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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)

2022 FIRST QUARTERLY REPORT

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

The 2022 first quarterly report (unaudited, the “**Quarterly Report**”) contained in this announcement has been prepared in accordance with China Accounting Standards of Business Enterprises and the requirements on preparation and disclosure of quarterly report issued by China Securities Regulatory Commission, and has been approved by the board of directors (the “**Board**”) of the Company.

I. IMPORTANT NOTICE

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

* For identification purpose only

II. CORPORATE INFORMATION

2.1 Major financial data

(Expressed in Renminbi “RMB”)

	As at	As at 31 December 2021		Increase compared to the end of last year (%)
	31 March 2022 (Unaudited)	(Before adjustment)	(After adjustment)	
Total assets	21,405,186,623	19,478,649,093	19,478,649,093	9.89
Total equity attributable to equity shareholders of the Company	10,002,147,121	9,781,997,943	9,781,997,943	2.25
	For the three months ended	For the three months ended		Increase compared to the same period of last year (%)
	31 March 2022 (Unaudited)	(Before adjustment)	(After adjustment)	
Operating income	2,981,678,053	1,911,894,833	1,911,894,833	55.95
Net profit for the period attributable to equity shareholders of the Company	203,577,445	84,463,087	84,463,087	141.03
Net profit for the period attributable to equity shareholders of the Company excluding non-recurring items	157,326,423	74,527,461	74,527,461	111.10
Net cash used in operating activities	(277,078,031)	(372,956,016)	(372,956,016)	Not applicable
Basic earnings per share (RMB)	0.27	0.11	0.11	145.45
Diluted earnings per share (RMB)	0.27	0.11	0.11	145.45
Weighted average return on equity (%)	2.06	0.93	0.93	Increased by 1.13 percentage points

Reasons for retroactive adjustment or restatement:

According to the implementation question and answer on transportation costs issued by the Ministry of Finance in November 2021, the transportation costs incurred to fulfill a contract before control of the goods is transferred, the Group has recognised such costs as contract fulfillment costs and presented as “operating costs” in the income statement. Previously, such costs were presented as “selling expenses”. In the fourth quarter of 2021, the Group has applied the above changes in accounting policies retrospectively.

Effects of the above changes in accounting policies on the consolidated income statement for the first quarter of 2021 are summarised as follows:

Expressed in RMB

Net profit for the period attributable to equity shareholders of the Company before adjustment	84,463,087
Operating costs	51,084,486
Selling and distribution expenses	(51,084,486)
Net profit for the period attributable to equity shareholders of the Company after adjustment	84,463,087

2.2 Non-recurring items and amount

√ Applicable □ Not applicable

(Expressed in RMB)

Items	For the three months ended 31 March 2022 (Unaudited)	Note
Losses from disposal of non-current assets	(661,874)	
Government grants accounted into current gains or losses (other than government grants closely related to the businesses of the Company, and in a fixed or quantifiable amount in conformity with the common standards of the State)	18,265,232	
The investment cost of acquiring subsidiaries, associated enterprises and joint ventures is less than the income from the fair value of the identifiable net assets of the invested entity at the time of acquiring the investment	31,736,348	
Changes in fair value of financial assets and liabilities held for trading, and disposal of financial assets and liabilities held for trading and available-for-sale financial assets, other than those held for effective hedging related to normal operations	1,470,298	
Other non-operating income and expenses other than the above items	627,264	
Other items accorded with the definition of non-recurring profit or loss	182,853	
Impact on non-controlling interests (after tax)	(2,303,643)	
Income tax effect	(3,065,456)	
Total	<u>46,251,022</u>	

2.3 Changes and reasons of main accounting data and financial indicators

Item	Change proportion (%)	Main reason
Operating income	55.95	mainly due to the increase of sales volume and unit price of main products during the reporting period
Net profit for the period attributable to equity shareholders of the Company	141.03	mainly due to the increase of sales volume and unit price of main products during the reporting period
Net profit for the period attributable to equity shareholders of the Company excluding non-recurring items	111.10	mainly due to the increase of sales volume and unit price of main products during the reporting period
Basic earnings per share (RMB)	145.45	mainly due to the increase of profit as compared with the same period of last year
Diluted earnings per share (RMB)	145.45	mainly due to the increase of profit as compared with the same period of last year
Cash flows generated from investing activities	322.18	due to external project investment during the reporting period
Cash flows generated from financing activities	128.82	due to raising funds for investment demands of the external project during the reporting period

