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

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

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

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**Smart Link Better Life.**

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

**長飛光纖光纜股份有限公司**

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

**(Stock Code: 6869)**

**(1) PROPOSAL ON THE ESTIMATES OF THE 2019 ANNUAL TRANSACTION AMOUNTS  
FOR THE RELATED PARTY TRANSACTIONS  
DURING THE ORDINARY AND USUAL COURSE OF BUSINESS**

**(2) PROPOSED ADOPTION OF EMPLOYEE SHARE OWNERSHIP PLAN**

**AND**

**(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A letter from the Board is set out from pages 3 to 9 of this circular.

A notice convening the EGM to be held at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Thursday, February 21, 2019 at 2:30 p.m. is set out on pages 41 to 43 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. The proxy form should be returned by holder of H Shares to the Company's H share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by hand or by post not less than 24 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

If you intend to attend the EGM in person or by proxy, you are required to complete and return the reply slip to the Company's H share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before Thursday, January 31, 2019.

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

*\* For identification purpose only*

January 4, 2019

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## DEFINITIONS

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

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Asset Management Program”	the Asset Management Program to be set up by an asset management organization entrusted by the Company for the Employee Share Ownership Plan
“Board”	the board of Directors of the Company
“Company”	Yangtze Optical Fibre and Cable Joint Stock Limited Company* (長飛光纖光纜股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the A shares and H shares of which are listed on SSE and the Main Board of the Stock Exchange, respectively
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Thursday, February 21, 2019 at 2:30 p.m., or any adjournment thereof
“Employee Share Ownership Plan”	the employee share ownership plan to be proposed and adopted by the Company at the EGM, pursuant to which, specific employees are rewarded indirectly with Shares by the Company in accordance with the terms of the employee share ownership plan
“Guiding Opinions”	the Guiding Opinions on Pilots of Listed Companies for Implementation of Employee Share Ownership Plan《關於上市公司實施員工持股計劃試點的指導意見》
“H Share(s)”	overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars (stock code: 6869)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

\* *For identification purposes only*

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Participants”	employees of the Company who participate in the Employee Share Ownership Plan
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China
“Shares”	H Shares
“Shareholders”	holders of shares of the Company
“SSE”	Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. ZHUANG Dan

Mr. Frank Franciscus DORJEE

*Non-executive Directors:*

Mr. MA Jie (Chairman)

Mr. YAO Jingming

Mr. Philippe Claude VANHILLE

Mr. Pier Francesco FACCHINI

Mr. XIONG Xiangfeng

Ms. ZHENG Huili

*Registered Office:*

No. 9 Guanggu Avenue

East Lake High-tech Development Zone

Wuhan, Hubei Province

PRC

*Principal Place of Business in Hong Kong:*

Level 54

Hopewell Centre

183 Queen's Road East

Hong Kong

*Independent Non-executive Directors:*

Dr. NGAI Wai Fung

Dr. IP Sik On Simon

Mr. LI Ping

Dr. LI Zhuo

January 4, 2019

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSAL ON THE ESTIMATES OF THE 2019 ANNUAL TRANSACTION AMOUNTS  
FOR THE RELATED PARTY TRANSACTIONS  
DURING THE ORDINARY AND USUAL COURSE OF BUSINESS**

**(2) PROPOSED ADOPTION OF EMPLOYEE SHARE OWNERSHIP PLAN**

**AND**

**(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

\* For identification purposes only

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## LETTER FROM THE BOARD

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### I. INTRODUCTION

Reference is made to (i) the overseas regulatory announcement of the Company dated December 14, 2018 in relation to the proposal on the estimates of the 2019 annual transaction amounts for the related party transactions during the ordinary and usual course of business; and (ii) the announcement of the Company dated December 14, 2018 in relation to the proposed adoption of Employee Share Ownership Plan.

The purpose of this circular is to provide you with (i) details of the proposal on the estimates of the 2019 annual transaction amounts for the related party transactions during the ordinary and usual course of business; (ii) details of the proposed Employee Shares Ownership Plan; and (iii) the notice of EGM.

### II. PROPOSAL ON THE ESTIMATES OF THE 2019 ANNUAL TRANSACTION AMOUNTS FOR THE RELATED PARTY TRANSACTIONS DURING THE ORDINARY AND USUAL COURSE OF BUSINESS

Pursuant to the Company Law of the People's Republic of China, the Accounting Standards for Business Enterprises and other applicable PRC laws and regulations, the Company has prepared an estimate on the 2019 annual transaction amounts for the related party transactions during the ordinary and usual course of business. The transactions listed in the estimates did not and will not constitute notifiable transactions or connected transactions of the Company under Chapter 14 and Chapter 14A of the Listing Rules.

Details of the estimates of the 2019 annual transaction amounts for the related party transactions during the ordinary and usual course of business are set out in Appendix I to this circular.

It is proposed that the Board or such persons as authorized by the Board, be authorized by the general meeting to enter into specific business agreements with the related parties from time to time in the year 2019 within the limits of the estimates on the transaction amounts, for each transaction contemplated under this proposal during the ordinary and usual course of business.

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

### III. PROPOSED ADOPTION OF EMPLOYEE SHARE OWNERSHIP PLAN

As disclosed in the announcement of the Company dated December 14, 2018, the Board has proposed to adopt the Employee Share Ownership Plan and resolved to submit the Employee Share Ownership Plan at the EGM for shareholders' approval.

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## LETTER FROM THE BOARD

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(i) **Purpose**

The purpose of the Employee Share Ownership Plan is to provide for a mechanism whereby Shareholders can share both benefits and risks, employees' loyalty can be improved and the Company's competitiveness can be enhanced. With the Employee Share Ownership Plan, it is believed that the interests of the key management team and key personnel can be aligned with that of Shareholders, thereby promoting the Company's long term stable development and enhancing Shareholders' value.

The rules of the Employee Share Ownership Plan are drafted in accordance with relevant laws and regulations of the PRC, including the Company Law, the Securities Law and the Guiding Opinions, as well as the Articles of Association of the Company.

The Employee Share Ownership Plan would only involve H Shares of the Company.

(ii) **Participants of the Employee Share Ownership Plan**

The Participants of the Employee Share Ownership Plan are core personnel of the Company who have significant influence on the Company's operating results and medium to long-term development. The personnel entitled to participate in the Employee Share Ownership Plan include senior management and employees of the Company and its subsidiaries, with a total number of not more than 100 persons. All Participants are required to have a valid service contract with the Company during the term of the Employee Share Ownership Plan.

(iii) **Source of Funds**

Participants of Employee Share Ownership Plan are considered appropriate to share the profits of the Company by virtue of the contributions of their human capital and capability and all or part of the employee bonus to be granted to the Participants shall be in the form of units in the Employee Shares Ownership Plan. The source of funds for funding the Employee Share Ownership Plan is the employee bonus funds in the amount of RMB 40 million. The accrued employee bonus funds are recognised as expenses in the period in which they are incurred according to the accrued basis, representing approximately 3.15% of the net profit attributable to shareholders of the Company for 2017.

(iv) **Source of Shares**

Upon approval at the EGM, Shares will be purchased for the purpose of the Employee Share Ownership Plan under the Asset Management Program to be established by a professional organization, which shall acquire and hold the H Shares of the Company in the manner as permitted by laws and regulations, including through purchases in the secondary market through Shanghai-Hong Kong Stock Connect.

The total number of Shares to be held under the Employee Share Ownership Plan shall not be more than 10% of the total share capital of the Company. The total number of underlying Shares held by a single Participant according to his/her units in the Employee Share Ownership Plan shall not be

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## LETTER FROM THE BOARD

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more than 1% of the total share capital of the Company. The total number of underlying Shares held by Participants under the Employee Share Ownership Plan for the purpose of the aforesaid limit shall exclude the Shares acquired before the initial public offering of the Company, the Shares acquired independently in the secondary market and the Shares obtained through other equity incentives.

**(v) Size of the Employee Share Ownership Plan**

The maximum size of the Employee Share Ownership Plan is RMB40 million, and the maximum number of H Shares that can be purchased for the purpose of the Employee Share Ownership Plan is 2,000,000 H Shares. Based on the closing price of HK\$22.20 per share of the Company's H Shares on December 14, 2018 (calculated based on the exchange rate between Hong Kong dollars and RMB of HK\$1.00 to RMB0.88025 published by the People's Bank of China on December 14, 2018), the maximum number of the H Shares that can be purchased for the purpose of the Employee Share Ownership Plan is the lower of 2,047,000 H Shares and 2,000,000 H Shares, accounting for approximately 0.2639% of the Company's total share capital. The ultimate number of H Shares underlying the Employee Share Ownership Plan is therefore uncertain as it depends on the actual implementation of acquiring the H Shares.

