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Yangtze Optical Fibre and Cable Joint Stock Limited Company*

長飛光纖光纜股份有限公司

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

(Stock Code: 6869)

DISCLOSEABLE TRANSACTIONS IN RELATION TO PROPOSED INVESTMENT IN SEMICONDUCTOR BUSINESS

THE JOINT INVESTMENT AGREEMENT

The Company and Wuhan Ruixin (an indirect wholly-owned subsidiary of the Company) entered into the Joint Investment Agreement with YOFC Science & Innovation Fund, Hangzhou Dahe, Shenhe Investment, Wuhu Haiwo, Wuhu Zewan No. 2, Optics Valley Industry Investment and Shanghai Linjun on 8 March 2022 to form the Consortium and to jointly invest in Tus Semiconductor (a company engaging in R&D and manufacture of semiconductors) through participation in the Equity Transfer Transactions. The purpose of the Equity Transfer Transactions is to effect the acquisition of interests in primarily THZ Engineering Centre and Tus Semiconductor as further elaborated in the Overall Transaction Plan listed on the Anhui Changjiang Equity Exchange on 16 December 2021, by way of a public tender process.

The Equity Transfer Transactions will involve the following five steps:

- (1) The Company will acquire 45% of equity interest in THZ Engineering Centre (a company holding the fixed assets required for Tus Semiconductor's business operations);
- (2) The Company will acquire 72.8964% of equity interest in Tus Semiconductor;
- (3) The Company, YOFC Science & Innovation Fund, Hangzhou Dahe, Shenhe Investment, Wuhu Haiwo, Wuhu Zewan No. 2, Optics Valley Industry Investment and Shanghai Linjun will invest in Tus Semiconductor through capital injection to acquire 34.9171%, 3.8067%, 4.7584%, 4.7584%, 5.7100%, 3.8067%, 1.9033% and 6.1859% of equity interests in Tus Semiconductor, respectively;
- (4) The Company and Wuhan Ruixin will purchase 6.99% and 0.01% partnership interest in THZ Investment Centre (a shareholder of THZ Engineering Centre as at the date of this announcement) and become a limited partner and the general partner, respectively; and
- (5) The Company and Wuhan Ruixin will purchase 6.99% and 0.01% partnership interest in THZ Investment Fund (a shareholder of THZ Engineering Centre as at the date of this announcement) and become a limited partner and the general partner, respectively.

Upon Completion, the Group will be interested in approximately 37.10% of equity interest in THZ Engineering Centre, approximately 37.10% of equity interest in Tus Semiconductor, 7% partnership interest in THZ Investment Fund and 7% partnership interest in THZ Investment Centre. Wuhan Ruixin will become the general partner of each of THZ Investment Fund and THZ Investment Centre. The Company will be entitled to nominate the majority of the board of directors of Tus Semiconductor, hence the Company will control the board composition of Tus Semiconductor and control THZ Engineering Centre through Tus Semiconductor. As such, THZ Engineering Centre and Tus Semiconductor will become subsidiaries of the Company. The investments in THZ Investment Fund and THZ Investment Centre will be accounted for joint ventures in the Company's financial statements in accordance with the relevant accounting standards.

The aggregate amount payable by the Company and Wuhan Ruixin under the Equity Transfer Transactions as contemplated under the Joint Investment Agreement is expected to be RMB780,000,000, which includes (i) a non-refundable earnest money of RMB20,000,000 which has been paid by the Company to the Anhui Changjiang Equity Exchange to indicate its interest in participating in the public tender process, (ii) the transaction deposit of RMB200,000,000 which has been paid by the Company to the Anhui Changjiang Equity Exchange; and (iii) the remaining consideration and capital contribution under the Equity Transfer Transactions payable by the Group to the designated account(s) of the Anhui Changjiang Equity Exchange within five business days after the effective dates of the respective transfer or capital injection agreements.

Upon Completion, the Relevant Consortium Members will be granted the Option, pursuant to which in the event that a qualified listing of Tus Semiconductor has not occurred on or prior to the fifth anniversary of the Completion, the Relevant Consortium Members shall have the right to serve a written notice within 30 days to request Tus Semiconductor to repurchase any or all of their equity interests in Tus Semiconductor subscribed in the cash capital injection as part of the Equity Transfer Transactions. No premium is payable for the acceptance of the Option.

As at the date of this announcement, the Consortium has applied for participation in the Equity Transfer Transactions, but no formal transfer or capital injection agreement in relation to the Equity Transfer Transactions has been entered into by any member of the Consortium. Upon successful bidding by the Consortium in the Tender Process, members of the Consortium will enter into formal transfer and capital injection agreements (as the case may be) with the relevant parties to implement the Equity Transfer Transactions.

LISTING RULES IMPLICATIONS

Since one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Equity Transfer Transactions exceed 5% but are less than 25%, the Equity Transfer Transactions constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under the Listing Rules.

The proposed grant of the Option by Tus Semiconductor to the Relevant Consortium Members requesting Tus Semiconductor to repurchase any or all of their equity interests in Tus Semiconductor would be treated as a notifiable transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. It is expected that the exercise price of the Option will not render the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Equity Transfer Transactions (including the exercise price of the Option) to reach 25% or more. If any applicable percentage ratio reaches 25% or more and affects the classification of notifiable transactions, or if the Option is exercised, the Company will comply with the applicable requirements under the Listing Rules and other relevant laws and regulations as and when appropriate.

The Equity Transfer Transactions do not constitute material assets reorganizations under the Administrative Measures for the Material Assets Reorganizations of Listed Companies promulgated by China Securities Regulatory Commission.

No formal transfer or capital injection agreement in relation to the Equity Transfer Transactions has been entered into by the Group as at the date of this announcement. As the entering into of the Equity Transfer Transactions will be subject to the relevant procedures of the Anhui Changjiang Equity Exchange and approvals from the relevant authorities and will depend on whether the Consortium is successful in the Tender Process, the Equity Transfer Transactions may or may not be entered into. There is no assurance that the Equity Transfer Transactions will take place or as to when it may take place.

As Tus Semiconductor is still at the initial stage of R&D and manufacture of third generation semiconductors, a large amount of capital and human resources is required. If Tus Semiconductor's future R&D results are not satisfactory or if its products do not meet the market needs, the recovery of initial investment and materialization of expected benefits of the Company may be affected. The market of third generation semiconductors has not been formed, Tus Semiconductor and THZ Engineering Centre do not have bulk sales as at the date of this announcement, hence there are uncertainties in the development of both customers and product sales in the future. In the event that a qualified listing of Tus Semiconductor has not occurred on or prior to the fifth anniversary of the Completion, the Relevant Consortium Members shall have the right to request Tus Semiconductor to repurchase any or all of their equity interests in Tus Semiconductor. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the shares or any other securities of the Company.

The Company and Wuhan Ruixin (an indirect wholly-owned subsidiary of the Company) entered into the Joint Investment Agreement with YOFC Science & Innovation Fund, Hangzhou Dahe, Shenhe Investment, Wuhu Haiwo, Wuhu Zewan No. 2, Optics Valley Industry Investment and Shanghai Linjun on 8 March 2022 to form the Consortium and to jointly invest in Tus Semiconductor (a company engaging in R&D and manufacture of semiconductors) through participation in the Equity Transfer Transactions. The purpose of the Equity Transfer Transactions is to effect the acquisition of interests in primarily THZ Engineering Centre and Tus Semiconductor as further elaborated in the Overall Transaction Plan listed on the Anhui Changjiang Equity Exchange on 16 December 2021, by way of a public tender process.

THE JOINT INVESTMENT AGREEMENT

Date

8 March 2022

Parties

- (1) The Company;
- (2) Wuhan Ruixin (an indirect wholly-owned subsidiary of the Company);
- (3) YOFC Science & Innovation Fund;
- (4) Hangzhou Dahe;
- (5) Shenhe Investment;
- (6) Wuhu Haiwo;
- (7) Wuhu Zewan No. 2;
- (8) Optics Valley Industry Investment; and
- (9) Shanghai Linjun.

Equity Transfer Transactions

The Equity Transfer Transactions will involve the following five steps:

Step 1: Acquisition of 45% of equity interest in THZ Engineering Centre

As at the date of this announcement, THZ Engineering Centre is owned as to 70% by THZ Investment Fund and 30% by THZ Investment Centre. THZ Investment Fund will transfer, and the Company will acquire, 45% of equity interest (corresponding to registered capital of RMB490,950,000) in THZ Engineering Centre (the “**THZ Engineering Centre Acquisition**”). Based on the THZ Engineering Centre Valuation Report, as at the Valuation Date, the book value of net assets of THZ Engineering Centre was RMB909,891,900 and the appraised value of shareholders’ total equity of THZ Engineering Centre was RMB1,191,481,200. Accordingly, the Floor Price of the acquisition of 45% of equity interest in THZ Engineering Centre is RMB536,166,540, which is also the amount of consideration expected to be paid by the Company for the THZ Engineering Centre Acquisition.

Upon completion of the THZ Engineering Centre Acquisition, THZ Engineering Centre will be owned as to 45% by the Company, 25% by THZ Investment Fund and 30% by THZ Investment Centre.

