargo handling, storage, and transportation services in ports; supply chain management services; overall logistics solution planning and consulting; freight forwarding services; water and land transportation services; logistics information consulting; import and export of self-management and distribution of products and technologies (except for management of products and technologies that are restricted to the state's enterprises or import or export of products and technologies that are restricted).
Related Party Relationship	Senior managers of the Company serve as its directors. According to the relevant provisions of Rule 10.1.3 (3) of the Shanghai Listing Rules, AVIC Baosheng Ocean Engineering Cable Company (中航寶勝海洋工程電纜有限公司) is a related party of the Company
Key Financial Information for 2018	As of December 31, 2018, AVIC Baosheng Ocean Engineering Cable Company had total assets of approximately RMB1,178,739,400, net assets of approximately RMB1,000,067,400, operating income for 2018 of nil, and net profit of approximately RMB700. (The above information has been audited)

To satisfy the daily operational needs of each subsidiary of the Group, the Company proposed that during year 2020, the Company would provide its subsidiaries and those subsidiaries would provide among each other guarantees not exceeding the amount of USD145 million, RMB108.5 million, ZAR15 million and MXN5 million (Mexican Peso), equivalent to approximately RMB1.13 billion. Details of the 2020 annual external guarantee amount are set out below:

No.	Subsidiary	Estimated amount of guarantee in 2020
1	Yangtze Optical Fibre and Cable Company (Hong Kong) Limited	USD110,000,000
2	PT Yangtze Optics Indonesia	USD5,000,000
3	Yangtze Optics Africa Holdings Proprietary Limited	ZAR15,000,000
4	PT Yangtze Optical Fibre Indonesia	USD5,000,000
5	YOFC International (Singapore) Pte. Ltd.	USD5,000,000
6	YOFC Peru S.A.C.	USD20,000,000
7	YOFC International (Thailand) Co., Ltd.	RMB8,500,000
8	YOFC International (Philippines) Corporation	RMB100,000,000
9	YOFC INTERNATIONAL MEXICO S.A. DE C.V.	MXN5,000,000

The actual financing amount of each of the Company's subsidiary shall not exceed the amount guaranteed, and the actual financing amount shall be reasonably determined according to the actual needs of such company. As of December 20, 2019, the Company's cumulative external guarantee extended to its subsidiaries between its subsidiaries amounted to approximately RMB1.356 billion, accounting for approximately 16.56% of the latest audited net assets of the Company.

**BASIC INFORMATION ON THE GUARANTEED PARTIES****1. Yangtze Optical Fibre and Cable Company (Hong Kong) Limited**

Registered Address: FLAT/RM01, BLK02, 26/F, Lippo Centre, No.89 Queensway, Hong Kong

Registered Capital: HKD80,000

Scope of Business: Engaging in the import and export trade of optical fibres, optical fibre cables and relevant raw materials

Shareholding Structure: 100% owned by the Company

Key Financial Position: As of September 30, 2019, Yangtze Optical Fibre and Cable Company (Hong Kong) Limited had total assets of approximately RMB302,061,200, total liabilities of approximately RMB161,882,000, net assets of approximately RMB140,179,200, current liabilities of approximately RMB161,882,000, non-current liabilities of nil; operating income of approximately RMB289,093,600 and net profit of approximately RMB10,208,900 for the nine month period ended September 30, 2019. (The above information has not been audited and was converted into RMB)

**2. PT Yangtze Optics Indonesia**

Registered Address: Surya Cipta City of Industry Jl. Surya Madya X Kav.1-65 E4, Karawang, WestJava, Indonesia

Registered Capital: USD14,000,000

Scope of Business: Engaging in the business activities of the optical fibre and optical fibre cable industry

Shareholding Structure: 90% owned by the Company, 10% owned by PT Fiber Optik Teknologi Indonesia

Key Financial Position: As of September 30, 2019, PT Yangtze Optics Indonesia had total assets of approximately RMB204,465,300, total liabilities of approximately RMB116,069,200, net assets of approximately RMB88,396,000, current liabilities of approximately RMB116,069,200, non-current liabilities of nil; operating income of approximately RMB70,211,000 and net profit of approximately RMB4,837,300 for the nine month period ended September 30, 2019. (The above information has not been audited and was converted into RMB)