**(vi) Term of the Employee Share Ownership Plan**

1. The term of the current phase of Employee Share Ownership Plan shall not exceed 60 months commencing from the date the Employee Share Ownership Plan is considered and approved by shareholders' at the EGM and the Company's announcement of the registration and transfer of the Shares to be purchased in the final transaction under the name of the Asset Management Program. If the term expires and is not extended, the Employee Share Ownership Plan shall automatically be terminated.
2. The asset management organization entrusted for the Employee Share Ownership Plan shall, in accordance with the arrangement under the Employee Share Ownership Plan, complete the purchase of the underlying Shares within 6 months after the Employee Share Ownership Plan is considered and approved at the EGM.
3. If Shares of the Company held under the Asset Management Program are unable to be fully realized before expiry of the term of the Employee Share Ownership Plan due to suspension or short window of trading of Shares of the Company, provided that approval is obtained from more than two-thirds of units held by Participants attending the Participants' meeting and from the Board two months before the expiration of the term of the Employee Share Ownership Plan, the term of the current phase of Employee Share Ownership Plan may be extended.

**(vii) Lock-up period of the Employee Share Ownership Plan**

1. The lock-up period for the Shares allotted pursuant to the Employee Share Ownership Plan shall be 12 months starting from the date of the Company's announcement of the registration and transfer of the Shares to be purchased in the final transaction under the name of the Asset

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## LETTER FROM THE BOARD

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Management Program. The Shares will be unlocked in four phases, namely in 12 months, 24 months, 36 months and 48 months after the Company's announcement of the transfer of the Shares to be purchased in the final transaction under the name of the Asset Management Program, with 25% of the Shares being unlocked in each phase.

2. Shares of the Company allotted under the Asset Management Program due to the Company's distribution of share dividends and conversion of shares into capital reserves shall also be subject to the lock-up.
3. All relevant entities in the Employee Share Ownership Plan must strictly abide by the market trading rules. Upon expiration of the lock-up period, the Management Committee may authorize the asset management organization to sell the Shares held under the Asset Management Program during the term of the Employee Share Ownership Plan. Except as otherwise provided by the CSRC, the SSE, the Stock Exchange and other regulatory agencies, the Asset Management Program may not buy or sell Shares of the Company during the following periods:
  - (a) 60 days prior to the announcement of the Company's annual results, or 30 days prior to the announcement of the Company's interim or quarterly results;
  - (b) 10 days prior to the release of the Company's results preview or preliminary report;
  - (c) the period starting from the date when a material issue, which may significantly affect the Company's share price, occurs or is in the process of decision-making to 2 trading days after the issue being disclosed in accordance with laws.

Before deciding to buy or sell shares of the Company, the Management Committee or the Asset Management Program shall promptly consult the Company's board secretary and find out whether it is in a sensitive period for share trading.

### **(viii) Management body and management mode of the Employee Share Ownership Plan**

The highest internal management authority of the Employee Share Ownership Plan shall be the Participants' meeting. A Management Committee shall be set up under the Employee Share Ownership Plan to supervise the daily management of the Employee Share Ownership Plan, exercise the Participants' rights on behalf of the Participants or authorize the asset management authority to exercise shareholders' rights. The Board is responsible for drafting and revising the draft rules of the Employee Share Ownership Plan and handling other related matters of the Employee Share Ownership Plan within the scope authorized by the shareholders' general meeting. The Employee Share Ownership Plan entrusts a professional organization with asset management qualifications to carry out its management.

### **(ix) Selection of Management Organization of the Employee Share Ownership Plan**

The Management Committee entrusts a professional management organization with qualification of asset management to manage the Employee Share Ownership Plan, and protects the legal rights and interests of the Employee Share Ownership Plan according to the rules relating to asset management business issued by regulatory body and the agreement of the Employee Share Ownership Plan to ensure the safety of assets held under the Employee Share Ownership Plan.

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## LETTER FROM THE BOARD

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The Company will enter into the asset management contract and related agreement documents with the management organization on behalf of the Employee Share Ownership Plan. The management organization will waive the voting rights of the Shares held under the Asset Management Program and the Participants of the Employee Share Ownership Plan shall not have voting rights in respect of the Shares indirectly held due to participation in the Employee Stock Ownership Plan.

The draft Employee Share Ownership Plan is set out in Appendix II to this circular.

### **Implication of the Listing Rules**

The Employee Share Ownership Plan involves no issue of new shares or granting of option for any new securities of the Company, thus it does not constitute a share option scheme as defined and regulated under Chapter 17 of the Listing Rules.

### **IV. EGM**

A notice convening the EGM to be held at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Thursday, February 21, 2019 at 2:30 p.m. is set out on pages 41 to 43 of this circular.

In order to determine the list of H Shareholders who are entitled to attend the EGM, the Company's register of members will be closed from Tuesday, January 22, 2019 to Thursday, February 21, 2019, both days inclusive, during which period no transfer of H Shares will be effected. H Shareholders whose names appear on the Company's register of members on Monday, January 21, 2019 are entitled to attend the EGM. In order to attend and vote at the meeting, H Shareholders of the Company whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Tricor Investor Services Limited (the "**H Share Registrar**") at or before 4:30 p.m. on Monday, January 21, 2019. The address of the transfer office of the H Share Registrar is at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

A proxy form for use at the EGM and a reply slip are enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the reply slip and the form of proxy in accordance with the instructions printed thereon to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 24 hours before the time for holding such meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof.

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**LETTER FROM THE BOARD**

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**V. ADDITIONAL INFORMATION**

Additional information is also set out in the appendices of this circular for your information.

Yours faithfully

For and on behalf of the Board

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

長飛光纖光纜股份有限公司

**Ma Jie**

*Chairman*

\* *For identification purposes only*

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

Pursuant to the Company Law of the People's Republic of China, the Accounting Standards for Business Enterprises and other applicable PRC laws and regulations, the Company has prepared an estimate on the 2019 annual transaction amounts for the related party transactions during the ordinary and usual course of business, with details set out as follows:

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

Related party	Type of Transaction	Currency	Estimated Transaction Amount for 2019
Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd. (江蘇長飛中利光纖光纜有限公司)	Purchase of goods	RMB	400,000,000
	Sale of products/ Rendering of services	RMB	450,000,000
Sichuan Lefei Optoelectric Technology Company Limited (formerly known as Yangtze Optical Fibre and Cable Sichuan Co., Ltd.) 四川樂飛光電科技有限公司(前稱為長飛光纖 光纜四川有限公司)	Purchase of goods	RMB	950,000,000
	Sale of products/ Rendering of services	RMB	500,000,000
Shantou Hi-Tech Zone Ao Xing Optical Communication Equipment Co., Ltd. (汕頭高新區奧星光通信設備有限公司)	Purchase of goods	RMB	450,000,000
	Sale of products/ Rendering of services	RMB	400,000,000
Tianjin YOFC XMKJ Optical Communications Co., Ltd. (天津長飛鑫茂光通信有限公司)	Purchase of goods	RMB	1,100,000,000
	Sale of products/ Rendering of services	RMB	750,000,000
	Leasing of equipment	RMB	4,000,000
	License of technology	RMB	1,500,000

## APPENDIX I

**THE ESTIMATES OF THE 2019 ANNUAL TRANSACTION  
AMOUNTS FOR THE RELATED PARTY TRANSACTIONS  
DURING THE ORDINARY AND USUAL COURSE OF BUSINESS**

Related party	Type of Transaction	Currency	Estimated Transaction Amount for 2019
Yangtze (Wuhan) Optical System Corp. (長飛(武漢)光系統股份有限公司)	Purchase of goods	RMB	40,000,000
	Leasing of property and equipment	RMB	1,800,000
	Sale of products/ Rendering of services	RMB	30,000,000
Shin-Etsu YOFC (Hubei) Optical Preform Co., Ltd. (長飛信越(湖北)光棒有限公司)	Purchase of goods	RMB	700,000,000
	Sale of products/ Rendering of services	RMB	150,000,000
Shenzhen SDGI Optical Fibre Co., Ltd. (深圳特發信息光纖有限公司)	Purchase of goods	RMB	30,000,000
	Sale of products/ Rendering of services	RMB	450,000,000
Tianjin YOFC XMKJ Optical Cable Co., Ltd. (天津長飛鑫茂光纜有限公司)	Purchase of goods	RMB	400,000,000
	Sale of products/ Rendering of services	RMB	250,000,000
	License of technology	RMB	1,000,000
Wuhan Guangyuan Electronic Technology Co., Ltd. (武漢光源電子科技有限公司)	Purchase of goods	RMB	30,000,000
YOFC-Yadanarbon Fibre Co., Ltd.	Sale of products/ Rendering of services	USD	3,000,000
Wuhan Polytech Polymerization Co., Ltd. (武漢普利聚合技術有限公司)	Purchase of goods	RMB	10,000,000
	Sale of products/ Rendering of services	RMB	10,000,000
Wuhan Yunjingfei Optical Fibre Materials Co., Ltd. (武漢雲晶飛光纖材料有限公司)	Purchase of goods	RMB	80,000,000
	Leasing of property	RMB	450,000
AVIC Baosheng Ocean Engineering Cable Company (中航寶勝海洋工程電纜有限公司)	Purchase of goods	RMB	50,000,000