III. INFORMATION OF SHAREHOLDERS

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

Unit: share

Total number of shareholders 22,266

Name of shareholders (full name)	Shareholding of top ten shareholders					Nature of shareholders
	Shareholding as the end of the reporting period	Percentage (%)	Restricted shareholding	Pledged or locked-up Status	Number	
China Huaxin Post and Telecom Technologies Co., Ltd.	179,827,794	23.73	0	Nil	0	State-owned legal person
Draka Comteq B.V.	179,827,794	23.73	0	Nil	0	Overseas legal person
HKSCC Nominees Limited	171,603,349	22.64	0	Nil	0	Overseas legal person
Wuhan Yangtze Communications Industry Group Co., Ltd.	119,937,010	15.82	0	Nil	0	State-owned legal person
Ningbo Ruitu Business Management Consulting Partnership Enterprise	10,553,390	1.39	0	Nil	0	Others
Ningbo Ruiying Business Management Consulting Partnership Enterprise	6,153,500	0.81	0	Nil	0	Others
China Resources Shengtuotou Trust Co., Ltd. – China Resources Trusts • ShengLi No. 5-Single Fund Trust	4,570,227	0.60	0	Nil	0	Others
Hong Kong Securities Clearing Company Limited	3,925,400	0.52	0	Nil	0	Overseas legal person
Shannxi International Trust Co., Ltd – Shannguotou • Fortune No. 59 Single Fund Trust	3,864,400	0.51	0	Nil	0	Others
Ningbo Ruiqi Business Management Partnership Enterprise	2,430,345	0.32	0	Nil	0	Others

Shareholding of top ten unrestricted shareholders

Name of shareholders	Number of unrestricted tradable shares held	Class and number of shares	
		Class	Number
China Huaxin Post and Telecom Technologies Co., Ltd.	179,827,794	RMB ordinary shares	179,827,794
Draka Comteq B.V.	179,827,794	Overseas listed	179,827,794
		foreign shares	
HKSCC Nominees Limited	171,603,349	Overseas listed	171,603,349
Wuhan Yangtze Communications Industry Group Co., Ltd.	119,937,010	foreign shares	119,937,010
Ningbo Ruitu Business Management Consulting Partnership Enterprise	10,553,390	RMB ordinary shares	10,553,390
Ningbo Ruiying Business Management Consulting Partnership Enterprise	6,153,500	RMB ordinary shares	6,153,500
China Resources Shengtuotou Trust Co., Ltd. – China Resources Trusts • ShengLi No. 5-Single Fund Trust	4,570,227	RMB ordinary shares	4,570,227
Hong Kong Securities Clearing Company Limited	3,925,400	RMB ordinary shares	3,925,400
Shanxi International Trust Co., Ltd – Shanguotou • Fortune No. 59 Single Fund Trust	3,864,400	RMB ordinary shares	3,864,400
Ningbo Ruiqi Business Management Consulting Partnership Enterprise	2,430,345	RMB ordinary shares	2,430,345

Explanation of associations or actions in concert among the above shareholders

There are related relationship for common executive partners among Ningbo Ruitu Business Management Consulting Partnership Enterprise, Ningbo Ruiying Business Management Consulting Partnership Enterprise, Ningbo Ruiqi Business Management Consulting Partnership Enterprise. In addition, the Company does not know whether the other shareholders mentioned above are related to each other or are acting in concert.