Step 2: Acquisition of 72.8964% of equity interest in Tus Semiconductor

As at the date of this announcement, Tus Semiconductor is owned as to 48.2804% by Tus Microelectronics, 24.6160% by Wuhu Dixin, 21.7391% by Wuhu Shuimu Fund and 5.3645% by Wuhu Construction. Tus Microelectronics and Wuhu Dixin will respectively transfer, and the Company will acquire, 48.2804% and 24.6160% of equity interests (corresponding to registered capital of RMB6,300,000 and RMB3,212,089, respectively) in Tus Semiconductor (the “**Tus Semiconductor Acquisition**”). Based on the Tus Semiconductor Valuation Report, as at the Valuation Date, the book value of net assets of Tus Semiconductor was RMB31,585,400 and the appraised value of shareholders’ total equity of Tus Semiconductor was RMB230,370,000. Accordingly, the Floor Price of the acquisition of 72.8964% of equity interest in Tus Semiconductor is RMB167,932,126, which is also the aggregate amount of consideration expected to be paid by the Company for the Tus Semiconductor Acquisition.

Upon completion of the Tus Semiconductor Acquisition, Tus Semiconductor will be owned as to 72.8964% by the Company, 21.7391% by Wuhu Shuimu Fund and 5.3645% by Wuhu Construction.

Step 3: Capital injection in Tus Semiconductor

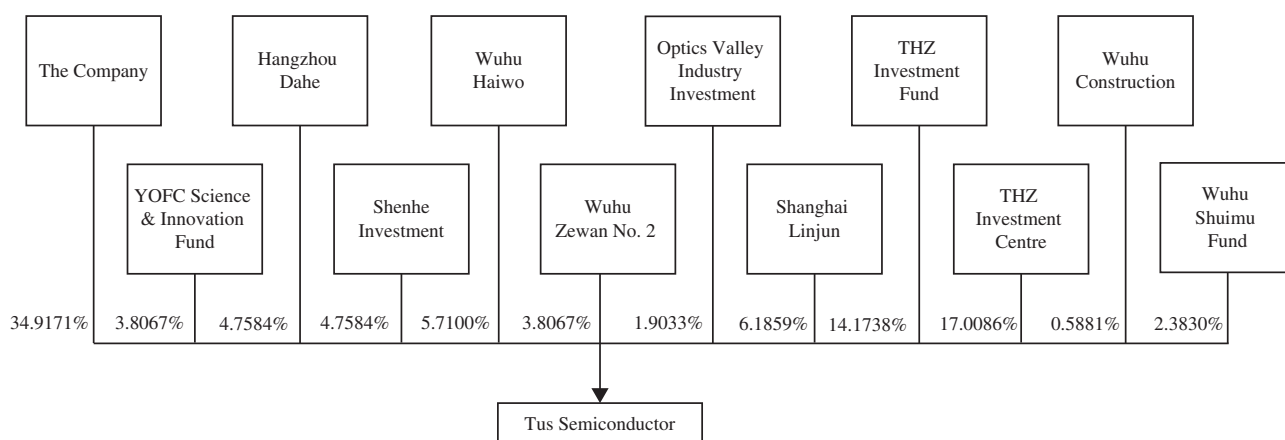
As at the date of this announcement, the amount of registered capital of Tus Semiconductor is RMB13,048,780. Upon completion of the THZ Engineering Centre Acquisition and the Tus Semiconductor Acquisition, the Company, THZ Investment Fund and THZ Investment Centre, being all the then shareholders of THZ Engineering Centre, will invest in Tus Semiconductor by subscribing for Tus Semiconductor’s additional registered capital of RMB67,488,428 (the “**Tus Semiconductor Capital Injection**”) at an aggregate consideration of RMB1,191,481,200 (the “**Tus Semiconductor Capital Injection Consideration**”). The aggregate consideration will be settled by the Company, THZ Investment Fund and THZ Investment Centre by respectively transferring to Tus Semiconductor 45%, 25% and 30% of equity interests in THZ Engineering Centre, the appraised value of net assets of which equals to the Tus Semiconductor Capital Injection Consideration based on the THZ Engineering Centre Valuation Report. Accordingly, the consideration for each RMB1 of additional registered capital of Tus Semiconductor is RMB17.6546, which equals to the appraised value of each RMB1 of Tus Semiconductor’s additional registered capital based on the Tus Semiconductor Valuation Report. The Company, THZ Investment Fund and THZ Investment Centre will subscribe for Tus Semiconductor’s additional registered capital of RMB30,369,793, RMB16,872,107 and RMB20,246,528, respectively.

Upon completion of the Tus Semiconductor Capital Injection, the amount of registered capital of Tus Semiconductor will be increased to RMB80,537,208 and Tus Semiconductor will be owned as to 49.5198% by the Company, 3.5222% by Wuhu Shuimu Fund, 0.8692% by Wuhu Construction, 20.9495% by THZ Investment Fund and 25.1393% by THZ Investment Centre.

After completion of the Tus Semiconductor Capital Injection, Tus Semiconductor will further increase its registered capital by RMB38,500,000 in cash (the “**Tus Semiconductor Cash Capital Injection**”). The consideration for each RMB1 of additional registered capital of Tus Semiconductor is RMB17.6546, which equals to the appraised value of each RMB1 of Tus Semiconductor’s additional registered capital based on the Tus Semiconductor Valuation Report. Accordingly, the Floor Price of the Tus Semiconductor Cash Capital Injection is RMB679,702,100, which is approximately the aggregate amount of consideration expected to be paid by members of the Consortium who participate in the Tus Semiconductor Cash Capital Injection.

The Company, YOFC Science & Innovation Fund, Hangzhou Dahe, Shenhe Investment, Wuhu Haiwo, Wuhu Zewan No. 2, Optics Valley Industry Investment and Shanghai Linjun will invest RMB29,702,170, RMB79,999,984, RMB99,999,997, RMB99,999,997, RMB119,999,993, RMB79,999,984, RMB39,999,992 and RMB129,999,983 in Tus Semiconductor, respectively, to subscribe for its additional registered capital of approximately RMB1,682,404, RMB4,531,396, RMB5,664,246, RMB5,664,246, RMB6,797,095, RMB4,531,396, RMB2,265,698 and RMB7,363,519, respectively.

Upon completion of the Tus Semiconductor Cash Capital Injection, the amount of registered capital of Tus Semiconductor will be further increased to RMB119,037,208 and the corporate structure of Tus Semiconductor will be as follows:



Step 4: Purchases of partnership interest in THZ Investment Centre

As at the date of this announcement, THZ Investment Centre is a limited partnership with Tus Core Materials as its general partner holding 1% partnership interest, and Tus Microelectronics and Wuhu Construction as its limited partners holding 6% and 93% partnership interest, respectively.

Wuhan Ruixin will purchase 0.01% partnership interest from Tus Core Materials by making capital contribution of RMB35,744 and become the general partner; and the Company will purchase 0.99% partnership interest from Tus Core Materials and 6% partnership interest from Tus Microelectronics by making aggregate capital contribution of RMB24,985,361 and become a limited partner (the “**THZ Investment Centre Purchases**”). Upon completion of the THZ Investment Centre Purchases, the existing unpaid portion of capital contribution to THZ Investment Centre will not be paid and corresponding capital reduction will be made.

Based on the appraised value of equity interest in THZ Engineering Centre held by THZ Investment Centre under the THZ Engineering Centre Valuation Report, the Floor Price of the purchase of 7% partnership interest in THZ Investment Centre is RMB25,021,105, which is also the aggregate amount of capital contribution expected to be paid by Wuhan Ruixin and the Company in the THZ Investment Centre Purchases.

Upon completion of the THZ Investment Centre Purchases and the corresponding capital reduction, THZ Investment Centre will be held as to 0.01% by Wuhan Ruixin as its general partner, 6.99% by the Company as its limited partner and 93% by Wuhu Construction as its limited partner. Wuhan Ruixin, the Company and Wuhu Construction will then enter into a partnership agreement to govern THZ Investment Centre, the key terms of which are summarized below:

- **Investment Scope and Targets:** By focusing on the investments in and constructions of THZ Engineering Centre, THZ Investment Centre is committed to develop THZ Engineering Centre into a public R&D platform for materials, wafer fabrication, chip manufacture, chip packaging and tests and applications, in order to drive the future microelectronic industry park in Wuhu city in the PRC and to facilitate the construction of microelectronic industry ecology of Wuhu city which integrates technology innovation, results transformation, enterprises incubation and industrial investments. THZ Investment Centre shall not invest in projects other than THZ Engineering Centre (and Tus Semiconductor upon completion of their reorganization).
- **Decision-making and Management:** The general partner shall be responsible for the execution of partnership affairs of THZ Investment Centre. The partners' meeting is the council of the partners. Any affairs reviewed at the partners' meeting are approved only if unanimously agreed by all partners.
- **Profit Distribution:** Any distributable cash proceeds generated by exiting from the investments in THZ Engineering Centre (and Tus Semiconductor upon completion of their reorganization) shall be distributed among the partners of THZ Investment Centre (in proportion to their respective paid-in capital contributions) after deducting a portion of reserved fee as reasonably determined by the general partner. The loss of THZ Investment Centre in an amount less than or equal to its total capital contribution shall be borne by all partners in proportion to their respective capital contributions, and any further loss exceeding such amount shall be borne by the general partner.

Step 5: Purchases of partnership interest in THZ Investment Fund

As at the date of this announcement, THZ Investment Fund is a limited partnership with Tus Core Materials as its general partner holding 1% partnership interest, and Tus Microelectronics and Wuhu Construction as its limited partners holding 6% and 93% partnership interest, respectively.