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

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

Unified Social Credit Code	91320581736500075J
Address	Changkun Industrial Park, Changshu, Jiangsu Province
Legal Representative	Wang Baixing (王柏興)
Registered Capital	RMB92,880,000
Date of Establishment	March 6, 2002
Scope of Business	Manufacture and sale of optical fibres and optical fibre cables and its associated series of products, active optical devices and passive optical devices, telecommunications terminal devices and telecommunications equipment. Sale of optical fibre cable protective materials and other optical fibre cable raw materials. Export business for its self-produced products and technologies, and import business of mechanical equipment, accessories, raw materials and technologies required by the Company, except for goods and technologies restricted by or prohibited to be imported or exported by the PRC State; engineering works for the connection and installation of telecommunications energy cables and optical fibre cables. (For projects subject to approval pursuant to PRC laws, approval must be obtained from relevant regulators prior to the commencement of any business activities.)
Related Party Relationship	A Director and two senior managers of the Company serve as its directors
Key Financial Information for 2017	As of December 31, 2017, Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd. had total assets of RMB758,211,500, net assets of RMB293,866,900, operating income for 2017 of RMB1,033,577,200, and net profit of RMB42,282,300. (The above information has been audited)

### 2. **Sichuan Lefei Optoelectric Technology Company Limited (formerly known as Yangtze Optical Fibre and Cable Sichuan Co., Ltd.)** 四川樂飛光電科技有限公司(前稱為長飛光纖光纜四川有限公司)

Unified Social Credit Code	915111816211002820
Address	Jiulizhen, Emeishan, Sichuan
Legal Representative	Yan Changku (閔長鵬)

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**APPENDIX I**

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**THE ESTIMATES OF THE 2019 ANNUAL TRANSACTION AMOUNTS FOR THE RELATED PARTY TRANSACTIONS DURING THE ORDINARY AND USUAL COURSE OF BUSINESS**

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Registered Capital	RMB108,000,000
Date of Establishment	May 17, 1993
Scope of Business	Manufacture and sale of various types of optical fibres (including optical fibre preforms), optical fibre cables and other telecommunications cables, optical equipments, telecommunications testing equipment, and the import and export of the aforementioned products (excluding prohibited projects by the PRC State). Development and provision of services for internet connection devices and software; design, construction and provision of ancillary manufacturing services for CATV optical fibre networks. (For projects subject to approval pursuant to PRC laws, approval must be obtained from relevant regulators prior to the commencement of any business activities.)
Related Party Relationship	Two senior managers of the Company serves as its directors
Key Financial Information for 2017	As of December 31, 2017, Sichuan Lefei Optoelectric Technology Company Limited had total assets of RMB383,803,500, net assets of RMB143,905,400, operating income for 2017 of RMB1,005,912,100, and net profit of RMB25,836,800. (The above information has been audited)
<b>3. Shantou Hi-Tech Zone Ao Xing Optical Communication Equipment Co., Ltd. (汕頭高新區奧星光通信設備有限公司)</b>	
Unified Social Credit Code	91440500617523733G
Address	No. 15 Keji East Road, High-tech Zone, Shantou
Legal Representative	Gao Jingtao (高靜濤)
Registered Capital	RMB170,558,817
Date of Establishment	November 6, 1992
Scope of Business	Research, development, manufacture and sales of optical fibre preforms, optical fibres, optical fibre cables, telecommunication cables, specialty cables and devices, accessories, components and materials; manufacture of specialized equipment and telecommunication products; provision of engineering and technical services of such products. (For projects subject to approval pursuant to PRC laws, approval must be obtained from relevant regulators prior to the commencement of any business activities.)
Related Party Relationship	A Director of the Company serves as its director

Key Financial Information for 2017	As of December 31, 2017, Shantou Hi-Tech Zone Ao Xing Optical Communication Equipment Co., Ltd. had total assets of RMB426,202,500, net assets of RMB234,179,000, operating income for 2017 of RMB749,472,100, and net profit of RMB23,096,300. (The above information has been audited)
<b>4. Tianjin YOFC XMKJ Optical Communications Co., Ltd. (天津長飛鑫茂光通信有限公司)</b>	
Unified Social Credit Code	91120116687741365W
Address	Optical fibre production building, No. 10 Rongyuan Road, Huayuan Industrial Park
Legal Representative	Hua Wen (華文)
Registered Capital	RMB220,000,000
Date of Establishment	June 1, 2009
Scope of Business	Manufacture of optical fibres and optical fibre cables; leasing of self-owned properties; import and export of goods and technologies; development, consultation, provision of services and transfer for mechatronics and new materials technology; leasing of optical fibre manufacturing equipment. (To comply with any relevant specific or franchising requirements prescribed by the PRC State.)
Related Party Relationship	Two senior managers of the Company serves as its directors
Key Financial Information for 2017	As of December 31, 2017, Tianjin YOFC XMKJ Optical Communications Co., Ltd. had total assets of RMB587,052,300, net assets of RMB470,561,900, operating income for 2017 of RMB1,181,272,100, and net profit of RMB105,199,800. (The above information has been audited)
<b>5. Yangtze (Wuhan) Optical System Corp. (長飛(武漢)光系統股份有限公司)</b>	
Unified Social Credit Code	9142010076461415X9
Address	No. 4 Guanshan 2nd Road, Hongshan District, Wuhan
Legal Representative	Zhang Mu (張穆)
Registered Capital	RMB47,500,000
Date of Establishment	July 29, 2004

Scope of Business	Research and development, manufacture, processing, sales and provision of technology services for specialty optical fibres, optical devices, optical sensing and a series of other optical system products; research and development, provision of technology service and technology consultation of system integration, computer software and hardware products; telecommunications engineering design, installment and maintenance; as proprietor or as agent in the business of importing and exporting of various goods and technologies (except for goods and technologies restricted by or prohibited to be imported or exported by the PRC State). (For the purposes of the abovementioned scope of business, projects subject to specific requirements by the PRC State can be carried out when approved or pursuant to a permit, during the assessed period)
Related Party Relationship	A senior manager of the Company serves as its director
Key Financial Information for 2017	As of December 31, 2017, Yangtze (Wuhan) Optical System Corp. had total assets of RMB96,032,000, net assets of RMB63,038,900, operating income for 2017 of RMB47,685,200, and net profit of RMB3,966,900. (The above information has been audited)
<b>6. Shin-Etsu YOFC (Hubei) Optical Preform Co., Ltd. (長飛信越(湖北)光棒有限公司)</b>	
Unified Social Credit Code	91429005336452107N
Address	Te No. 1 Changfei Avenue, Jiangnan Yanhua Industrial Park, Qianjiang
Legal Representative	Zhuang Dan (莊丹)
Registered Capital	JPY8,000,000,000
Date of Establishment	August 18, 2015
Scope of Business	Manufacture and sale of optical fibre preforms for optical fibres, sale of by-products arising from the manufacturing process of optical fibre preforms for optical fibres (excluding hazardous chemicals)
Related Party Relationship	A Director and a senior manager of the Company serve as its directors

Key Financial Information for 2017	As of December 31, 2017, Shin-Etsu YOFC (Hubei) Optical Preform Co., Ltd. had total assets of RMB774,102,500, net assets of RMB542,439,100, operating income for 2017 of RMB315,945,800, and net profit of RMB64,576,300. (The above information has been audited)
<b>7. Shenzhen SDGI Optical Fibre Co., Ltd. (深圳特發信息光纖有限公司)</b>	
Unified Social Credit Code	91440300723032997C
Address	No. 20 Technology North 1st Road, Nanshan Xili Residential District, Shenzhen
Legal Representative	Jiang Qinjian (蔣勤儉)
Registered Capital	RMB206,518,320
Date of Establishment	August 30, 2000
Scope of Business	Technology development, technology consultation and sales of optical fibres, telecommunication products and mechanical equipment; domestic sales, export and import business. Manufacture of optical fibres and mechanical equipment
Related Party Relationship	Two senior managers of the Company serves as its directors
Key Financial Information for 2017	As of December 31, 2017, Shenzhen SDGI Optical Fibre Co., Ltd. had total assets of RMB638,539,700, net assets of RMB465,866,000, operating income for 2017 of RMB408,457,100, and net profit of RMB30,560,900. (The above information has been audited)
<b>8. Tianjin YOFC XMKJ Optical Cable Co., Ltd. (天津長飛鑫茂光纜有限公司)</b>	
Unified Social Credit Code	91120111690671476R
Address	No.98 Liukou Road, Yangliuqingzhen, Xiqing District (No. 23-1 New Energy New Material Industry Base)
Legal Representative	Hua Wen (華文)
Registered Capital	RMB100,000,000
Date of Establishment	July 13, 2009