Explanation of holders of preferred shares with resumed voting right and the number of shares held

Not applicable

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

Applicable Not applicable

IV. OTHER REMINDERS

Other important information about the company's operation in the reporting period that needs to be reminded of investors' attention

√ Applicable □ Not applicable

In January 2022, the Company, based on the assets appraisal report (Su Zhong Tian Ping Bao zi (2021)1101) issued by Jiangsu Zhongqi Huatian assets appraisal Co.,Ltd., in which the base date of valuation was 30 June 2021 and the fair value of identifiable net assets was RMB374.00 million, acquired 49% of equity of Yangtze Optical Cable (Suzhou) Company Limited (“**YOFC Suzhou**”) with a consideration of RMB183.26 million. Prior to the acquisition, the Company held 48% of YOFC Jiangsu. The transaction was completed in January 2022, during the reporting period YOFC Jiangsu has become a subsidiary of the Company.

The Company and Wuhan Ruixin Investment Management Co., Ltd. (“**Wuhan Ruixin**”) (an indirect wholly-owned subsidiary of the Company) entered into the Joint Investment Agreement with YOFC Science & Innovation Industry Fund Partnership (LP), Hangzhou Dahe Thermo-Magnetic Co., Ltd., Shanghai Shenhe Investment Co., Ltd., Wuhu Haiwo Hard Technology Venture Capital Fund Partnership (Limited Partnership), Wuhu Zewan No. 2 Investment Management Partnership (Limited Partnership), Wuhan Optics Valley New Technology Industry Investment Co., Ltd. and Shanghai Linjun Electronic Technology Co., Ltd on 8 March 2022 to form the Consortium and to jointly bid in the Overall Transaction Plan listed on the Anhui Changjiang Equity Exchange. Upon Completion, Wuhu Tus Semiconductor Co., Ltd. and Wuhu THZ Engineering Centre Co., Ltd. will become subsidiaries of the Company. On 10 March 2022, the Company has received confirmation letters from the Anhui Changjiang Equity Exchange dated 10 March 2022, which confirmed that the Consortium has been selected as the successful bidder for the Equity Transfer Transactions. The aggregate amount payable by the Company and Wuhan Ruixin under the Equity Transfer Transactions will be RMB779,672,862. Further details of this transaction are set out in the Company's announcements dated on 9 March 2022 and 11 March 2022.

On April 7, 2022, the Company, Mr. Zhu Wei (“**Mr. Zhu**”), Mr. Ding Yong, Ms. Jiang Rongzhi, Ms. Wang Xiaohong and TDG Holding Co., Ltd. entered into the Share Transfer Agreement for the acquisition of 12.72% of Broadex Technologies Co., Ltd.'s (the “**Target**”) issued share capital. The consideration payable by the Company under the Share Transfer Agreement amounts to RMB1,027,950,000. On April 7, 2022, the Company and Mr. Zhu entered into the Voting Right Entrustment Agreement pursuant to which Mr. Zhu agreed to entrust the Company to exercise all voting rights attached to 22,110,372 shares of the Target, representing 12.71% of the existing issued share capital of the Target. Upon completion of the acquisition, the Company will (i) control 25.43% of the voting rights of the Target (being the shareholder with control over the largest voting rights of the Target); and (ii) control the composition of a majority of the board of directors of the Target. Accordingly, the Target will become a non wholly-owned subsidiary of the Company and the financial results of the Target will be consolidated into the Company's consolidated financial statements upon completion of the acquisition. Further details of this transaction are set out in the Company's announcement dated 7 April 2022.

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, 29 April 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 purpose only

V. APPENDIX

5.1 Financial statements

Consolidated Balance Sheet As at 31 March 2022

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB yuan)

Items	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Current assets:		
Cash at bank and on hand	3,379,463,130	2,771,270,979
Financial assets held for trading	1,520,406,168	1,530,491,700
Bills receivable	422,564,122	418,221,770
Accounts receivable	5,026,544,377	4,160,711,743
Receivables under financing	182,089,783	84,479,696
Prepayments	192,383,852	146,270,862
Other receivables	158,474,186	134,828,819
Including: Interest receivable	–	–
Dividends receivable	522,212	624,793
Inventories	2,717,006,755	2,763,022,541
Other current assets	369,850,746	304,514,823
Total current assets	13,968,783,119	12,313,812,933
Non-current assets:		
Long-term equity investments	1,549,247,343	1,684,470,508
Investments in other equity instruments	47,040,221	50,329,539
Other non-current financial assets	47,986,829	47,470,870
Fixed assets	3,865,512,576	3,763,663,869
Construction in progress	638,128,002	608,357,734
Right-of-use assets	43,035,707	46,693,199
Intangible assets	396,266,294	314,484,005
Goodwill	41,153,335	27,145,122
Long-term deferred expenses	20,883,935	18,829,365
Deferred tax assets	163,498,664	144,414,651
Other non-current assets	623,650,598	458,977,298
Total non-current assets	7,436,403,504	7,164,836,160
Total assets	21,405,186,623	19,478,649,093