After THZ Investment Fund has distributed the proceeds generated from the THZ Engineering Centre Acquisition among its existing partners pursuant to the existing partnership agreement, Wuhan Ruixin will purchase 0.01% partnership interest from Tus Core Materials by making capital contribution of RMB29,787 and become the general partner; and the Company will purchase 0.99% partnership interest from Tus Core Materials and 6% partnership interest from Tus Microelectronics by making aggregate capital contribution of RMB20,821,134 and become a limited partner (the "**THZ Investment Fund Purchases**"). Upon completion of the THZ Investment Fund Purchases, the existing unpaid portion of capital contribution to THZ Investment Fund will not be paid and corresponding capital reduction will be made.

Based on the appraised value of equity interest in THZ Engineering Centre held by THZ Investment Fund by then under the THZ Engineering Centre Valuation Report, the Floor Price of the purchase of 7% partnership interest in THZ Investment Fund is RMB20,850,921, which is also the aggregate amount of capital contribution expected to be paid by Wuhan Ruixin and the Company in the THZ Investment Fund Purchases.

Upon completion of the THZ Investment Fund Purchases and the corresponding capital reduction, THZ Investment Fund will be held as to 0.01% by Wuhan Ruixin as its general partner, 6.99% by the Company as its limited partner and 93% by Wuhu Construction as its limited partner. Wuhan Ruixin, the Company and Wuhu Construction will then enter into a partnership agreement to govern THZ Investment Fund, the key terms of which are summarized below:

- **Investment Scope and Targets:** By focusing on the investments in and constructions of THZ Engineering Centre, THZ Investment Fund is committed to develop THZ Engineering Centre into a public R&D platform for materials, wafer fabrication, chip manufacture, chip packaging and tests and applications, in order to drive the future microelectronic industry park in Wuhu city in the PRC and to facilitate the construction of microelectronic industry ecology of Wuhu city which integrates technology innovation, results transformation, enterprises incubation and industrial investments. THZ Investment Fund shall not invest in projects other than THZ Engineering Centre (and Tus Semiconductor upon completion of their reorganization).
- **Decision-making and Management:** The general partner shall be responsible for the execution of partnership affairs of THZ Investment Fund. The partners' meeting is the council of the partners. Any affairs reviewed at the partners' meeting are approved only if unanimously agreed by all partners.
- **Profit Distribution:** Any distributable cash proceeds generated by exiting from the investments in THZ Engineering Centre (and Tus Semiconductor upon completion of their reorganization) shall be distributed among the partners of THZ Investment Fund (in proportion to their respective paid-in capital contributions) after deducting a portion of reserved fee as reasonably determined by the general partner. The loss of THZ Investment Fund in an amount less than or equal to its total capital contribution shall be borne by all partners in proportion to their respective capital contributions, and any further loss exceeding such amount shall be borne by the general partner.

The above five steps of the Equity Transfer Transactions are expected to complete on the same day.

As at the date of this announcement, the Consortium has applied for participation in the Equity Transfer Transactions, but no formal transfer or capital injection agreement in relation to the Equity Transfer Transactions has been entered into by any member of the Consortium. Upon successful bidding by the Consortium in the Tender Process, members of the Consortium will enter into formal transfer and capital injection agreements (as the case may be) with the relevant parties to implement the Equity Transfer Transactions.

Undertakings

Each member of the Consortium will undertake to the Anhui Changjiang Equity Exchange and the transferors of the Equity Transfer Transactions that, among others:

- (1) the consideration for the THZ Engineering Centre Acquisition, the Tus Semiconductor Acquisition and the Tus Semiconductor capital injections shall not be adjusted regardless of the profit or loss of THZ Engineering Centre and Tus Semiconductor made between the Valuation Date and the relevant business registration date of the transfers. Such profit or loss of each of THZ Engineering Centre and Tus Semiconductor shall be borne by its then shareholders in proportion to their respective shareholdings in the relevant target entity upon Completion;
- (2) any proceeds received in Tus Semiconductor's capital injections exceeding the amount of additional registered capital shall be classified as capital reserve of Tus Semiconductor, which will be shared among the shareholders of Tus Semiconductor upon the Completion;
- (3) it agrees to deal with the earnest money (if any) and the transaction deposit pursuant to the Overall Transaction Plan and the relevant announcements and agreements;
- (4) upon completion of the THZ Engineering Centre Acquisition, it will agree (i) that all the then shareholders of THZ Engineering Centre shall invest in Tus Semiconductor by way of the Tus Semiconductor Capital Injection and (ii) to invest in Tus Semiconductor by way of the Tus Semiconductor Cash Capital Injection, and it will agree with the relevant shareholders' resolutions of THZ Engineering Centre and Tus Semiconductor;
- (5) it will concurrently apply for participation in all the THZ Engineering Centre Acquisition, the Tus Semiconductor Acquisition, the Tus Semiconductor capital injections, the THZ Investment Centre Purchases and the THZ Investment Fund Purchases, otherwise it will be regarded as renouncing its applications for these transactions;
- (6) it will offer an aggregate consideration of no less than RMB1,429,672,792 for participation in the Equity Transfer Transactions, otherwise the amount of RMB1,429,672,792 will be regarded as the aggregate tender offer price;
- (7) it fully understands, agrees and complies with the relevant transfer and/or capital injection agreements (as the case may be) and the articles of association of Tus Semiconductor;
- (8) it will agree Tus Semiconductor to set up an equity incentive platform within four months after the Completion to incentivize core employees of Tus Semiconductor by granting equity awards representing equity value of approximately RMB90,000,000, which shall be borne by Tus Semiconductor. The corresponding incentive equity interest in Tus Semiconductor shall be determined with reference to the valuation performed for the purpose of the Equity Transfer Transactions. The equity incentive plan shall be approved by the board of directors and shareholders of Tus Semiconductor. The equity incentives shall be vested prior to the listing of Tus Semiconductor (if any) pursuant to the time schedule and performance targets to be determined; and
- (9) the registered office and existing production capacities of Tus Semiconductor shall not be relocated outside Wuhu City in the PRC, and Wuhu City shall be the prioritized location for Tus Semiconductor's new production capacities in the future. All additional registered capital of Tus Semiconductor injected under the Equity Transfer Transactions shall be used for projects in Wuhu City.

In addition, as the main investor of the investment of the Consortium, the Company further undertakes that if any other member of the Consortium does not perform its obligations under the agreement(s) in relation to Tus Semiconductor's capital injections, the THZ Investment Centre Purchases and/or the THZ Investment Fund Purchases, the Company is entitled and is obliged to perform the obligations on behalf of such member of the Consortium, otherwise the Company and other members of the Consortium will be regarded as breaching the relevant agreement(s). As the transferees of the THZ Investment Centre Purchases and the THZ Investment Fund Purchases, the Company and Wuhan Ruixin also undertake that, upon Completion, they will agree that the existing unpaid portion of capital contribution to each of THZ Investment Centre and THZ Investment Fund shall not be paid, and corresponding capital reductions will be made.

For each step of the Equity Transfer Transactions, in case any party has breached the relevant agreement(s), the non-defaulting party(ies) is(are) entitled to unilaterally terminate the relevant agreement(s) and receive liquidated damages from the defaulting party(ies). In the event that any non-defaulting party has suffered any losses as a result of the breach of agreement(s), the defaulting party(ies) shall indemnify accordingly. The defaulting party(ies) shall also pay damages to the non-defaulting party(ies) in other steps of the Equity Transfer Transactions. The damages payable by the defaulting party(ies) for each step of the Equity Transfer Transactions shall be determined with reference to (i) the amount of transaction deposit and (ii) the ratio of Floor Price of the transaction in the relevant step to total Floor Price of the Equity Transfer Transactions.

Proposed Consideration

The aggregate amount payable by the Company and Wuhan Ruixin under the Equity Transfer Transactions as contemplated under the Joint Investment Agreement is expected to be RMB780,000,000, which includes the earnest money of RMB20,000,000, the transaction deposit of RMB200,000,000 and the remaining considerations and capital contributions payable by the Company and Wuhan Ruixin under the Equity Transfer Transactions, and will be funded by the Group's internal resources.