Scope of Business	Manufacture, sales and technology development of optical fibre cables, optical fibres, optical fibre preforms, telecommunication cables, specialty cables and devices, accessories, components and materials; manufacture of specialized equipment for optical fibre cables and telecommunication products; provision of engineering installment and technology service for the aforementioned products; import and export of goods and technologies (unless otherwise provided for in the laws or administrative regulations of the PRC State); development, technology consultation, provision of technical service and technology transfer of mechatronics and new material technologies. (To comply with any relevant specific or franchising requirements prescribed by the PRC State; to operate pursuant to permit(s) or approval documentation where an industry permit is involved.)
Related Party Relationship	A senior manager of the Company serves as its director
Key Financial Information for 2017	As of December 31, 2017, Tianjin YOFC XMKJ Optical Cable Co., Ltd. had total assets of RMB226,378,500, net assets of RMB41,974,500, operating income for 2017 of RMB438,175,500, and net profit of RMB428,500. (The above information has been audited)
<b>9. Wuhan Guangyuan Electronic Technology Co., Ltd. (武漢光源電子科技有限公司)</b>	
Unified Social Credit Code	914201127414435543
Address	Wuzhigou West, Gexin Avenue South, Dongxihu District (No. 15 Wunan Road, Wujiashan)
Legal Representative	Li Xizhe (李希哲)
Registered Capital	RMB5,000,000
Date of Establishment	November 4, 2002

Scope of Business	Research and development, development and sales of plastic products, precision moulds, electronic products, telecommunications equipment, photoelectric devices, optical fibres and optical fibre cables technology; as proprietor or as agent in the business of importing and exporting of various goods and technologies (except for goods and technologies restricted by or prohibited to be imported or exported by the PRC State). (For projects subject to approval pursuant to PRC laws, approval must be obtained from relevant regulators prior to the commencement of any business activities.)
Related Party Relationship	A senior manager of the Company serves as its director
Key Financial Information for 2017	As of December 31, 2017, Wuhan Guangyuan Electronic Technology Co., Ltd. had total assets of RMB18,912,900, net assets of RMB9,207,100, operating income for 2017 of RMB25,737,000, and net loss of RMB306,500. (The above information has been audited)
<b>10. YOFC-Yadanarbon Fibre Co., Ltd.</b>	
Address	No. 41 A, Shwe Taung Kyar Street, Shwe Taung Kyar Ward 2, Bahan Township, Yangon
Registered Capital	US\$4,000,000
Scope of Business	Manufacture and sale of optical fibres and optical fibre cables
Related Party Relationship	A Director and two senior managers of the Company serve as its directors
Key Financial Information for 2017	As of March 31, 2018, YOFC-Yadanarbon Fibre Co., Ltd. had total assets of US\$5,971,100, net assets of US\$3,858,300, operating income for the year from April 2017 to March 2018 of US\$4,176,700, and net loss of US\$495,100. (The above information has not been audited)
<b>11. Wuhan Polytech Polymerization Co., Ltd. (武漢普利聚合技術有限公司)</b>	
Unified Social Credit Code	91420100MA4KM5YW43
Address	BeiHu Industrial Park, Chemical Industrial Zone, Wuhan
Legal Representative	Jiang Shengbin (姜勝斌)
Registered Capital	RMB20,000,000

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**APPENDIX I****THE ESTIMATES OF THE 2019 ANNUAL TRANSACTION AMOUNTS FOR THE RELATED PARTY TRANSACTIONS DURING THE ORDINARY AND USUAL COURSE OF BUSINESS**

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Date of Establishment	March 18, 2016
Scope of Business	Development, manufacture, wholesale, retail and technical services of ultraviolet curing paint, UV-curing ink, UV-curing glue, lithography, water-based paint, water-based ink, and related synthetic chemical materials (excluding hazardous chemicals); development, manufacture, wholesale, retail and technical services of modified plastics and synthetic resin materials; research and development, manufacture, wholesale, retail, technical consultation and technology transfer of new chemical materials and new chemical products (excluding hazardous chemicals); research and development, technical consultation and technology transfer of new chemical technique. (For projects subject to approval pursuant to PRC laws, approval must be obtained from relevant regulators prior to the commencement of any business activities.)
Related Party Relationship	Two senior managers of the Company serves as its directors
Key Financial Information for 2017	As of December 31, 2017, Wuhan Polytech Polymerization Co., Ltd. had total assets of RMB745,700, net liabilities of RMB154,300, operating income for 2017 of RMB2,031,200, and net loss of RMB17,800. (The above information has not been audited)

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

Unified Social Credit Code	914201005720423617
Address	No.9 Guanggu Avenue, Donghu Development Zone, Wuhan
Legal Representative	Bao Wendong (包文東)
Registered Capital	RMB45,000,000
Date of Establishment	April 26, 2011
Scope of Business	Development, manufacture and sale of high-purity germanium tetrachloride, high-purity silicon tetrachloride and associated series of products used for optical fibres; import and export of goods, import and export of technology, as agent in importing and exporting (except for goods and technologies prohibited to be imported or exported by the PRC State). (For the purposes of the abovementioned scope of business, projects subject to specific requirements by the PRC State can be carried out when approved or pursuant to a permit, during the assessed period.)

Related Party Relationship	A senior manager of the Company serves as its director
Key Financial Information for 2017	As of December 31, 2017, Wuhan Yunjingfei Optical Fibre Materials Co., Ltd. had total assets of RMB76,383,600, net assets of RMB58,384,500, operating income for 2017 of RMB49,682,000, and net profit of RMB1,652,700. (The above information has been audited)
<b>13. AVIC Baosheng Ocean Engineering Cable Company (中航寶勝海洋工程電纜有限公司)</b>	
Unified Social Credit Code	91321091354520177A
Address	No. 1 Shiqiao south road, Yangzhou
Legal Representative	Chen Dayong (陳大勇)
Registered Capital	RMB1,000,000,000
Date of Establishment	August 26, 2015
Scope of Business	Design, development, production, sales, installation, of wires, cables, accessories, components for submarine construction and equipment, technical consulting service. Proprietary and distributor for exports and imports of various products and technologies. (For projects subject to approval pursuant to PRC laws, approval must be obtained from relevant regulators prior to the commencement of any business activities)
Related Party Relationship	Two senior managers of the Company serves as its directors
Key Financial Information for 2017	As of December 31, 2017, AVIC Baosheng Ocean Engineering Cable Company had total assets of RMB231,821,700, net assets of RMB230,066,700, operating income for 2017 of nil, and net profit of RMB46,300. (The above information has been audited)

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

**PHASE I OF THE EMPLOYEE SHARE OWNERSHIP PLAN  
OF  
YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LIMITED COMPANY**

**REPRESENTATION**

The Company and all members of the board of directors (the “**Board**”) warrants that the Employee Share Ownership Plan does not contain false representations, misleading statements or material omissions, and collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of its contents.

**RISK WARNING**

- (I) The Employee Share Ownership Plan shall be implemented upon approval by the shareholders at the general meeting of the Company and there is uncertainty as to whether the Employee Share Ownership Plan will be approved.
- (II) The Employee Share Ownership Plan, upon its establishment, will entrust a professional organization for management, but there is uncertainty as to whether the scale and objectives of the Employee Share Ownership Plan can be achieved; and there exists uncertainty as the agreement for the relevant Asset Management Program has not been formally entered into.
- (III) The detailed source of funds, amount of contribution and implementation plan of the Employee Share Ownership Plan are set out on a preliminary basis, and there is uncertainty as to whether the Employee Share Ownership Plan can be implemented.
- (IV) **Investors are advised to exercise caution when making decisions and to pay attention to investment risks.**

**SPECIAL REMINDER**

The abbreviations used in this section shall have the same meanings as defined in the “Definitions”.

1. The rules of the Employee Share Ownership Plan are drafted in accordance with relevant laws and regulations of the PRC, including the Company Law, the Securities Law and the Guiding Opinions, as well as the Articles of Association of the Company.

2. The Employee Share Ownership Plan is established under the principle of “discretionary decision of the Company and voluntary participation of employees” and does not involve apportionment, mandatory allocation or other circumstances in which employees are forced to participate in the Employee Share Ownership Plan.
3. The Employee Share Ownership Plan, upon its establishment, will entrust a professional organization with asset management qualifications to set up an Asset Management Program that complies with the relevant laws and regulations to manage the Employee Share Ownership Plan. Shares will be purchased for the purpose of the Employee Share Ownership Plan under the Asset Management Program, which shall acquire and hold the H Shares of the Company through purchases in the secondary market through Shanghai-Hong Kong Stock Connect.
4. The personnel entitled to participate in the Employee Share Ownership Plan include senior management and employees of the Company and its subsidiaries, with a total number of not more than 100 persons.
5. Participants of Employee Share Ownership Plan are considered appropriate to share the profits of the Company by virtue of the contributions of their human capital and capability and all or part of the employee bonus to be granted to the Participants shall be in the form of units in the Employee Shares Ownership Plan. The source of funds for funding the Employee Share Ownership Plan is the employee bonus funds in the amount of RMB 40 million. The accrued employee bonus funds are recognised as expenses in the period in which they are incurred according to the accrued basis, representing approximately 3.15% of the net profit attributable to shareholders of the Company for 2017.
6. The maximum size of the Employee Share Ownership Plan is RMB40 million, and the maximum number of H Shares that can be purchased for the purpose of the Employee Share Ownership Plan is 2,000,000 H Shares. Based on the closing price of HK\$22.20 per share of the Company’s H Shares on December 14, 2018 (calculated based on the exchange rate between Hong Kong dollars and RMB of HK\$1.00 to RMB0.88025 published by the People’s Bank of China on December 14, 2018), the maximum number of the H Shares that can be purchased for the purpose of the Employee Share Ownership Plan is the lower of 2,047,000 H Shares and 2,000,000 H Shares, accounting for approximately 0.2639% of the Company’s total share capital. The ultimate number of H Shares underlying the Employee Share Ownership Plan is therefore uncertain as it depends on the actual implementation of acquiring the H Shares.
7. Term and Lock-up period of the Employee Share Ownership Plan: The term of the current phase of Employee Share Ownership Plan shall not exceed 60 months commencing from the date the Employee Share Ownership Plan is considered and approved by the shareholders at the general meeting of the Company and the Company’s announcement of the registration and transfer of the Shares under the name of the Asset Management Program. If the term expires and is not extended, the Employee Share Ownership Plan shall automatically be terminated. The lock-up period for the Shares allotted pursuant to the Employee Share Ownership Plan shall be 12 months starting from the date of the Company’s announcement of the registration and transfer of the Shares to be purchased in the final transaction under the name of the Asset Management Program.