**3. Yangtze Optics Africa Holdings Proprietary Limited**

Registered Address: 322 15th Road, Randjespark, Midrand, Gaueng, 1685

Registered Capital: USD10,000,000

Scope of Business: Investment and trading

Shareholding Structure: 51% owned by the Company, 23.9% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited, 25.1% owned by Mustek Limited

Key Financial Position: As of September 30, 2019, Yangtze Optics Africa Holdings Proprietary Limited had total assets of approximately RMB95,734,600, total liabilities of approximately RMB43,544,900, net assets of approximately RMB52,189,600, current liabilities of approximately RMB39,600,400, non-current liabilities of approximately RMB3,944,500; operating income of approximately RMB49,445,800 and net profit of approximately -RMB3,004,500 for the nine month period ended September 30, 2019. (The above information has not been audited and was converted into RMB)

**4. PT Yangtze Optical Fibre Indonesia**

Registered Address: Jl. Surya Madya X Kav 1-65 E3, Surya Cipta City of Industry, Desa Mulyasari Kecamatan Ciampel, Kabupaten Karawang

Registered Capital: IDR126.79 billion

Scope of Business: Engaging in the manufacturing and sales of optical fibre and optical fibre cable

Shareholding Structure: 70% owned by the Company, 30% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited

Key Financial Position: As of September 30, 2019, PT Yangtze Optical Fibre Indonesia had total assets of approximately RMB264,544,000, total liabilities of approximately RMB117,109,800, net assets of approximately RMB147,434,200, current liabilities of approximately RMB117,109,800, non-current liabilities of nil; operating income of approximately RMB68,566,400 and net profit of approximately -RMB13,186,900 for the nine month period ended September 30, 2019. (The above information has not been audited and was converted into RMB)

**5. YOFC International (Singapore) Pte. Ltd.**

Registered Address: 12 Marina Boulevard#17-01fzl Marina Bay Financial Centre Singapore

Registered Capital: USD8,000,000

Scope of Business: General import and export wholesale trade (import and export of telecommunication equipment for trade purpose) and other uncategorised telecommunication related business activities

Shareholding Structure: 100% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited

Key Financial Position: As of September 30, 2019, YOFC International (Singapore) Pte. Ltd. had total assets of approximately RMB29,989,000, total liabilities of approximately RMB21,291,100, net assets of approximately RMB8,697,900, current liabilities of approximately RMB21,291,100, non-current liabilities of nil; operating income of approximately RMB25,962,800 and net profit of approximately RMB511,500 for the nine month period ended September 30, 2019. (The above information has not been audited and was converted into RMB)

**6. YOFC Peru S.A.C.**

Registered Address: Av. Enrique Canaval Moreyra N<sup>o</sup> 480, Oficina 1501, Lima 27

Registered Capital: PEN108,693,728

Scope of Business: Provision of public telecommunication services, especially internet access and intranet services to public institutions, private entities and individuals; planning, design, construction, financing, operation, maintenance and/or repair of telecommunication networks and/or telecommunication systems and provision of other goods required for general telecommunication services, especially the goods required for provision of internet access and intranet services to public institutions, private entities and individuals; all actions related to the above that help achieve goals of the company and comply with the law are included

Shareholding Structure: 75% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited, 25% owned by Yachay Telecomunicaciones S.A.C.

Key Financial Position: As of September 30, 2019, YOFC Peru S.A.C. had total assets of approximately RMB637,793,000, total liabilities of approximately RMB584,491,900, net assets of approximately RMB53,301,100, current liabilities of approximately RMB584,134,600, non-current liabilities of approximately RMB357,300; operating income of nil and net profit of approximately -RMB5,181,500 for the nine month period ended September 30, 2019. (The above information has not been audited and was converted into RMB)

**7. YOFC International (Thailand) Co., Ltd.**

Registered Address: Olympia Thai Tower, 13th Floor, 444 Ratchadapisek Road, Samsennok, Huay Kwang, Bangkok, The Kingdom of Thailand

Registered Capital: 1,000,000 issued shares of THB10 each

Scope of Business: Import and export of optical fibres, optical fibre cables and telecommunication products, engineering design, telecommunication facility construction, import and export of insulation materials, aluminium strips and steel strips required for optical fibre and optical fibre cable and other protective products for circuits and cables.