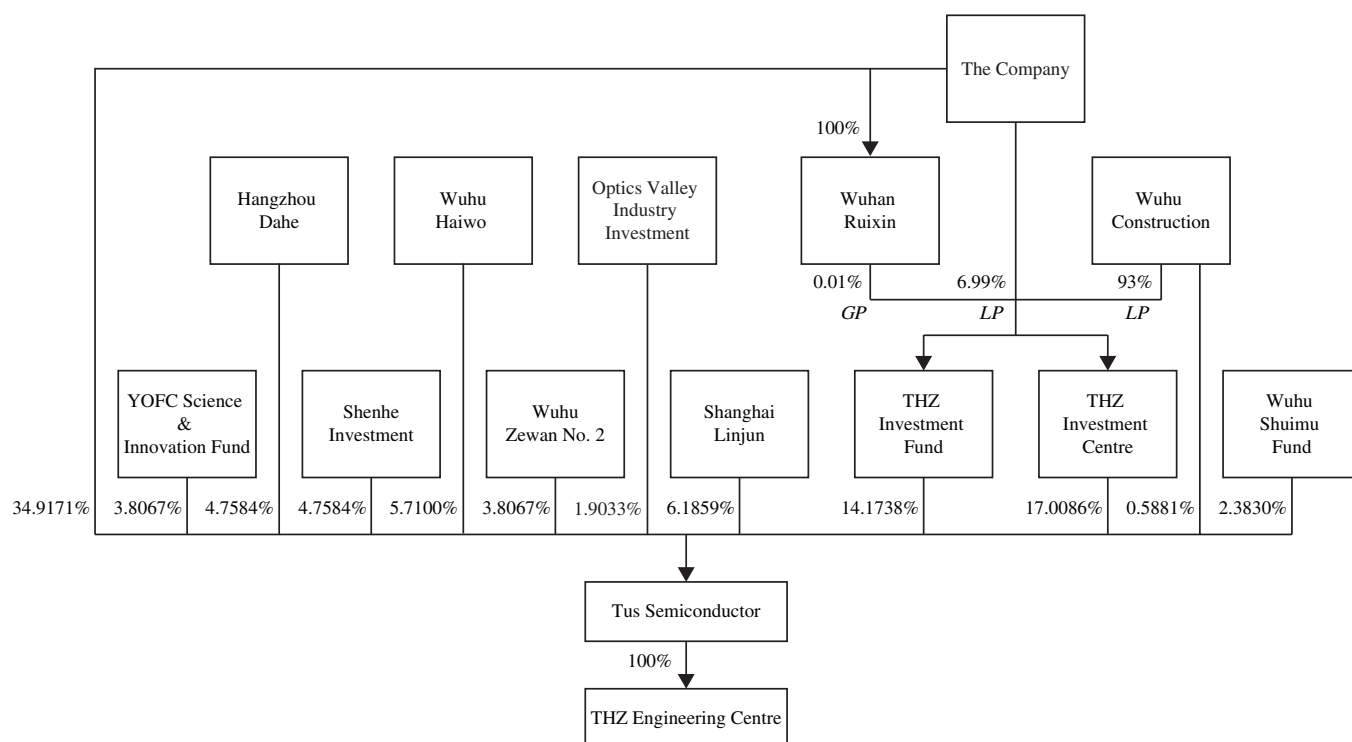
The earnest money of RMB20,000,000 is non-refundable and has been paid by the Company to the Anhui Changjiang Equity Exchange in cash to indicate its interest in participating in the public tender process, and is subsequently used to settle part of the transaction deposit. The remaining transaction deposit in the amount of RMB180,000,000 has also been paid by the Company to the Anhui Changjiang Equity Exchange in cash. The transaction deposit is expected to be used to settle part of the consideration for the THZ Engineering Centre Acquisition. The remaining considerations and capital contributions under the Equity Transfer Transactions shall be payable to the designated account(s) of the Anhui Changjiang Equity Exchange in cash within five business days after the effective dates of the respective transfer or capital injection agreements.

The bases of considerations and capital contributions for the Equity Transfer Transactions are the Floor Prices of the relevant transactions determined with reference to the THZ Engineering Centre Valuation Report and the Tus Semiconductor Valuation Report prepared by China Alliance Appraisal. As China Alliance Appraisal has adopted income approach in preparation of the Tus Semiconductor Valuation Report, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Further details of the valuation on Tus Semiconductor and assumptions used for the profit forecast are set out in the section headed "Valuation on Tus Semiconductor" below.

Completion

Within three business days after receiving the full payments in relation to the Equity Transfer Transactions, the Anhui Changjiang Equity Exchange will issue the equity rights transfer certificates and capital injection certificates to the relevant transferors and transferees. Within 30 business days after the issue of the equity transfer certificates and capital injection certificates by the Anhui Changjiang Equity Exchange, the transferees of the Equity Transfer Transactions shall complete the business registration procedures for the transfers of the relevant equity interests and partnership interest (as the case may be).

Set out below is the corporate structure of THZ Engineering Centre, Tus Semiconductor, THZ Investment Fund and THZ Investment Centre upon completion of the Equity Transfer Transactions:



Upon Completion, the Group will be interested in approximately 37.10% of equity interest in THZ Engineering Centre, approximately 37.10% of equity interest in Tus Semiconductor, 7% partnership interest in THZ Investment Fund and 7% partnership interest in THZ Investment Centre. Wuhan Ruixin will become the general partner of each of THZ Investment Fund and THZ Investment Centre.

The Company will be entitled to nominate the majority of the board of directors of Tus Semiconductor, hence the Company will control the board composition of Tus Semiconductor. The Company will also control THZ Engineering Centre through Tus Semiconductor.

As such, THZ Engineering Centre and Tus Semiconductor will become subsidiaries of the Company. The investments in THZ Investment Fund and THZ Investment Centre will be accounted for joint ventures in the Company's financial statements in accordance with the relevant accounting standards.

SPECIAL RIGHTS OF SHAREHOLDERS

Anti-dilution

Upon Completion, in the event that Tus Semiconductor increases its registered capital or issues convertible bonds, the consideration for each RMB1 of registered capital of Tus Semiconductor payable by new shareholders or subscribers shall be no less than RMB17.6546, which is the consideration for each RMB1 of registered capital of Tus Semiconductor payable by members of the Consortium in the Equity Transfer Transactions, unless otherwise agreed.

The above right is not applicable in case of (i) any issue of equity interests to employees, consultants, management or directors under any equity incentive plans, (ii) any profit distribution to shareholders by way of registered capital or capital reserve in proportion to their shareholdings; (iii) issue of new equity interests as approved by shareholders for consideration of certain types of mergers or acquisitions and (iv) qualified listing of Tus Semiconductor.

Liquidation Preference

Upon Completion, in case of any liquidation, dissolution or termination of Tus Semiconductor, the assets of Tus Semiconductor shall be distributed in the following order:

- (1) the liquidation fee, employee salaries, social insurance, statutory compensation and any outstanding taxes shall be settled in accordance with applicable laws;
- (2) the balance (if any) shall be distributed to all shareholders (other than the Company) in proportion to their respective investment amounts by then plus simple interest of 10% per annum, minus any profits previously distributed to such shareholders. If the amount of assets is insufficient for such distribution, the assets shall be distributed to all shareholders (other than the Company) in proportion to their respective shareholdings by then;
- (3) the balance (if any) shall be distributed to the Company according to its investment amount by then plus simple interest of 10% per annum, minus any profits previously distributed to the Company; and
- (4) the balance (if any) shall be distributed to all shareholders in proportion to their respective shareholdings by then, but if any shareholder (other than the Company) has received an amount that reaches its investment amount plus simple interest of 12% per annum, no further distribution shall be made to such shareholder; any remaining balance shall be distributed to the Company.

Option

Upon Completion, the Relevant Consortium Members will be granted the Option, pursuant to which in the event that a qualified listing of Tus Semiconductor has not occurred on or prior to the fifth anniversary of the Completion, the Relevant Consortium Members shall have the right to serve a written notice (the “**Option Notice**”) within 30 days to request Tus Semiconductor to repurchase any or all of their equity interests in Tus Semiconductor subscribed in the Tus Semiconductor Cash Capital Injection at a price equal to the capital injection amount in the Tus Semiconductor Cash Capital Injection (the “**Tus Semiconductor Cash Capital Injection Amount**”), plus a 8% annualized interest and minus the amount of dividend previously received by the Relevant Consortium Members in respect of the equity interest in Tus Semiconductor to be repurchased (the “**Option Exercise Price**”). No premium is payable for the acceptance of the Option.

In the event that a qualified listing of Tus Semiconductor has not occurred on or prior to the fifth anniversary of the Completion solely because the Company (i) does not procure Tus Semiconductor to engage relevant working parties for listing, (ii) the Company and its nominated directors do not propose a listing of Tus Semiconductor, or unreasonably vote against such listing when it is proposed by other shareholders and their nominated directors or (iii) the Company does not procure Tus Semiconductor to apply for pre-listing tutoring or listing even if it has met the relevant standards (as the case may be), the Option shall be exercised at the highest of:

- (a) the Option Exercise Price; and
- (b) the exercise price calculated in accordance with the following formula:
 - (1) (where Tus Semiconductor is involved in any equity financing within 12 months prior to the date of the Option Notice) $B - D$; or
 - (2) (where Tus Semiconductor is not involved in any equity financing within 12 months prior to the date of the Option Notice) $B + A \times C/365 \times 8\% - D$,

where:

A = the Tus Semiconductor Cash Capital Injection Amount corresponding to the equity interest to be repurchased

B = the value of equity interest to be repurchased, which is calculated based on the pre-investment valuation performed for the purpose of the latest round of equity financing prior to the date of the Option Notice;

C = the number of days between the equity transfer completion date of the latest round of equity financing prior to the date of the Option Notice and the date of the Option Notice; and

D = the amount of dividend previously received by the Relevant Consortium Members in respect of the equity interest of Tus Semiconductor to be repurchased.

VALUATION ON THZ ENGINEERING CENTRE

China Alliance Appraisal has been commissioned by Wuhu Construction to conduct a valuation on THZ Engineering Centre. The base date of valuation is 31 August 2021. China Alliance Appraisal has applied asset-based approach to prepare the THZ Engineering Centre Valuation Report and determine the appraised value of shareholders' total equity of THZ Engineering Centre.

As at the Valuation Date, (i) the book value and the appraised value of total assets of THZ Engineering Centre were approximately RMB990,748,300 and RMB1,232,456,100, respectively, representing an appreciation rate of 24.40%; (ii) the book value and the appraised value of liabilities of THZ Engineering Centre were approximately RMB80,856,400 and RMB40,974,900, respectively, representing a depreciation rate of 49.32%; and (iii) the book value and the appraised value of net assets of THZ Engineering Centre were approximately RMB909,891,900 and RMB1,191,481,200, respectively, representing an appreciation rate of 30.95%.