The Shares will be unlocked in four phases, namely in 12 months, 24 months, 36 months and 48 months after the Company's announcement of the transfer of the Shares to be purchased in the final transaction under the name of the Asset Management Program, with 25% of the Shares being unlocked in each phase.

8. After consideration and approval by the Board, a notice to convene a shareholders' general meeting for the purpose of considering the Employee Share Ownership Plan will be despatched to shareholders. Voting at the shareholders' general meeting regarding the Employee Share Ownership Plan will be taken by way of poll both onsite and via internet. Shareholders' approval at the general meeting of the Company shall be obtained before implementation of the Employee Share Ownership Plan.
9. Issues relating to finance, accounting treatment and taxation during the implementation of the Employee Share Ownership Plan will be resolved in accordance with the relevant policies of finance, accounting and taxation. Individual income tax arisen from the implementation of the Employee Share Ownership Plan shall be borne by the relevant employees.
10. The shareholding structure of the Company will remain in compliance with the relevant listing requirements after the implementation of the Employee Share Ownership Plan.

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**DEFINITIONS**

Unless otherwise specified, the following abbreviations shall have the following meanings in this document:

Articles of Association	the Articles of Association of Yangtze Optical Fibre and Cable Joint Stock Limited Company
Asset Management Program	the Asset Management Program to be set up by an asset management organization entrusted by the Company for the Employee Share Ownership Plan
Company	Yangtze Optical Fibre and Cable Joint Stock Limited Company
Company Law	the Company Law of the People's Republic of China
CSRC	China Securities Regulatory Commission
Draft of the Employee Share Ownership Plan	Draft of the First Phase Employee Share Ownership Plan of Yangtze Optical Fibre and Cable Joint Stock Limited Company
Employee Share Ownership Plan	The First Phase Employee Share Ownership Plan of Yangtze Optical Fibre and Cable Joint Stock Limited Company
Guiding Opinions	the Guiding Opinions on Pilots of Listed Companies for Implementation of Employee Share Ownership Plan 《關於上市公司實施員工持股計劃試點的指導意見》
Management Committee	Management Committee of the Employee Share Ownership Plan
Management Measures on Employee Share Ownership Plan	Administrative Measures for the First Phase Employee Share Ownership Plan of Yangtze Optical Fibre and Cable Joint Stock Limited Company
Participant(s)	employees of the Company who participate in the Employee Share Ownership Plan
Participants' Meeting	meeting for Participants under the Employee Share Ownership Plan
RMB	Renminbi, the lawful currency of the PRC
Securities Law	the Securities Law of the People's Republic of China
Shares of the Company	H shares of the Company
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited

**I. Purpose of the Employee Share Ownership Plan**

The purpose of the Employee Share Ownership Plan is to provide for a mechanism whereby shareholders can share both benefits and risks, employees' loyalty can be improved and the Company's competitiveness can be enhanced. With the Employee Share Ownership Plan, it is believed that the interests of the key management team and key personnel can be aligned with that of shareholders, thereby promoting the Company's long term stable development and enhancing shareholders' value. The rules of the Employee Share Ownership Plan are drafted in accordance with relevant laws and regulations of the PRC, including the Company Law, the Securities Law and the Guiding Opinions, as well as the Articles of Association of the Company.

**II. Basic Principles of the Employee Share Ownership Plan****(I) *Legal compliance***

The Employee Share Ownership Plan shall be implemented by the Company in strict compliance with the procedures stipulated in the applicable laws and administrative regulations, and the Company shall disclose information in a truthful, accurate, complete and timely manner. The use of the Employee Share Ownership Plan for any act of insider trading, stock market manipulation or other securities fraud is prohibited.

**(II) *Voluntary participation***

The Employee Share Ownership Plan is established under the principle of "discretionary decision of the Company and voluntary participation of employees" and does not involve apportionment, mandatory allocation or other circumstances in which employees are forced to participate in the Employee Share Ownership Plan.

**(III) *Voluntary risk-taking***

Participants of the Employee Share Ownership Plan shall bear their own financial risks, and shall have the same rights as other investors.

**III. Basis for Determination, Scope and Conditions of Participants of the Employee Share Ownership Plan****(I) *Basis for Determination of Participants of the Employee Share Ownership Plan***

The Participants of the Employee Share Ownership Plan were determined in accordance with relevant laws and regulations of the PRC, including the Company Law, the Securities Law and the Guiding Opinions, as well as the Articles of Association of the Company. The participation of employees in the Employee Share Ownership Plan are based on the principles of legal compliance, voluntary participation and voluntary risk-taking.

*(II) Scope and Conditions of Participants of the Employee Share Ownership Plan*

The Participants of the Employee Share Ownership Plan are core personnel of the Company who have significant influence on the Company's operating results and medium to long-term development. The personnel entitled to participate in the Employee Share Ownership Plan include senior management and employees of the Company and its subsidiaries, with a total number of not more than 100 persons. Details of the Participants are set out below:

<b>No.</b>	<b>Participant</b>	<b>Position</b>	<b>Maximum number of units (million)</b>	<b>% of total units in the Employee Share Ownership Plan</b>
1.	Zhou, Rongrong	Director of Human Resources	2	5%
2.	Other employees (99 persons in total)		38	95%
Total	100 persons		40	100%

All Participants are required to have a valid service contract with the Company during the term of the Employee Share Ownership Plan.

**IV. Source of Funds, Source of Shares and Size of the Employee Share Ownership Plan***(I) Source of Funds*

Participants of Employee Share Ownership Plan are considered appropriate to share the profits of the Company by virtue of the contributions of their human capital and capability and all or part of the employee bonus to be granted to the Participants shall be in the form of units in the Employee Shares Ownership Plan. The source of funds for funding the Employee Share Ownership Plan is the employee bonus funds in the amount of RMB 40 million. The accrued employee bonus funds are recognised as expenses in the period in which they are incurred according to the accrued basis, representing approximately 3.15% of the net profit attributable to shareholders of the Company for 2017.

*(II) Source of Shares*

Upon approval by the shareholders at the general meeting of the Company, Shares will be purchased for the purpose of the Employee Share Ownership Plan under the Asset Management Program to be established by a professional organization, which shall acquire and hold the H Shares of the Company in the manner as permitted by laws and regulations, including through purchases in the secondary market through Shanghai-Hong Kong Stock Connect.

The total number of Shares to be held under the Employee Share Ownership Plan shall not be more than 10% of the total share capital of the Company. The total number of underlying Shares held by a single Participant according to his/her units in the Employee Share Ownership Plan shall not be more than 1% of the total share capital of the Company. The total number of underlying Shares held by Participants under the Employee Share Ownership Plan for the purpose of the aforesaid limit shall exclude the Shares acquired before the initial public offering of the Company, the Shares acquired independently in the secondary market and the Shares obtained through other equity incentives.

**(III) *Size of the Employee Share Ownership Plan***

The maximum size of the Employee Share Ownership Plan is RMB40 million, and the maximum number of H Shares that can be purchased for the purpose of the Employee Share Ownership Plan is 2,000,000 H Shares. Based on the closing price of HK\$22.20 per share of the Company's H Shares on December 14, 2018 (calculated based on the exchange rate between Hong Kong dollars and RMB of HK\$1.00 to RMB0.88025 published by the People's Bank of China on December 14, 2018), the maximum number of the H Shares that can be purchased for the purpose of the Employee Share Ownership Plan is the lower of 2,047,000 H Shares and 2,000,000 H Shares, accounting for approximately 0.2639% of the Company's total share capital. The ultimate number of H Shares underlying the Employee Share Ownership Plan is therefore uncertain as it depends on the actual implementation of acquiring the H Shares.