Items	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Current liabilities:		
Short-term loans	2,585,996,205	1,717,697,001
Financial liabilities held for trading	2,819,400	2,144,400
Bills payable	1,127,190,918	940,550,221
Accounts payable	1,926,506,438	1,773,023,142
Contract liabilities	780,579,026	762,017,133
Employee benefits payable	279,712,990	260,469,853
Taxes payable	102,696,739	90,519,103
Other payables	444,127,763	452,225,764
Including: Interest payable	–	–
Dividend payable	–	–
Non-current liabilities due within one year	533,271,639	533,393,055
Other current liabilities	22,538,025	30,891,253
Total current liabilities	7,805,439,143	6,562,930,925
Non-current liabilities:		
Long-term loans	1,699,500,000	1,289,500,000
Debenture payable	492,367,156	488,075,933
Lease liabilities	31,803,184	37,516,751
Deferred income	269,166,084	281,246,701
Deferred tax liabilities	23,431,689	10,583,862
Other non-current liabilities	244,935,510	223,767,404
Total non-current liabilities	2,761,203,623	2,330,690,651
Total liabilities	10,566,642,766	8,893,621,576
Shareholders' equity:		
Share capital	757,905,108	757,905,108
Capital reserve	3,563,268,761	3,561,131,050
Less: Treasury stock	33,653,461	33,653,461
Other comprehensive income	1,432,873	(13,001,149)
Surplus reserve	647,934,100	647,934,100
Retained earnings	5,065,259,740	4,861,682,295
Total equity attributable to shareholders of the Company	10,002,147,121	9,781,997,943
Non-controlling interests	836,396,736	803,029,574
Total equity	10,838,543,857	10,585,027,517
Total liabilities and shareholders' equity	21,405,186,623	19,478,649,093

Legal representative of
the Company:

Ma Jie

The person in charge of
accounting affairs:

Zhuang Dan

The head of
the accounting department:

Jinpei Yang

Consolidated Income Statement
For the three months ended 31 March 2022

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB yuan)

Items	For the three months ended 31 March 2022 (Unaudited)	For the three months ended 31 March 2021 (Unaudited)
I. Operating income	2,981,678,053	1,911,894,833
Less: Operating costs	2,372,401,284	1,530,546,590
Taxes and surcharges	14,400,278	5,714,174
Selling and distribution expenses	84,752,032	49,651,179
General and administrative expenses	150,891,227	123,173,603
Research and development expenses	139,289,734	81,628,566
Financial expenses	13,276,505	21,603,463
Including: Interest expenses	30,248,100	14,225,297
Interest revenue	8,989,146	3,062,629
Add: Other income	18,265,232	13,539,418
Investment income	33,990,122	22,846,101
Including: Income from investment in associates and joint ventures	(1,161,845)	26,138,097
Gains from changes in fair value	795,298	305,384
Credit losses	(27,583,988)	(39,197,823)
Impairment losses	(10,901,302)	(5,866,264)
Losses from asset disposals	(661,874)	(30,763)
II. Operating profit	220,570,481	91,173,311
Add: Non-operating income	1,066,606	1,340,500
Less: Non-operating expenses	439,342	2,616,438
III. Profit before income tax	221,197,745	89,897,373
Less: Income tax expenses	10,815,422	2,808,193