VALUATION ON TUS SEMICONDUCTOR

China Alliance Appraisal has been commissioned by THZ Investment Centre, THZ Investment Fund and Tus Semiconductor to conduct a valuation on Tus Semiconductor. The base date of the valuation is 31 August 2021. China Alliance Appraisal has applied asset-based approach and income approach to prepare the Tus Semiconductor Valuation Report and determine the appraised value of shareholders' total equity of Tus Semiconductor. Accordingly, the valuation on Tus Semiconductor constitutes a profit forecast under Rule 14.61 of the Listing Rules.

Differences between Valuation by Asset-based Approach and Income Approach

The appraised value of shareholders' total equity of Tus Semiconductor is RMB51,195,300 by asset-based approach and RMB230,370,000 by income approach, representing a difference of RMB179,174,700. Such difference is mainly due to the following reasons:

- (a) As a foundry in the semiconductor industry, the business development of Tus Semiconductor is in line with the development trend of other similar companies in the industry. It engages in a technology-intensive and capital-intensive industry with extremely high entry barriers. Since the production line is put into operation, high fixed assets depreciation and R&D investment will be incurred along with the growing business scale until the designed production capacity is reached. At the current stage, the book value mainly reflects the cost incurred rather than the corresponding economic benefits.
- (b) It is time-consuming and difficult for new semiconductor products to obtain certification to enter into the industry chain, and downstream customers are loyal. Companies are only included in the supply chain after obtaining certification. Depending on differences in application areas and customer sizes, the certification cycle of semiconductor products ranges from nine months to five years. Due to capital cost and time cost for certification, downstream customers are relatively loyal and do not change suppliers easily. At this stage, Tus Semiconductor has backlog-order customers, pilot-product customers, customers with intention to cooperate and potential customers, but the economic benefits brought by these customers cannot be reflected in valuation by asset-based approach.
- (c) Generally, asset-based approach only reflects the value of assets owned by a company, but it cannot fully and reasonably reflect the overall value of a company and cannot cover the value of intangible assets, such as customer resources, human resources and experience data accumulated during business operation. Although Tus Semiconductor has recorded loss over the years since its establishment, the main reasons for its loss are:
 - As at the Valuation Date, some production lines have not been completed and delivered for use, and certain products are still at the development stage and have not been produced in mass; and
 - Tus Semiconductor is currently at the business development stage, hence the amount of early R&D investment is relatively large comparing with its revenue.

As such, the valuation by asset-based approach cannot fully reflect the future income to be generated by the existing technology achievements and business decisions of the management. Based on comparative analysis, China Alliance Appraisal believes that the valuation by income approach reflects the value of shareholders' total equity of Tus Semiconductor more comprehensively and reasonably.

In light of the above, China Alliance Appraisal has adopted the value of shareholders' total equity of Tus Semiconductor appraised by income approach, which is RMB230,370,000 and represents an appreciation rate of 629.36%, as its final valuation conclusion. Accordingly, the parties have taken into account the same in determining the considerations of the Equity Transfer Transactions.

Valuation Results

The table below sets out the valuation and forecast of Tus Semiconductor by income approach:

Item/Period	From September 2021 to December							
	2021	2022	2023	2024	2025	2026	2027	2028
	<i>(RMB ten thousand)</i>							
I. Operating income	4,982.88	16,580.77	20,653.44	27,189.86	36,206.06	44,596.25	64,571.34	67,367.80
Less: Operating costs	3,848.99	14,584.83	16,581.27	20,018.85	25,299.26	29,823.76	41,687.43	43,370.37
Taxes and surcharges	4.68	60.85	126.55	181.55	247.70	320.58	468.26	488.78
Selling expenses	132.06	368.72	497.63	552.77	635.87	747.30	852.95	1,089.97
Management expenses	824.21	2,137.39	2,206.76	2,281.93	2,343.83	2,409.92	2,474.33	2,533.95
Research and development expenses	897.87	2,652.40	2,732.38	2,814.84	2,899.85	2,987.49	3,078.86	3,173.03
Financial expenses	0.49	2.33	2.90	3.82	5.09	6.26	9.07	9.46
Assets impairment losses								
Add: Gains from changes in fair value								
Add: Other income	422.97	2,962.59	3,797.56	3,797.56	1,406.11	1,038.77	-	-
Investment income								
II. Operating profit	-317.73	-275.52	2,297.63	5,129.69	6,167.25	9,327.97	15,988.49	16,670.78
Add: Non-operating income								
Less: Non-operating expenses								
III. Profit before tax	-302.46	-263.16	2,301.51	5,133.67	6,180.58	9,339.70	16,000.44	16,682.24
Less: Income tax expenses		-	-	-	806.01	1,619.16	3,262.72	3,410.88
IV. Net profit	-302.46	-263.16	2,301.51	5,133.67	5,374.57	7,720.54	12,737.72	13,271.36
Add: Depreciation and amortization	26.66	237.91	231.36	223.82	224.84	225.21	210.87	210.87
Interest expenses after tax		-	-	-	-	-	-	-
V. Operating cash flow	-275.80	-25.25	2,532.87	5,357.49	5,599.41	7,945.75	12,948.59	13,482.23
Less: Capital expenditures	1,267.29			50.00	200.00			
Increase (decrease) in working capital	4.31	-190.37	-88.45	39.69	-118.34	-153.68	-207.40	-26.25
Add: Recovery of residual value								-3,742.95
Net cash flow	-1,547.40	165.12	2,621.33	5,267.80	5,517.75	8,099.44	13,155.99	9,765.53
Discounting period	0.17	0.83	1.83	2.83	3.83	4.83	5.83	6.83
Discount rate	13.20%	13.20%	13.20%	13.20%	13.20%	13.20%	13.20%	13.20%
Discount factors	0.98	0.90	0.80	0.70	0.62	0.55	0.49	0.43
Present value of net cash flow	-1,515.75	148.91	2,088.35	3,707.36	3,430.45	4,448.33	6,382.92	4,185.48
Total present value of cash flow				22,876.04				
Add: Non-operating assets				161.23				
Less: Interest-bearing liabilities				-				
Fair value of shareholders' total equity				23,037.27				
Fair value of owners' equity attributable to shareholders of the parent company				23,037.00				

Assumptions

Pursuant to Rule 14.62 of the Listing Rules, the principal assumptions (including commercial assumptions) upon which the valuation is based include the followings:

Basic Assumptions

- (1) All assets under valuation are in the course of transaction, and the valuation is conducted based on the market simulated in accordance with trading conditions of the assets under valuation.
- (2) The transaction parties are both in equal status, and have the opportunities and time to acquire sufficient market information to make reasonable judgments on the function, usage and price of the assets traded or proposed to be traded on the market.
- (3) The company under valuation fully complies with all relevant laws and regulations, and will continue to operate in the foreseeable future.

Special Assumptions

- (1) The pre-condition of basic assumption is based on the valuation purpose of reflecting the market value of shareholders' total equity of Tus Semiconductor as at the Valuation Date.
- (2) There will be no material change in the relevant existing laws and regulations or macroeconomic conditions in the PRC, and there will be no unforeseeable material change in the external economic environment, such as interest rate, exchange rate, tax base and tax rate and policy levy.
- (3) The management of the company under valuation will discharge its duty, and the operation and management model, operation scope, ways and current directions remain consistent.
- (4) The assets under valuation will continue to be used in accordance with their current functions and the way, scale, frequency and environment of their usage, and the best usage of the assets are not taken into consideration.
- (5) Based on the existing management method and level, there will be no material adverse effect on the company under valuation arising from any force majeure or unforeseeable factors.
- (6) The basic information and financial information provided is true, accurate and complete.
- (7) The financial reports and transaction data of the comparable companies relied on by the valuer are true and reliable.
- (8) The valuation scope has been presented to the valuer and there does not exist any other contingent assets or liabilities.
- (9) The company under valuation has recorded net cashflow in the year.

The Board has reviewed the valuation and the bases and assumptions upon which the valuation is based. The Board has also considered the report from KPMG Huazhen LLP, the reporting accountants of the Company, which has been engaged to report on the calculations of the discounted future cash flows of the profit forecast of Tus Semiconductor and is of the view that so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the valuation. On the basis of the foregoing, the Board is of the view that the valuation has been made after due and careful enquiry. A letter from the Board and the text of a report received from KPMG Huazhen LLP are set out in Appendices I and II to this announcement, respectively.

EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion and advice contained in this announcement:

Name	Qualification
China Alliance Appraisal Co., Ltd. KPMG Huazhen LLP	Independent qualified valuer in the PRC Certified Public Accountants in the PRC

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of China Alliance Appraisal and KPMG Huazhen LLP is an Independent Third Party.

To the best knowledge, information and belief of the Directors, as at the date of this announcement, none of China Alliance Appraisal or KPMG Huazhen LLP has any shareholding in any member of the Group, nor has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of China Alliance Appraisal and KPMG Huazhen LLP has given and has not withdrawn its written consent to the publication of this announcement with the inclusion of its report and/or opinion and all references to its name in the form and context in which they are included.

INFORMATION ON THE PARTIES

The Group and Wuhan Ruixin

The Company is one of the leading optical fibre preform, optical fibre and optical fibre cable suppliers in the world. The Group 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. Wuhan Ruixin is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment activities.

YOFC Science & Innovation Fund and Optics Valley Industry Investment

YOFC Science & Innovation Fund is a limited partnership established in the PRC on 16 April 2021 and is principally engaged in provision of private equity investment funds management and venture capital fund management services, as well as venture capital. YOFC Science & Innovation Fund is owned as to 59% by the Wuhan YOFC Capital Management Co., Ltd.* (武漢市長飛資本管理有限公司) (“**YOFC Capital**”, a wholly-owned subsidiary of the Company) (as limited partner), 30% by Optics Valley Industry Investment (as limited partner), 10% by Wuhan Optics Valley Innovative Investment Fund Co., Ltd.* (武漢光谷創新投資基金有限公司) (as the limited partner) and 1% by Wuhan YOFC Industrial Fund Management Co., Ltd. (武漢長飛產業基金管理有限公司) (“**YOFC Industrial Fund**”, as general partner).