**V. *Term, Lock-up Period and Management Mode of the Employee Share Ownership Plan***

**(I) *Term of the Employee Share Ownership Plan***

1. The term of the current phase of Employee Share Ownership Plan shall not exceed 60 months commencing from the date the Employee Share Ownership Plan is considered and approved by shareholders' at the general meeting and the Company's announcement of the registration and transfer of the Shares to be purchased in the final transaction under the name of the Asset Management Program. If the term expires and is not extended, the Employee Share Ownership Plan shall automatically be terminated.
2. The asset management organization entrusted for the Employee Share Ownership Plan shall, in accordance with the arrangement under the Employee Share Ownership Plan, complete the purchase of the underlying Shares within 6 months after the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting.
3. If Shares of the Company held under the Asset Management Program are unable to be fully realized before expiry of the term of the Employee Share Ownership Plan due to suspension or short window of trading of Shares of the Company, provided that approval is obtained from more than two-thirds of units held by Participants attending the Participants' meeting and from the Board two months before the expiration of the term of the Employee Share Ownership Plan, the term of the current phase of Employee Share Ownership Plan may be extended.

**(II) *Lock-up Period of the Employee Share Ownership Plan***

1. The lock-up period for the Shares allotted pursuant to the Employee Share Ownership Plan shall be 12 months starting from the date of the Company's announcement of the registration and transfer of the Shares to be purchased in the final transaction under the name of the Asset Management Program. The Shares will be unlocked in four phases, namely in 12 months, 24 months, 36 months and 48 months after the Company's announcement of the transfer of the Shares to be purchased in the final transaction under the name of the Asset Management Program, with 25% of the Shares being unlocked in each phase.
2. Shares of the Company allotted under the Asset Management Program due to the Company's distribution of share dividends and conversion of shares into capital reserves shall also be subject to the lock-up.
3. All relevant entities in the Employee Share Ownership Plan must strictly abide by the market trading rules. Upon expiration of the lock-up period, the Management Committee may authorize the asset management organization to sell the Shares held under the Asset Management Program during the term of the Employee Share Ownership Plan. Except as otherwise provided by the CSRC, the SSE, the Stock Exchange and other regulatory agencies, the Asset Management Program may not buy or sell Shares of the Company during the following periods:
  - (a) 60 days prior to the announcement of the Company's annual results, or 30 days prior to the announcement of the Company's interim or quarterly results;
  - (b) 10 days prior to the release of the Company's results preview or preliminary report;
  - (c) the period starting from the date when a material issue, which may significantly affect the Company's share price, occurs or is in the process of decision-making to 2 trading days after the issue being disclosed in accordance with laws.

Before deciding to buy or sell shares of the Company, the Management Committee or the Asset Management Program shall promptly consult the Company's board secretary and find out whether it is in a sensitive period for share trading.

**(III) *Management Body and Management Mode of the Employee Share Ownership Plan***

The highest internal management authority of the Employee Share Ownership Plan shall be the Participants' meeting. A Management Committee shall be set up under the Employee Share Ownership Plan to supervise the daily management of the Employee Share Ownership Plan, exercise the Participants' rights on behalf of the Participants or authorize the asset management authority to exercise shareholders' rights. The Board is responsible for drafting and revising the draft rules of the Employee Share Ownership Plan and handling other related matters of the Employee Share Ownership Plan within the scope authorized by the shareholders' general meeting. The Employee Share Ownership Plan entrusts a professional organization with asset management qualifications to carry out its management.

**VI. Participants' Meeting and Management Committee****(I) *Participants' Meeting***

1. The Participants' Meeting is the internal management authority of the Employee Share Ownership Plan. All Participants are entitled to attend and vote at the Participants' Meeting in person or by proxy. The expenses of travel, board and lodging, etc. incurred by the Participants and their proxy for attending the Participants' Meeting shall be borne by the Participants.
2. The following matters shall be considered and discussed at the Participants' Meeting:
  - (1) Appointment and removal of any members of the Management Committee;
  - (2) Amendment, termination and extension of the term of the Employee Share Ownership Plan;
  - (3) During the term of the Employee Share Ownership Plan, should the Company conduct fund raising through placing or issuance of shares, the Management Committee shall discuss whether to participate in the fund raising and formulate a proposal and submit the proposal to the Participants' Meeting for consideration;
  - (4) Amendment to the Measures for Management of the Employee Share Ownership Plan;
  - (5) Authorisation to the Management Committee to supervise the daily management of the Employee Share Ownership Plan;
  - (6) Authorisation to the Management Committee to exercise shareholders' rights;
  - (7) Other matters that are considered as necessary by the Management Committee for consideration at the Participants' Meeting.
3. The first Participants' Meeting shall be convened and presided over by the secretary to the Board of the Company, and subsequent Participants' Meetings shall be convened by the Management Committee and presided over by the head of the Management Committee. When the head of the Management Committee is unable to perform his duties, he/she shall appoint a member of the Management Committee to preside over the meeting.
4. To convene a Participants' Meeting, the Management Committee shall send out a written notice of meeting 3 days prior to the meeting to all Participants by direct delivery, post, facsimile, electronic mail or other means. The written notice of the meeting shall at least include the following details:
  - (1) Time and venue of the meeting;
  - (2) Method of convening the meeting;
  - (3) Proposed matters to be considered at the meeting;

- (4) The person convening the meeting, chairman of the meeting and the person proposing an extraordinary meeting and his/her (their) written proposals;
- (5) Meeting materials required for voting;
- (6) Request for Participants to attend the meeting in person or authorize other Participants to attend the meeting on their behalf;
- (7) Contact person and contact information;
- (8) Date of issuance of the notice.

In case of any urgent matter, a Participants' Meeting can be convened by giving verbal notice. Such notice shall at least include (1), (2) and (3) above and an explanation for convening an immediate Participants' Meeting.

5. Voting procedures of the Participants' Meeting

- (1) After each proposal has been fully discussed, the chairman shall invite Participants attending the meeting to vote when appropriate. The chairman may also invite Participants attending the meeting to vote only after all proposals at the meeting have been discussed. Voting shall be carried out by ballot.
- (2) Each unit held by the Participants of the Employee Share Ownership Plan shall be entitled to one vote.
- (3) The Participants may choose to vote for, against or abstain in any resolution. The Participants attending the meeting shall select one of the aforesaid voting options, and failing to select an option or voting with more than one option indicated will be deemed as abstention. Any Participant who leaves during the meeting without indicating any voting options shall be deemed as abstained from voting. Blank votes or votes that are illegible or contain incorrect information shall be deemed as abstention. Any vote made after the announcement of voting results by the chairman of the meeting or the period for voting shall not be counted.
- (4) The chairman of the meeting shall announce the onsite voting results at the venue of the meeting. A proposed resolution shall be passed if more than half of the number of units held by the Participants attending the meeting voted for the proposed resolution, except for matters which require the consent of more than two-thirds of the number of units held by the Participants attending the meeting according to the relevant provisions.
- (5) In the event that a resolution of the Participants' Meeting must be submitted to the Board and shareholders for approval at the general meeting, it shall be submitted in accordance with the Articles of Association.
- (6) The chairman of the meeting shall arrange to keep records of the Participants' Meeting.

6. Participants who individually or jointly hold over 10% of the units in the Employee Share Ownership Plan may submit a temporary proposal for approval at the Participants' Meeting; and the temporary proposal shall be submitted to the Management Committee 3 days prior to the Participants' Meeting.
7. Participants who individually or jointly hold over 30% of the units in the Employee Share Ownership Plan may propose to convene a Participants' Meeting.

(II) *Management Committee of the Employee Share Ownership Plan*

1. A Management Committee for the Employee Share Ownership Plan shall be established under the Participants' Meeting to supervise the daily management of the Employee Share Ownership Plan and to exercise the shareholders' rights on behalf of the Participants or authorize an asset management organization to exercise the shareholders' rights on behalf of the Participants.
2. The Management Committee shall comprise three members with one head of the Management Committee. All members of the Management Committee shall be elected from the Participants' Meeting. The head of the Management Committee shall be elected by more than half of all members of the Management Committee. The members of the Management Committee shall remain during the term of the Employee Share Ownership Plan.
3. Members of the Management Committee have the following fiduciary duties to the Employee Share Ownership Plan in accordance with laws, administrative regulations and the Management Measures of the Employee Share Ownership Plan:
  - (1) Not to take advantage of their position and authority to accept bribes or other illegal income; not to take any assets of the Employee Share Ownership Plan;
  - (2) Not to misappropriate funds of the Employee Share Ownership Plan;
  - (3) Without the consent of the Management Committee, not to open personal account under his or her own name or other person's name for depositing the assets or funds of the Employee Share Ownership Plan;
  - (4) Not to lend the funds of the Employee Share Ownership Plan to other persons or provide guarantee for other persons with the assets of the Employee Share Ownership Plan without the consent of the Participants at the Participants' meeting;
  - (5) Not to take advantage of their positions and authority to jeopardize the interests of the Employee Share Ownership Plan;
  - (6) Where a member of the Management Committee causes any loss to the Employee Share Ownership Plan due to breach of his or her fiduciary duties, such a member shall be responsible for the loss.