Shareholding Structure: 100% controlled by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited

Key Financial Position: As of September 30, 2019, YOFC International (Thailand) Co., Ltd. had total assets of approximately RMB21,743,600, total liabilities of approximately RMB24,011,500, net assets of approximately -RMB2,267,800, current liabilities of approximately RMB24,011,500, non-current liabilities of nil; operating income of approximately RMB22,776,300 and net profit of approximately -RMB4,526,800 for the nine month period ended September 30, 2019. (The above information has not been audited and was converted into RMB)

**8. YOFC International (Philippines) Corporation**

Registered Address: 3rd Flr. 170 Salcedo St., Legaspi Village, Makati City, Republic of the Philippines.

Registered Capital: 10,200,000 issued shares of PHP1.00 each

Scope of Business: Sales of optical fibres and optical fibre cables and related packaged engineering services

Shareholding Structure: 100% controlled by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited

Key Financial Position: As of September 30, 2019, YOFC International (Philippines) Corporation had total assets of approximately RMB50,875,300, total liabilities of approximately RMB46,645,000, net assets of approximately RMB4,230,300, current liabilities of approximately RMB46,645,000, non-current liabilities of nil; operating income of approximately RMB45,408,200 and net profit of approximately RMB2,748,200 for the nine month period ended September 30, 2019. (The above information has not been audited and was converted into RMB)

**9. YOFC INTERNATIONAL MEXICO S.A. DE C.V.**

Registered Address: Ave Insurgentes Sur 730, Piso 1, Del Valle Centro, Mexico, Ciudad De MEXICO

Registered Capital: MXN50,000

Scope of Business: Import, export, distribution, maintenance, storage, sales and manufacturing of optical fibres and optical fibre cables, and businesses relating to the system integration of optical fibres, optical fibre cables and other optical communication products

Shareholding Structure: 99% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited, 1% owned by YOFC International (Singapore) Pte. Ltd.

Key Financial Position: As of September 30, 2019, YOFC INTERNATIONAL MEXICO S.A. DE C.V. had total assets of approximately RMB38,140,400, total liabilities of approximately RMB35,582,700, net assets of approximately RMB2,557,700, current liabilities of approximately RMB35,582,700, non-current liabilities of nil; operating income of approximately RMB11,824,900 and net profit of approximately RMB1,837,100 for the nine month period ended September 30, 2019. (The above information has not been audited and was converted into RMB)

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## SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

### SUPPLEMENTAL NOTICE OF THE EXTRAORDINARY GENERAL MEETING

References are made to the circular of Yangtze Optical Fibre and Cable Joint Stock Limited Company\* (the “**Company**”) and the notice of the extraordinary general meeting of the Company (the “**EGM**”) dated December 2, 2019 (the “**Original Notice**”), which set out the time and venue of the EGM and contain the resolutions to be tabled before the EGM for shareholders’ approval.

**SUPPLEMENTAL NOTICE IS HEREBY GIVEN** that the EGM will be held as originally scheduled on Friday, January 17, 2020 at 1:30 p.m. at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC, for the purposes of considering and if thought fit, passing the following resolutions, in addition to the resolutions set out in the Original Notice:

#### **ORDINARY RESOLUTIONS**

7. To consider and approve the following proposed annual caps and continuing connected transactions/2020 to 2022 annual transaction amounts for the related party transactions to be carried out in the ordinary and usual course of business:
  - 7.01 the proposed annual caps for the continuing connected transactions contemplated under the Optical Fibre Technology Cooperation Agreement for the three years ending December 31, 2020, 2021 and 2022 be and are hereby approved and confirmed, and the directors of the Company acting together or by committee, or any director of the Company acting individually, be and is hereby authorised to do all such further acts and things and execute such further documents and take all such steps which in his/her/their opinion may be necessary, desirable or expedient to implement and/or give effect to such proposed annual caps;
  - 7.02 (i) the continuing connected transactions contemplated under the purchase framework agreement entered into between Yangtze Optical Fibre and Cable (Shanghai) Co., Ltd. (長飛光纖光纜(上海)有限公司) and the Company on December 20, 2019, a copy of which has been initialled by the chairman of this meeting and for the purpose of identification marked “A”, and the proposed

\* *For identification purpose only*

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## SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING

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annual caps be and are hereby generally and unconditionally approved and the directors of the Company acting together or by committee, or any director of the Company acting individually, be and is hereby authorised to do all such further acts and things and execute such further documents and take all such steps which in his/her/their opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such continuing connected transactions; and (ii) the continuing connected transactions contemplated under the sales framework agreement entered into between Yangtze Optical Fibre and Cable (Shanghai) Co., Ltd. (長飛光纖光纜(上海)有限公司) and the Company on December 20, 2019, a copy of which has been initialled by the chairman of this meeting and for the purpose of identification marked “B”, and the proposed annual caps be and are hereby generally and unconditionally approved and the directors of the Company acting together or by committee, or any director of the Company acting individually, be and is hereby authorised to do all such further acts and things and execute such further documents and take all such steps which in his/her/their opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such continuing connected transactions;

- 7.03 the estimates of the 2020 to 2022 annual transaction amounts for the related party transactions to be carried out in the ordinary and usual course of business as set out in Appendix I to the supplemental circular of the Company dated December 31, 2019 be and are hereby approved, and that the board of directors of the Company (the “**Board**”) or such persons as authorized by the Board, be authorized to enter into specific business agreements with the related parties from time to time during the years 2020 to 2022 within the limits of the estimates on the transaction amounts, for each transaction contemplated under this proposal during the ordinary and usual course of business; and
8. To consider and approve the 2020 annual external guarantee amount as set out in Appendix II to the supplemental circular of the Company dated December 31, 2019, and that the Board or such person as authorized by the Board, be authorized to handle the specific matters in relation to the external guarantee, including adjusting specific guarantee amount and signing relevant legal documents in accordance with actual business needs within the limit of the 2020 annual external guarantee amount contemplated under this proposal.

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, December 31, 2019

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## SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

- (1) Details of the above proposals and resolutions to be considered at the EGM are set out in the supplemental circular of the Company dated December 31, 2019 (the “**Supplemental Circular**”). Unless otherwise defined in this supplemental notice, capitalized terms used in this supplemental notice shall have the same meanings as those defined in the Supplemental Circular.
- (2) A supplemental proxy form (the “**Supplemental Proxy Form**”) containing the resolutions numbered 7 to 8 mentioned above is enclosed with this Supplemental Circular. The proxy form issued by the Company along with the circular of the Company dated December 2, 2019 (the “**Original Proxy Form**”) will remain valid and effective to the fullest extent applicable if correctly completed and lodged with the H Share registrar of the Company.
- (3) If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying Supplemental Proxy Form in accordance with the instructions printed thereon. To be valid, the Supplemental Proxy Form together with the power of attorney or other authorization document (if any) should be returned by holder of H Shares to the Company’s H share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by hand or by post not less than 24 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the Supplemental Proxy Form will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.
- (4) Shareholders entitled to attend and vote at the EGM may appoint one or more proxies to attend, speak and vote in their stead. For the avoidance of doubt, should the proxies being appointed to attend the EGM under each of the Original Proxy Form and the Supplemental Proxy Form are different and more than one of the proxies attended the EGM, only the proxy validly appointed under the Original Proxy Form shall be designated to vote at the EGM.
- (5) Please refer to the Original Notice for details in respect of other resolutions to be passed at the EGM, eligibility for attending the EGM, proxy, registration procedures, closure of register of members and other relevant matters.