Optics Valley Industry Investment is a limited company established in the PRC on 16 October 2014 and is principally engaged in investment activities and assets management services. Optics Valley Industry Investment is indirectly owned as to 98.5915% by the state-owned Wuhan East Lake High-tech Development Zone Administration Committee and 1.4085% by the state-owned Wuhan East Lake High-tech Development Zone Development Corporation* (武漢東湖新技術開發區發展總公司). The actual controller of Optics Valley Industry Investment is Wuhan East Lake High-tech Development Zone Administration Committee.

Wuhan Optics Valley Innovative Investment Fund Co., Ltd. is wholly owned by the state-owned Wuhan East Lake High-tech Development Zone Administration Committee. YOFC Industrial Fund is owned as to 35% by YOFC Capital and 65% by other shareholders, each of whom is interested in less than 30% of equity interest in YOFC Industrial Fund.

Hangzhou Dahe and Shenhe Investment

Hangzhou Dahe is a limited company established in the PRC on 31 January 1992 and is principally engaged in research and development, manufacture and sales of thermoelectric semiconductor refrigerators and their components, vacuum components and vacuum chambers, as well as production of high-purity quartz products, silicon materials and components for manufacturing semiconductors. Shenhe Investment is a limited company established in the PRC on 17 May 1995. It is principally engaged in, among others, provision of services to its investors and investment targets, research and development in new products and high-technology, manufacture of thermoelectric and semiconductor materials, as well as road freight transport. Each of Hangzhou Dahe and Shenhe Investment is wholly owned by Ferrotec Holdings Corporation, which is a company listed on the Tokyo Stock Exchange (stock code: 6890).

Wuhu Haiwo and Wuhu Zewan No. 2

Wuhu Haiwo is a limited partnership established in the PRC on 3 March 2022 and is principally engaged in venture capital, investment activities, assets management services and financing consultation services. Wuhu Haiwo is owned as to 25% by Wuhu Industrial Investment Fund Co., Ltd.* (蕪湖產業投資基金有限公司) (as limited partner), 25% by Wuhu Jiuchuang Investment Fund Co., Ltd.* (蕪湖市鳩創投資基金有限公司) (as limited partner), 49% by Xiamen Haiwo Gangqiang Venture Capital Partnership* (廈門海沃剛強創業投資合夥企業) (as limited partner) and 1% by Wuhu Simowei'er Investment Management Co., Ltd.* (蕪湖斯摩維爾投資管理有限公司) (“**Wuhu Simowei'er**”, as general partner).

Wuhu Zewan No. 2 is a limited partnership established in the PRC on 6 December 2021 and is principally engaged in venture capital, investment activities, assets management services and financing consultation services. Wuhu Zewan No. 2 is owned as to 80% by Mr. Li Pengfei (as limited partner) and 20% by Wuhu Simowei'er (as general partner).

Wuhu Industrial Investment Fund Co., Ltd. is owned as to 90.9628% by Wuhu Construction. Wuhu Jiuchuang Investment Fund Co., Ltd. is directly and indirectly owned as to 99.5109% by Assets Supervision and Administration Commission of the Wuhu Jiujiang People's Government of China. Xiamen Haiwo Gangqiang Venture Capital Partnership is owned as to 89.7010% by Mr. Chen Qijie (as limited partner), 6.6445% by Mr. Zeng Junyang (as limited partner), 3.3223% by Mr. Li Pengfei (as limited partner) and 0.3322% by Haiwo Shiteng (Xiamen) Private Equity Fund Management Co., Ltd.* (海沃世騰(廈門)私募基金管理有限公司) (as general partner). Haiwo Shiteng (Xiamen) Private Equity Fund Management Co., Ltd. is owned as to 60% by Mr. Chen Qijie, 15% by Mr. Li Pengfei, 15% by Mr. Zeng Junyang and 10% by Shanghai Smallville Assets Management Co., Ltd. (上海小村資產管理有限公司) (“**Shanghai Smallville**”).

Wuhu Simowei'er is wholly owned by Shanghai Smallville. Shanghai Smallville is owned as to 29.21% by Mr. Feng Huawei, 19.80% by Yantai Zhongji Investment Co., Ltd.* (煙台中際投資有限公司), 12.58% by Shanghai Smallville Chuangshi Investment Co., Ltd.* (上海小村創世投資有限公司), 12.39% by Mr. Feng Hongwei and 26.02% by other shareholders, each of whom is interested in less than 10% of equity interest in Shanghai Smallville. Yantai Zhongji Investment Co., Ltd. is beneficially controlled by Mr. Wang Weixiu and Shanghai Smallville Chuangshi Investment Co., Ltd. is beneficially controlled by Mr. Feng Huawei.

Shanghai Linjun

Shanghai Linjun is a limited company established in the PRC on 15 December 2016 and is principally engaged in technology development, technology consultation, technology transfer and technology services of electronic technology area. Shanghai Linjun is wholly owned by Shanghai Linxin Investment Management Co., Ltd.* (上海臨芯投資管理有限公司), which is owned as to 44.00% by Shanghai Qingyuntu Investment Partnership (Limited Partnership)* (上海清雲圖投資合夥企業(有限合夥)), 28.00% by Mr. Li Yajun, 16.00% by Mr. Jing Xinwei and 12.00% by Zhongyuan Trust Co., Ltd.* (中原信託有限公司). Shanghai Qingyuntu Investment Partnership (Limited Partnership) is owned as to 3.3333% by Mr. Li Yajun (as general partner), 73.3333% by Mr. Xiong Wei (as limited partner), 13.3333% by Mr. Yao Chong (as limited partner) and 10.0000% by Mr. Wang Yi (as limited partner). Zhongyuan Trust Co., Ltd. is indirectly controlled by the Henan People's Government of China.

THZ Engineering Centre

THZ Engineering Centre is a limited company established in the PRC on 12 June 2016. It mainly holds the fixed assets required for Tus Semiconductor's business operations. As at the date of this announcement, THZ Engineering Centre is owned as to 70% by THZ Investment Fund and 30% by THZ Investment Centre.

Set out below is certain audited financial information of THZ Engineering Centre for the two financial years ended 31 December 2019 and 2020 and the eight months ended 31 August 2021 prepared in accordance with the China Standards on Auditing:

	For the year ended 31 December		For the eight months ended 31 August
	2019	2020	2021
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	(Audited)	(Audited)	(Audited)
Revenue	–	340,754.72	306,690.30
Net profit before taxation	(1,146,339.78)	(69,862,309.71)	(107,192,739.34)
Net profit after taxation	(1,146,339.78)	(69,862,309.71)	(107,192,739.34)

The total assets of THZ Engineering Centre as at 31 August 2021 is RMB990,748,317.88.

Tus Semiconductor

Tus Semiconductor is a limited company established in the PRC on 31 January 2018. It is mainly engaged in the process R&D and manufacture of third-generation semiconductor products represented by silicon carbide (SiC) and gallium nitride (GaN). Its principal business includes epitaxy of silicon carbide and gallium nitride, related wafer manufacturing such as third-generation semiconductor power and radio frequency, the R&D, manufacture and sales of the whole industry chain, such as power modules and power single tube packaging and testing. Tus Semiconductor procures relevant compound semiconductor substrates, which are epitaxially grown into epitaxial wafers through epitaxial furnaces, which are then processed into wafer relating to power and radio frequency through steps such as lithography and etching according to the customer needs, and manufactured into device products through packaging and testing. These third-generation semiconductor device products are mainly used in fields relating to new energy vehicles, communication base stations and photovoltaics. As at the date of this announcement, Tus Semiconductor is owned as to approximately 48.2804% by Tus Microelectronics, 24.6160% by Wuhu Dixin, 21.7391% by Wuhu Shuimu Fund and 5.3645% by Wuhu Construction.

Set out below is certain audited financial information of Tus Semiconductor for the two financial years ended 31 December 2019 and 2020 and the eight months ended 31 August 2021 prepared in accordance with the China Standards on Auditing:

	For the year ended 31 December		For the eight months ended 31 August
	2019	2020	2021
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	(Audited)	(Audited)	(Audited)
Revenue	7,252,360.49	17,949,283.61	49,456,282.40
Net profit before taxation	(1,573,685.40)	(21,339,429.11)	(543,233.34)
Net profit after taxation	(1,573,685.40)	(21,339,429.11)	(543,233.34)

The total assets of Tus Semiconductor as at 31 August 2021 is RMB81,960,646.56.

THZ Investment Fund

THZ Investment Fund is a limited partnership established in the PRC on 21 September 2017 and is principally engaged in provision of investment management and enterprise consultation services. As at the date of this announcement, THZ Investment Fund is owned as to 1% by Tus Core Materials (as general partner), 6% by Tus Microelectronics (as limited partner) and 93% by Wuhu Construction (as limited partner).

Set out below is certain unaudited financial information of THZ Investment Fund for the two financial years ended 31 December 2019 and 2020 and the eight months ended 31 August 2021:

	For the year ended 31 December		For the eight months ended
	2019	2020	31 August
	<i>(RMB ten thousand)</i>	<i>(RMB ten thousand)</i>	<i>(RMB ten thousand)</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	–	–	–
Net profit before taxation	0.79	0.76	0.27
Net profit after taxation	0.79	0.76	0.27

The total assets of THZ Investment Fund as at 31 August 2021 is RMB763,412,600.