4. The Management Committee shall discharge the following functions and powers:
  - (1) Convene the Participants' Meetings;
  - (2) Supervise the daily management of the Employee Share Ownership Plan on behalf of all Participants;
  - (3) Exercise shareholders' rights on behalf of the Participants or authorize the Asset Management Program to exercise the shareholders' rights on behalf of the Participants;
  - (4) Be responsible for the appointment of and coordination with the asset management organization;
  - (5) Authorize the Company to execute relevant agreements or contracts on behalf of the Employee Share Ownership Plan;
  - (6) Manage the allocation of benefits of the Employee Share Ownership Plan;
  - (7) Register for the units of the Employee Share Ownership Plan;
  - (8) Other responsibilities as delegated by the Participants' Meeting.
  
5. The head of the Management Committee shall discharge the following functions and powers:
  - (1) Preside over the Participants' Meetings, convene and preside over the Management Committee meetings;
  - (2) Supervise the meetings of Participants' the Management Committee and inspect the execution of the resolutions;
  - (3) Other functions and authority as delegated by the Management Committee.
  
6. Procedures for convening the Management Committee meeting:
  - (1) The Management Committee's meeting shall be convened by the head of the Management Committee from time to time. A notice of the meeting shall be sent out to all members of the Management Committee 3 days prior to the meeting.

With consent of all the members of the Management Committee on the matters to be resolved, the meeting may be convened and the voting be carried out by means of telecommunication.
  - (2) Members of the Management Committee may propose an extraordinary Management Committee meeting and the head of the Management Committee shall convene and preside over the meeting within 5 days upon receiving the proposal.

7. Holding and voting procedures of the Management Committee meeting:

- (1) A Management Committee meeting shall only be held when more than half of the members are present;
- (2) Meeting resolutions shall be passed if more than half of all members of the Management Committee voted for the resolutions;
- (3) Management Committee meetings shall implement a one-person one-vote system and voting for resolutions at the Management Committee meetings shall be conducted by way of open ballot;
- (4) Provided that members of the Management Committee can fully express their views, the Management Committee meetings can be convened and resolutions can be passed by telecommunication and shall be signed by members of the Management Committee attending the meeting;
- (5) Members of the Management Committee shall attend the Management Committee meetings in person; for any member who cannot attend the meetings in person, he can appoint other member(s) of the Management Committee as his proxy(ies) in writing to attend the meetings. A form of proxy shall be signed by the such member with the name(s) of the proxy(ies), and the matters, scope and validity period of the authorization being specified. The proxy shall exercise his rights properly within the scope of authorization. For any Management Committee member who neither attends the meetings nor appoint another member as his proxy, he will be deemed to have abstained from voting;
- (6) Minutes of the matters discussed in the Management Committee meeting shall be recorded, and all members attending the Management Committee meeting shall sign on the minutes.

## **VII. Selection of Management Organization and Management Agreement**

### **(I) *Selection of Management Organization of the Employee Share Ownership Plan***

The Management Committee entrusts a professional management organization with qualification of asset management to manage the Employee Share Ownership Plan, and protects the legal rights and interests of the Employee Share Ownership Plan according to the rules relating to asset management business issued by regulatory body and the agreement of the Employee Share Ownership Plan to ensure the safety of assets held under the Employee Share Ownership Plan.

The Company will enter into the asset management contract and related agreement documents with the management organization on behalf of the Employee Share Ownership Plan.

(II) *Principal terms of the asset management agreement (subject to the terms of the final agreement being entered into)*

1. Name of the Asset Management Program: to be determined by the Board or the management together with the asset management organization;
2. Principal: Yangtze Optical Fibre and Cable Joint Stock Limited Company (on behalf of the Employee Share Ownership Plan);
3. Asset management organization: elected and appointed by the Management Committee;
4. Custodian: elected and appointed by the Management Committee;
5. Size of the Asset Management Program: a maximum of RMB40 million;
6. Management period: The validity period shall be the term of the asset management agreement, which shall be based on the term of the Employee Share Ownership Plan.

(III) *Types of expenses for asset management and the determination and payment of expenses*

1. Types of expenses for asset management business
  - (1) Management fees;
  - (2) Custodian fee;
  - (3) Transaction commission of entrusted assets;
  - (4) The securities transaction fee of entrusted assets (including but not limited to account opening fee, transfer fee, handling fee, subscription/subscription fee, etc.);
  - (5) Other expenses that may be charged under the entrusted assets in accordance with the laws and regulations and the asset management agreement.
2. The expense accrual method, accrual standards and payment methods

Management fee of the asset manager and the custodian fee of the asset custodian shall be determined through negotiation among the asset principal, the asset manager and the asset custodian, subject to the terms of the final agreement being entered into.

3. Expenses or loss of entrusted assets due to the failure of the asset management organization to perform or fully perform their obligations as well as costs incurred in matters irrelevant to the entrusted assets shall not be included into the entrusted assets operating expenses.

**4. Taxation**

The taxation obligations which arise during the operation of the entrusted assets shall be discharged in accordance with the tax laws and regulations of the PRC.

**VIII. Participation in Financing Arrangements of the Company by the Employee Share Ownership Plan during the Term of the Employee Share Ownership Plan**

During the term of the Employee Share Ownership Plan, if the Company raises funds through placing of shares, issue of new shares, issue of convertible bonds or other financing methods, the Management Committee shall consider and decide whether to participate in such financing arrangements and formulate a proposal and submit the same to the Participants' Meeting for consideration.

**IX. Asset Composition of the Employee Share Ownership Plan**

1. Shares of the Company purchased for the purpose of the Employee Share Ownership Plan under the Asset Management Program;
2. Cash deposits and bank interest accrued;
3. Other assets such as the gains from asset management.

The assets under the Employee Share Ownership Plan are independent of the assets owned by the Company. The Company shall not hold the assets of the Employee Share Ownership Plan on trust and include them as its own assets. The assets and profits generated from the management and operation of the Employee Share Ownership Plan shall be included into the assets of the Employee Share Ownership Plan.

**X. Amendment to and Termination of the Employee Share Ownership Plan and Disposal of Rights and Interests of Participants****(I) *Amendment to the Employee Share Ownership Plan***

During the term of the Employee Share Ownership Plan, any amendment to the rules of the Employee Share Ownership Plan shall be passed by more than two-thirds of the number of units held by Participants attending the Participants' Meeting and be submitted by the Board to the shareholders' general meeting of the Company for consideration and approval.

**(II) *Termination of the Employee Share Ownership Plan***

1. The Employee Share Ownership Plan will be terminated automatically after the expiry of the term;
2. Upon expiry of the lock-up period under the Employee Share Ownership Plan, the current phase of Employee Share Ownership Plan may be terminated in advance when all assets under the Asset Management Program are sold and converted into monetary funds.

**(III) *Disposal of Rights and Interests of the Participants***

1. During the term of the Employee Share Ownership Plan, the interests of the Participants under the Employee Share Ownership Plan shall not be withdrawn, mortgaged, pledged, guaranteed or used for debt repayment.
2. During the term of the Employee Share Ownership Plan, the interests of the Participants under the Employee Share Ownership Plan shall not be transferred without the consent of the Management Committee. Any transfer without consent of the Management Committee shall be void and invalid.
3. If any one of the events below occurs, the Company has the right to disqualify the Participant from participating in the Employee Share Ownership Plan, and his/her rights and interests under the Employee Share Ownership Plan shall be recovered by the Management Committee free of charge for sale prior to the expiry of the Employee Share Ownership Plan and the proceeds therefrom shall be retained by the Company.
  - (1) Where a Participant resigns or leaves without permission;
  - (2) Where a Participant refuses to renew the employment contract with the Company or its subsidiary when his employment contract expires;
  - (3) Where the Company or its subsidiary decides not to renew the employment contract with the Participant when the employment contract expires;
  - (4) Where a Participant is dismissed by the Company or its subsidiary for violation of laws or administrative rules;
  - (5) Where a Participant is demoted or degraded due to grave mistake or substandard performance, resulting in such Participant being disqualified from participating as a Participant of the Employee Share Ownership Plan;
  - (6) Other circumstances for disqualifying a Participant to participate in the Employee Share Ownership Plan as determined by the Management Committee.
4. During the term of the Employee Share Ownership Plan, the Management Committee has the right to adjust the units held by a Participant if there is any material change in the position of such Participant provided that such change does not affect his/her eligibility to participate in the Employee Share Ownership Plan.
5. If any one of the events below occurs, a Participant will continue to be entitled to the interests of the part of underlying Shares held by him under the Employee Share Ownership Plan which are unlocked and unsold in the current year, while the number of underlying Shares which are not unlocked in the current year and the number of underlying Shares which are unlocked in the following years will be recovered by the Management Committee of the Employee Share Ownership Plan free of charge, and will be disposed of before the expiry of the Employee Share Ownership Plan as appropriate, with the proceeds to be retained the benefit of the Company.

- (1) Loss of working capacity;
- (2) Rescission of employment contract through negotiation between Participants and the Company;
- (3) The Participant reaching statutory retirement age as required by the applicable law and requirements of the PRC;
- (4) In the event of death of the Participant, the relevant rights and interests under the Employee Share Ownership Plan shall be inherited by their lawful successors, who will not be subject to the eligibility requirement for participation in the Employee Share Ownership Plan.

6. Other circumstances

In any other circumstances, disposal of the units in the Employee Share Ownership Plan held by the Participants shall be determined through negotiation between the Company and the Management Committee.