Items	For the three months ended 31 March 2022 (Unaudited)	For the three months ended 31 March 2021 (Unaudited)
IV. Net profit for the period	210,382,323	87,089,180
(1) Net profit classified by continuity of operations		
1. Net profit from continuing operations	210,382,323	87,089,180
2. Net profit from discontinued operations	–	–
(2) Net profit classified by ownership		
1. Shareholders of the Company	203,577,445	84,463,087
2. Non-controlling interests	6,804,878	2,626,093
V. Other comprehensive income, net of tax	15,805,664	(9,735,603)
Other comprehensive income (net of tax) attributable to shareholders of the Company	14,434,022	(8,463,781)
(1) Items that will not be reclassified to profit or loss	(2,795,920)	550,017
1. Changes in fair value of investments in other equity instruments	(2,795,920)	550,017
(2) Items that may be reclassified subsequently to profit or loss	17,229,942	(9,013,798)
1. Translation differences arising from translation of foreign currency financial statements	17,229,942	(9,013,798)
Other comprehensive income (net of tax) attributable to non-controlling interests	1,371,642	(1,271,822)
VI. Total comprehensive income for the period	226,187,987	77,353,577
Total comprehensive income attributable to shareholders of the Company	218,011,467	75,999,306
Total comprehensive income attributable to non-controlling interests	8,176,520	1,354,271
VII. Earnings per share:		
(1) Basic earnings per share	0.27	0.11
(2) Diluted earnings per share	0.27	0.11

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

Legal representative of
the Company:

Ma Jie

The person in charge of
accounting affairs:

Zhuang Dan

The head of
the accounting department:

Jinpei Yang

Consolidated statement of Cash Flow
For the three months ended 31 March 2022

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	For the three months ended 31 March 2022 (Unaudited)	For the three months ended 31 March 2021 (Unaudited)
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	2,268,758,566	1,387,204,539
Refund of taxes	31,528,568	40,145,194
Proceeds from other operating activities	45,220,127	87,867,049
Sub-total of cash inflows	2,345,507,261	1,515,216,782
Payment for goods and services	(2,168,225,711)	(1,511,932,086)
Payment to and for employees	(292,567,176)	(241,291,838)
Payment of various taxes	(63,179,647)	(40,036,333)
Payment for other operating activities	(98,612,758)	(94,912,541)
Sub-total of cash outflows	(2,622,585,292)	(1,888,172,798)
Net cash outflow from operating activities	(277,078,031)	(372,956,016)
II. Cash flows from investing activities:		
Proceeds from disposal of investments	575,000,000	206,529,336
Investments returns received	13,121,201	5,554,911
Net proceeds from disposal of fixed assets	–	13,920,824
Proceeds from other investing activities	31,905,367	9,828,338
Sub-total of cash inflows	620,026,568	235,833,409
Payment for acquisition of fixed assets, intangible assets and other long-term assets	(207,653,101)	(232,537,238)
Payment for acquisition of investments	(778,423,400)	(90,000,000)
Sub-total of cash outflows	(986,076,501)	(322,537,238)
Net cash outflow from investing activities	(366,049,933)	(86,703,829)

Items	For the three months ended 31 March 2022 (Unaudited)	For the three months ended 31 March 2021 (Unaudited)
III. Cash flow from financing activities:		
Proceeds from investors	25,000,000	159,700,000
Proceeds from borrowings	1,882,241,037	913,779,469
Sub-total of cash inflows	1,907,241,037	1,073,479,469
Repayments of borrowings	(606,301,073)	(507,911,426)
Payment for dividends, profit distributions or interest	(34,805,662)	(6,788,349)
Payment for other financing activities	(4,212,573)	(7,287,695)
Sub-total of cash outflows	(645,319,308)	(521,987,470)
Net cash inflow from financing activities	1,261,921,729	551,491,999
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(2,124,083)	(1,897,907)
V. Net increase in cash and cash equivalents	616,669,682	89,934,247
Add: Cash and cash equivalents at the beginning of the period	2,750,079,562	1,366,513,841
VI. Cash and cash equivalents at the end of the period	3,366,749,244	1,456,448,088

Legal representative of
the Company:

Ma Jie

The person in charge of
accounting affairs:

Zhuang Dan

The head of
the accounting department:

Jinpei Yang

5.2 Auditor's report

Applicable Not applicable