THZ Investment Centre

THZ Investment Centre is a limited partnership established in the PRC on 21 September 2017 and is principally engaged in provision of investment management and enterprise consultation services. As at the date of this announcement, THZ Investment Centre is owned as to 1% by Tus Core Materials (as general partner), 6% by Tus Microelectronics (as limited partner) and 93% by Wuhu Construction (as limited partner).

Set out below is certain unaudited financial information of THZ Investment Centre for the two financial years ended 31 December 2019 and 2020 and the eight months ended 31 August 2021:

	For the year ended 31 December		For the eight months ended
	2019	2020	31 August
	<i>(RMB ten thousand)</i>	<i>(RMB ten thousand)</i>	<i>(RMB ten thousand)</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	–	–	–
Net profit before taxation	0.38	0.37	0.14
Net profit after taxation	0.38	0.37	0.14

The total assets of THZ Investment Centre as at 31 August 2021 is RMB327,312,700.

Tus Core Materials

Tus Core Materials is a limited partnership established in the PRC on 11 September 2017 and is principally engaged in the provision of enterprise management consultation services. Tus Core Materials is owned as to 99.0001% by Tus Microelectronics (as limited partner) and 0.9999% by Wuhu Zhanzhi Enterprise Management Consulting Co., Ltd.* (蕪湖展智企業管理諮詢有限公司) (as general partner). Wuhu Zhanzhi Enterprise Management Consulting Co., Ltd. is owned as to 90% by Mr. Shan Weiping and 10% by Ms. Liu Yue.

Tus Microelectronics

Tus Microelectronics is a limited company established in the PRC on 10 July 2017 and is principally engaged in, among others, manufacture of optoelectronics products, sales of chemical products, electronic products and telecommunication equipment, manufacture of semiconductor materials and electronic products, as well as technology development, technology transfer, technology consultation and technology services of semiconductor materials. Tus Microelectronics is wholly owned by Tus New Materials (Beijing) Co., Ltd.* (啟迪新材料(北京)有限公司), which is indirectly owned as to 90% by Tus Future Technology (Jiangxi) Co., Ltd.* (啟迪未來科技(江西)有限責任公司). Tus Future Technology (Jiangxi) Co., Ltd. is owned as to 51% by Tus Holdings Stock Co., Ltd.* (啟迪控股股份有限公司) (“**Tus Holdings**”) and 49% by Jiangxi Provincial State-owned Enterprise Assets Operation (Holdings) Co., Ltd.* (江西省省屬國有企業資產經營(控股)有限公司) and Jiangxi Administration Assets Group Co., Ltd.* (江西省行政事業資產集團有限公司).

Tus Holdings is owned as to 22.24% by Tsinghua Holdings Co., Ltd.* (清華控股有限公司), 22.24% by Beijing Baijun Investment Co., Ltd.* (北京百俊投資有限公司) and 40.69% by other shareholders, each of whom is interested in less than 15% of equity interest in Tus Holdings. Tsinghua Holdings Co., Ltd. is a state-owned enterprise wholly owned by Tsinghua University. Beijing Baijun Investment Co., Ltd. is wholly owned by Mr. Wang Jiwu. Jiangxi Provincial State-owned Enterprise Assets Operation (Holdings) Co., Ltd. is a state-owned enterprise under the supervision and management of the State-owned Assets Supervision and Administration Commission of the Jiangxi People’s Government of China. Jiangxi Administration Assets Group Co., Ltd. is ultimately wholly owned by Jiangxi Department of Finance of the PRC.

Wuhu Construction

Wuhu Construction is a limited company established in the PRC on 16 February 1998 and is principally engaged in operating platform for urban construction investment and financing, state-owned assets authorized operation and land resources integration operation. Wuhu Construction is a state-owned enterprise under the supervision and management of the State-owned Assets Supervision and Administration Commission of the Wuhu People’s Government of China.

Wuhu Dixin

Wuhu Dixin is a limited partnership established in the PRC on 25 July 2017 and is principally engaged in enterprise management, microelectronic information consultation, as well as microelectronic technology development, technology transfer, technology services and technology consultation. Wuhu Dixin is owned as to 49.7% by Mr. Zhao Qing (as general partner), 49.3% by Mr. Wang Jing (as limited partner) and 1% by Mr. Song Dongbo (as limited partner).

Wuhu Shuimu Fund

Wuhu Shuimu Fund is a limited partnership established in the PRC on 4 December 2020 and is principally engaged in provision of equity investment and investment management services. The general partner of Wuhu Shuimu Fund is Zhuhai Hengqin Shuimu Tongde Equity Investment Fund Management Enterprise (Limited Partnership)* (珠海橫琴水木同德股權投資基金管理企業(有限合夥)) (“**Zhuhai Hengqin Shuimu**”) and the largest limited partner of Wuhu Shuimu Fund is Shenzhen Anhui Royal Co., Ltd.* (深圳安徽實業有限公司), and none of the other limited partners is interested in one-third or more of equity interest in Wuhu Shuimu Fund.

Zhuhai Hengqin Shuimu is owned as to 0.1% by Beijing Shuimu Tongde Investment Management Consultation Co., Ltd.* (北京水木同德投資管理諮詢有限公司) (as general partner) and 99.9% by Yuegao (Beijing) International Management Consultation Co., Ltd.* (悅高(北京)國際管理諮詢有限公司) (as limited partner). Beijing Shuimu Tongde Investment Management Consultation Co., Ltd. is owned as to 99% by Mr. Mao Jian and 1% by Mr. Su Jiangtao. Yuegao (Beijing) International Management Consultation Co., Ltd. is owned as to 99.01% by Mr. Mao Jian and 0.99% by Mr. He Xuejun. Shenzhen Anhui Royal Co., Ltd. is ultimately wholly owned by State-owned Assets Supervision and Administration Commission of the Anhui People’s Government of China.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each counterparty of the Joint Investment Agreement and the Equity Transfer Transactions and its ultimate beneficial owner is an Independent Third Party.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT INVESTMENT AGREEMENT AND THE EQUITY TRANSFER TRANSACTIONS

The market of third generation semiconductors is prosperous in the mobile communication industry relating to the Group’s principal business and the new energy vehicles industry. Tus Semiconductor is principally engaged in R&D and original equipment manufacture of third-generation semiconductors with specialized foundry production capabilities and technology R&D capabilities in relation to epitaxial production of semiconductor materials, manufacture of chips and devices, as well as module packaging test. THZ Engineering Centre holds the fixed assets required for Tus Semiconductor’s business operations. The Group’s investment in the semiconductor business by acquiring THZ Engineering Centre and Tus Semiconductor through the Equity Transfer Transactions is part of its diversification strategy and sustainable growth to enhance its competitiveness.

The Board is of the view that the Tus Semiconductor Valuation Report has been made after due and careful enquiry and its conclusion is reasonable. The valuation has been announced on the Anhui Changjiang Equity Exchange and the independent qualified valuer was appointed by Wuhu Construction. The bases, assumptions and restrictive conditions of the valuation follow the relevant PRC regulations and requirements and comply with the market practice or standards, and are in line with the actual situation of Tus Semiconductor, hence it is believed that the bases and assumptions of the valuation are reasonable.

The Directors (including the independent non-executive Directors) are of the view that the Joint Investment Agreement and the Equity Transfer Transactions are entered into in the ordinary and usual course of business of the Group after arm’s length negotiation between the Group and the relevant parties and reflect normal commercial terms, and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Since one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Equity Transfer Transactions exceed 5% but are less than 25%, the Equity Transfer Transactions constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under the Listing Rules.

The proposed grant of the Option by Tus Semiconductor to the Relevant Consortium Members requesting Tus Semiconductor to repurchase any or all of their equity interests in Tus Semiconductor would be treated as a notifiable transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. It is expected that the exercise price of the Option will not render the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Equity Transfer Transactions (including the exercise price of the Option) to reach 25% or more. If any applicable percentage ratio reaches 25% or more and affects the classification of notifiable transactions, or if the Option is exercised, the Company will comply with the applicable requirements under the Listing Rules and other relevant laws and regulations as and when appropriate.

The Equity Transfer Transactions do not constitute material assets reorganizations under the Administrative Measures for the Material Assets Reorganizations of Listed Companies promulgated by China Securities Regulatory Commission.

No formal transfer or capital injection agreement in relation to the Equity Transfer Transactions has been entered into by the Group as at the date of this announcement. As the entering into of the Equity Transfer Transactions will be subject to the relevant procedures of the Anhui Changjiang Equity Exchange and approvals from the relevant authorities and will depend on whether the Consortium is successful in the Tender Process, the Equity Transfer Transactions may or may not be entered into. There is no assurance that the Equity Transfer Transactions will take place or as to when it may take place.

As Tus Semiconductor is still at the initial stage of R&D and manufacture of third generation semiconductors, a large amount of capital and human resources is required. If Tus Semiconductor's future R&D results are not satisfactory or if its products do not meet the market needs, the recovery of initial investment and materialization of expected benefits of the Company may be affected. The market of third generation semiconductors has not been formed, Tus Semiconductor and THZ Engineering Centre do not have bulk sales as at the date of this announcement, hence there are uncertainties in the development of both customers and product sales in the future. In the event that a qualified listing of Tus Semiconductor has not occurred on or prior to the fifth anniversary of the Completion, the Relevant Consortium Members shall have the right to request Tus Semiconductor to repurchase any or all of their equity interests in Tus Semiconductor. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the shares or any other securities of the Company.