(IV) *Measures for disposal of shares upon expiry of the term of the Employee Share Ownership Plan*

If the assets held under the Asset Management Program include the underlying Shares upon expiry of the term of the Employee Share Ownership Plan, the specific disposal method of such Shares shall be determined and agreed between the Management Committee and the asset management organization. Upon the expiration of the lock-up period under the Employee Share Ownership Plan, the Employee Share Ownership Plan may be terminated in advance when all assets under the Asset Management Program are sold and converted into monetary funds. The Employee Share Ownership Plan shall complete the liquidation within 30 working days after the sale of the Shares and allocation of the proceeds according to the number of Shares held by the Participants. The specific method for disposal may be adjusted by the Management Committee as determined at the Management Committee meeting according to the actual circumstance at that time.

**XI. Procedures for Implementation of the Employee Share Ownership Plan**

1. Prior to the implementation of the Employee Share Ownership Plan, the Company shall seek the employees' opinions through the employees' representatives meeting and other organizations.
2. When the Board is considering the draft of the Employee Share Ownership Plan, independent directors and the Supervisory Committee shall deliver their opinions on the following matters: whether the Employee Share Ownership Plan is beneficial to the sustainable development of the Company; whether it will impair the interests of the Company and all the shareholders; whether there is any apportionment, mandatory allocation or other circumstances forcing the employees to participate in the Employee Share Ownership Plan.
3. Within two trading days after the Board approves the Employee Share Ownership Plan, the Company shall publish relevant documents including the Board resolutions, the full text and summary of the draft of Employee Share Ownership Plan, independent directors' opinions and Supervisory Committee's opinions.

4. The Company shall engage a law firm to issue legal opinions for the Employee Share Ownership Plan and publish the legal opinions before convening the shareholders' general meetings for consideration.
5. A shareholders' general meeting shall be convened to consider the Employee Share Ownership Plan at which voting will be taken by poll both onsite and via the Internet. The Employee Share Ownership Plan shall only be implemented after obtaining shareholders' approval at the general meeting.

## **XII. Matters to be resolved by the Board with the Authorization from the General Meeting**

Upon consideration and approval of the Employee Share Ownership Plan, the Board is authorized by the shareholders at the general meeting to handle matters relating to the Employee Share Ownership Plan, including but not limited to:

1. the Board shall be responsible for drafting and revising the Employee Share Ownership Plan;
2. the Board to proceed with the establishment of the Employee Share Ownership Plan, including but not limited to approving the provision for incentive funds and the implementation of specific allocation plan;
3. the Board to proceed with the amendment and termination of the Employee Share Ownership Plan, including but not limited to the disqualification of the Participants of the Employee Share Ownership Plan and the early termination of the Employee Share Ownership Plan based on the rules of the Employee Share Ownership Plan;
4. the Board to decide on the extension of the term and early termination of the Employee Share Ownership Plan;
5. the Board to make corresponding adjustments to the Employee Share Ownership Plan according to new policies in case of any changes in relevant laws, regulations and policies during the implementation upon obtaining shareholders' approval at the general meeting;
6. the Board to handle all matters in relation to the lock-up and release of shares purchased under the Employee Share Ownership Plan;
7. the Board to draft and sign agreements and documents relating to the Employee Share Ownership Plan;
8. after the Employee Share Ownership Plan has been reviewed and approved by the shareholders at the general meeting, should there be change in the relevant laws, regulations and policies during the term of the Employee Share Ownership Plan, the Board is authorized to make corresponding amendments to the Employee Share Ownership Plan.

If Shares of the Company held under the Asset Management Program are unable to be fully realized before expiry of the term of the Employee Share Ownership Plan due to suspension or short window of trading of Shares of the Company, the Board is authorized to extend the term of the Employee Share Ownership Plan;

9. the Board to handle other matters necessary for the implementation of the Employee Share Ownership Plan, except for those which require shareholders' approval at the general meeting as explicitly stipulated in the relevant documents.

### **XIII. Other Important Matters**

1. The approval of the Board and shareholders at the general meeting does not indicate that the Participants have the right to continue their services in the Company or its subsidiary, and such approval does not constitute any commitment of the Company or its subsidiary to any continued employment of those employees within the term of the Employee Share Ownership Plan. The employment relationships between the employees and the Company or its subsidiary will remain the same as stipulated in the original employment contract entered into between the employees and the Company or its subsidiary.
2. Issues relating to finance, accounting treatment and taxation during the implementation of the Employee Share Ownership Plan will be resolved in accordance with the relevant policies of finance, accounting and taxation. Individual income tax arisen from the implementation of the Employee Share Ownership Plan shall be borne by the relevant employees.
3. The Board reserves the right to interpret the rules of the Employee Share Ownership Plan.

**Board of Directors of  
Yangtze Optical Fibre and Cable Joint Stock Limited Company**

December 14, 2018

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Smart Link Better Life.

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

**長飛光纖光纜股份有限公司**

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

**(Stock Code: 6869)**

### NOTICE OF THE EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**EGM**” or the “**Meeting**”) of Yangtze Optical Fibre and Cable Joint Stock Limited Company\* (the “**Company**”) will be held on Thursday, February 21, 2019 at 2:30 p.m. at Multi-Media Meeting Room, 201# Building, No. 9 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC, for the purpose of considering and if thought fit, passing the following resolutions:

#### ORDINARY RESOLUTION

1. To consider and approve the estimates of the 2019 annual transaction amounts for the related party transactions during the ordinary and usual course of business as set out in Appendix I to the circular of the Company dated January 4, 2019, and that the board of directors of the Company (the “**Board**”) or such persons as authorized by the Board, be authorized to enter into specific business agreements with the related parties from time to time in the year 2019 within the limits of the estimates on the transaction amounts, for each transaction contemplated under this proposal during the ordinary and usual course of business.

#### SPECIAL RESOLUTIONS

2. To consider and approve the proposal for the Employee Share Ownership Plan as set out in Appendix II to the circular of the Company dated January 4, 2019.
3. To consider and approve the proposal for Management Measures on Employee Share Ownership Plan.
4. To authorize the Board to implement and handle matters regarding the Employee Share Ownership Plan.

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, January 4, 2019

\* *For identification purpose only*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

(1) **Circular**

Details of the above proposals and resolutions to be considered at the EGM are set out in the circular of the Company dated January 4, 2019 (the “**Circular**”). Unless otherwise defined in this notice, capitalized terms used in this notice shall have the same meanings as those defined in the Circular.

(2) **Closure of register of members and eligibility for attending the EGM**

Holders of H shares of the Company (“**H Shares**”) are advised that the register of members will be closed from Tuesday, January 22, 2019 to Thursday, February 21, 2019 (both days inclusive). Holders of H Shares whose names appear on the register of members of the Company maintained in Hong Kong at close of business on Monday, January 21, 2019 are entitled to attend the EGM. Holders of H Shares who wish to attend the EGM but have not registered the transfer documents are required to deposit the transfer document together with the relevant share certificates at the H Share registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, at or before 4:30 p.m. on Monday, January 21, 2019.

(3) **Proxy**

Shareholders entitled to attend and vote at the EGM may appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder of the Company. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorized in writing. If the shareholder is a corporate body, the proxy form must be either executed under its common seal or under the hand of its director(s) or duly authorized attorney(s). If the proxy form is signed by an attorney of the shareholder, the power of attorney authorizing that attorney to sign or other authorization documents must be notarised. To be valid, the proxy form together with the power of attorney or other authorization document (if any) must be lodged at the H Share registrar of the Company by the holder of H Shares by hand or by post not less than 24 hours before the time fixed for holding the EGM (i.e. not later than 2:30 p.m. on Wednesday, February 20, 2019) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the EGM if he so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked. The H Share registrar of the Company is Tricor Investor Services Limited, whose address is at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

(4) **Reply Slip**

Holders of H Shares who intend to attend the EGM in person or by proxy should return the reply slip by hand, by fax or by post to the H Share registrar of the Company, Tricor Investor Services Limited on or before Thursday, January 31, 2019. The address of Tricor Investor Services Limited is Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong (Tel: (852) 2980 1333, Fax: (852) 2810 8185).

(5) **Joint holder of shares**

In the case of joint holders of any shares of the Company, any one of such joint holders may vote at the above Meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto. However, if more than one of such joint holders is present at the Meeting, either personally or by proxy, the vote of the joint holder whose name stands first in the register of members of the Company and who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s).

(6) **Voting by poll**

On a poll, every member present in person or by proxy shall be entitled to one vote for each share of the Company registered in his name. The result of such poll shall be deemed to be the resolution of the Meeting at which the poll was so taken.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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(7) **Other issues**

The EGM is expected to last for half a day. Shareholders (in person or by proxy) attending the EGM are responsible for their own transportation, catering and accommodation expenses. Shareholders or their proxies attending the EGM shall produce their identification documents.

The EGM starts at 2:30 p.m. Registration for admission to the EGM will take place from 1:30 p.m. to 2:30 p.m.

References to time and dates in this notice are to Hong Kong time and dates.