DEFINITIONS

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

“Anhui Changjiang Equity Exchange” the Anhui Changjiang Equity Exchange (安徽長江產權交易所) of the PRC

“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)
“Board”	the board of directors of the Company
“China Alliance Appraisal”	China Alliance Appraisal Co., Ltd. (北京中同華資產評估有限公司), an independent institution established in the PRC with the qualifications for assets valuation
“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 the Shanghai Stock Exchange and the Main Board of the Stock Exchange, respectively
“Completion”	the completion of the Equity Transfer Transactions
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consortium”	a consortium to be formed under the Joint Investment Agreement, comprising the Company, Wuhan Ruixin, YOFC Science & Innovation Fund, Hangzhou Dahe, Shenhe Investment, Wuhu Haiwo, Wuhu Zewan No. 2, Optics Valley Industry Investment and Shanghai Linjun
“Directors”	the directors of the Company
“Equity Transfer Transactions”	the equity transfer transactions contemplated under the Joint Investment Agreement, the transaction steps and structure of which are expected to follow the proposal in the Overall Transaction Plan
“Floor Price”	the floor price set for the Tender Process
“Group”	the Company and its subsidiaries
“Hangzhou Dahe”	Hangzhou Dahe Thermo-Magnetic Co., Ltd.* (杭州大和熱磁電子有限公司), a limited company established in the PRC on 31 January 1992, being a member of the Consortium
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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

“Independent Third Party(ies)”	third party(ies) independent of the Company and not connected with its connected persons
“Joint Investment Agreement”	the joint investment (transfer) agreement entered into among the Company, Wuhan Ruixin, YOFC Science & Innovation Fund, Hangzhou Dahe, Shenhe Investment, Wuhu Haiwo, Wuhu Zewan No. 2, Optics Valley Industry Investment and Shanghai Linjun on 8 March 2022 to form the Consortium and to jointly invest in Tus Semiconductor through participation in the Equity Transfer Transactions by way of a public tender process
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Optics Valley Industry Investment”	Wuhan Optics Valley New Technology Industry Investment Co., Ltd.* (武漢光谷新技術產業投資有限公司), a limited company established in the PRC on 16 October 2014, being a member of the Consortium
“Option”	the option to be granted by Tus Semiconductor to the Relevant Consortium Members requesting Tus Semiconductor to repurchase any or all of their equity interests in Tus Semiconductor, as detailed in the section headed “Special Rights of Shareholders – Option” in this announcement
“Overall Transaction Plan”	the Overall Transaction Plan for the Merger and Reorganization of Wuhu THZ Engineering Centre Co., Ltd. and Wuhu Tus Semiconductor Co., Ltd. (《蕪湖太赫茲工程中心有限公司與蕪湖啟迪半導體有限公司合併重組整體交易方案》) publicly listed on the Anhui Changjiang Equity Exchange on 16 December 2021
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“R&D”	research and development
“Relevant Consortium Members”	YOFC Science & Innovation Fund, Hangzhou Dahe, Shenhe Investment, Wuhu Haiwo, Wuhu Zewan No. 2, Optics Valley Industry Investment and Shanghai Linjun
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Linjun”	Shanghai Linjun Electronic Technology Co., Ltd* (上海臨珺電子科技有限公司), a limited company established in the PRC on 15 December 2016, being a member of the Consortium
“Share(s)”	A Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of Shares

“Shenhe Investment”	Shanghai Shenhe Investment Co., Ltd.* (上海申和投資有限公司), a limited company established in the PRC on 17 May 1995, being a member of the Consortium
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Tender Process”	a public tender process conducted on the Anhui Changjiang Equity Exchange by way of the equity transfer transactions proposed in the Overall Transaction Plan
“THZ Engineering Centre”	Wuhu THZ Engineering Centre Co., Ltd.* (蕪湖太赫茲工程中心有限公司), a limited company established in the PRC on 12 June 2016 and a company holding the fixed assets required for Tus Semiconductor’s business operations
“THZ Engineering Centre Valuation Report”	the valuation report of THZ Engineering Centre dated 5 December 2021 and issued by China Alliance Appraisal
“THZ Investment Centre”	Wuhu Tus THZ Investment Management Centre Partnership (LP)* (蕪湖啟迪太赫茲投資管理中心(有限合夥)), a limited partnership established in the PRC on 21 September 2017, a shareholder of THZ Engineering Centre as at the date of this announcement
“THZ Investment Fund”	THZ (Wuhu) Investment Fund (LP)* (太赫茲(蕪湖)投資基金(有限合夥)), a limited partnership established in the PRC on 21 September 2017, a shareholder of THZ Engineering Centre as at the date of this announcement
“Tus Core Materials”	Wuhu Tus Core Materials Enterprise Management Partnership (LP)* (蕪湖啟迪芯材企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on 11 September 2017
“Tus Microelectronics”	Tus Microelectronics (Wuhu) Co., Ltd.* (啟迪微電子(蕪湖)有限公司), a limited company established in the PRC on 10 July 2017
“Tus Semiconductor”	Wuhu Tus Semiconductor Co., Ltd.* (蕪湖啟迪半導體有限公司), a limited company established in the PRC on 31 January 2018 and the investment target under the Joint Investment Agreement
“Tus Semiconductor Valuation Report”	the valuation report of Tus Semiconductor dated 5 December 2021 and issued by China Alliance Appraisal
“Valuation Date”	31 August 2021, being the valuation date of each of the THZ Engineering Centre Valuation Report and the Tus Semiconductor Valuation Report

“Wuhan Ruixin”	Wuhan Ruixin Investment Management Co., Ltd.* (武漢睿芯投資管理有限公司), a limited company established in the PRC on 1 December 2021, an indirect wholly-owned subsidiary of the Company, being a member of the Consortium
“Wuhu Construction”	Wuhu Construction Investment Co., Ltd.* (蕪湖市建設投資有限公司), a limited company established in the PRC on 16 February 1998
“Wuhu Dixin”	Wuhu Dixin Enterprise Management Partnership (LP)* (蕪湖迪芯企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on 25 July 2017
“Wuhu Haiwo”	Wuhu Haiwo Hard Technology Venture Capital Fund Partnership (Limited Partnership)* (蕪湖海沃硬科技創業投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on 3 March 2022, being a member of the Consortium
“Wuhu Shuimu Fund”	Wuhu Shuimu Shen’an Equity Investment Fund (LP)* (蕪湖水木深安股權投資基金(有限合夥)), a limited partnership established in the PRC on 4 December 2020
“Wuhu Zewan No. 2”	Wuhu Zewan No. 2 Investment Management Partnership (Limited Partnership)* (蕪湖澤灣貳號投資管理合夥企業(有限合夥)), being a limited partnership established in the PRC on 6 December 2021, being a member of the Consortium
“YOFC Science & Innovation Fund”	Wuhan YOFC Science & Innovation Industry Fund Partnership (LP)* (武漢長飛科創產業基金合夥企業(有限合夥)), a limited partnership established in the PRC on 16 April 2021, being a member of the Consortium
“%”	per cent.

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, 9 March 2022

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

* For identification purposes only

APPENDIX I – LETTER FROM THE BOARD

9 March 2022

The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sirs,

We refer to the announcement of Yangtze Optical Fibre and Cable Joint Stock Limited Company (the “**Company**”) dated 9 March 2022 (the “**Announcement**”), which mentioned the valuation (the “**Valuation**”) prepared by China Alliance Appraisal Co., Ltd. (北京中同華資產評估有限公司) (“**China Alliance Appraisal**”) on the value of shareholders’ total equity of Wuhu Tus Semiconductor Co., Ltd.* (蕪湖啟迪半導體有限公司) as at 31 August 2021.

We note that the Valuation has been prepared based on the discounted future cash flows and is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have reviewed the Valuation and the bases and assumptions upon which the Valuation is based. We have also considered the report dated 9 March 2022 from our reporting accountants KPMG Huazhen LLP, which has reported on the calculations of the discounted future cash flows of the profit forecast of Wuhu Tus Semiconductor Co., Ltd. and is of the view that so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted as set out in the Valuation.

On the basis of the foregoing, we are of the view that the Valuation mentioned in the Announcement has been made after due and careful enquiry of the board of directors of the Company.

Yours faithfully,

By Order of the Board

Yangtze Optical Fibre and Cable Joint Stock Limited Company

Ma Jie

Chairman

APPENDIX II – REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF WUHU TUS SEMICONDUCTOR CO., LTD.

The following is the text of a report received from the Company’s reporting accountants, KPMG Huazhen LLP, for inclusion in this announcement.



REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF WUHU TUS SEMICONDUCTOR CO., LTD*. (蕪湖啟迪半導體有限公司)

TO THE BOARD OF DIRECTORS OF YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LIMITED COMPANY

We refer to the discounted future cash flows on which the valuation (“**the Valuation**”) dated 5 December 2021 prepared by China Alliance Appraisal Co.,Ltd. * (北京中同華資產評估有限公司) in respect of the appraisal of the appraised value of shareholders’ total equity of Wuhu Tus Semiconductor Co., Ltd. (“**Tus Semiconductor**”) as at 31 August 2021 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibilities

The directors of Yangtze Optical Fibre and Cable Joint Stock Limited Company (the “**Directors**”) are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control (HKSQC) 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of Tus Semiconductor or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relates to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

KPMG Huazhen LLP

Beijing, China
9 March 2022

* *For identification purposes only*