

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

**長飛光纖光纜股份有限公司**

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

**(Stock Code: 6869)**

### **DISCLOSEABLE TRANSACTION SUBSCRIPTION OF SHARES OF BROADEX TECHNOLOGIES CO., LTD.**

#### **THE SUBSCRIPTION**

The Board is pleased to announce that on November 3, 2022, the Company and Broadex entered into the Subscription Agreement, pursuant to which the Company agreed to subscribe for and Broadex agreed to allot and issue not more than 22,000,000 Subscription Shares at the Subscription Price of not more than RMB386,540,000 under the Specific Investor Issuance. The Specific Investor Issuance is subject to approval from the Broadex Shareholders, the Shenzhen Stock Exchange and the CSRC.

Reference is made to (i) the announcements of the Company dated April 7, 2022 and May 27, 2022 in relation to the acquisition of 12.72% equity interest in Broadex by the Company and the entrustment of the voting rights of 33,165,558 Broadex Shares under the Voting Right Entrustment Agreement; and (ii) the announcement of the Company dated July 15, 2022 in relation to the acquisition of a total of 3,150,000 Broadex Shares by the Company on the open market, representing approximately 1.20% of the then total share capital of Broadex.

Following the Previous Acquisitions, the Company held an aggregate of approximately 12.75% of the equity interest of Broadex, and together with the entrustment of the voting rights of 33,165,558 Broadex Shares under the Voting Right Entrustment Agreement (representing approximately 12.67% of the then total share capital of Broadex), the Company controlled approximately 25.43% of the voting rights of Broadex. Following the completion of the Subscription, based on the maximum number of Broadex Shares to be issued under the Specific Investor Issuance, it is expected that the Company will hold an aggregate of approximately 19.51% of equity interest of Broadex, and together with the entrustment of the voting rights of 33,165,558 Broadex Shares under the Voting Right Entrustment Agreement (representing approximately 11.68% of the enlarged total share capital of Broadex), the Company is expected to control approximately 31.19% of the voting rights of Broadex (being the shareholder with control over the largest voting rights of Broadex). The Company also has the right to control the composition of a majority of the Broadex Board. Accordingly, Broadex will continue to be a non wholly-owned subsidiary of the Company and the financial results of Broadex will be consolidated into the Company's consolidated financial statements following the Subscription.

\* *For identification purposes only*

## **LISTING RULES IMPLICATIONS**

As all the applicable percentage ratios in respect of the Subscription (as aggregated with the Previous Acquisitions) exceeds 5% but all are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **THE SUBSCRIPTION**

The Board is pleased to announce that on November 3, 2022, the Company and Broadex entered into the Subscription Agreement, pursuant to which the Company agreed to subscribe for and Broadex agreed to allot and issue not more than 22,000,000 Subscription Shares at the Subscription Price of not more than RMB386,540,000 under the Specific Investor Issuance. The Specific Investor Issuance is subject to approval from the Broadex Shareholders, the Shenzhen Stock Exchange and the CSRC.

Reference is made to (i) the announcements of the Company dated April 7, 2022 and May 27, 2022 in relation to the acquisition of 12.72% equity interest in Broadex by the Company and the entrustment of the voting rights of 33,165,558 Broadex Shares under the Voting Right Entrustment Agreement; and (ii) the announcement of the Company dated July 15, 2022 in relation to the acquisition of a total of 3,150,000 Broadex Shares by the Company on the open market, representing approximately 1.20% of the then total share capital of Broadex.

Following the Previous Acquisitions, the Company held an aggregate of approximately 12.75% of the equity interest of Broadex, and together with the entrustment of the voting rights of 33,165,558 Broadex Shares under the Voting Right Entrustment Agreement (representing approximately 12.67% of the then total share capital of Broadex), the Company controlled approximately 25.43% of the voting rights of Broadex. Following the completion of the Subscription, based on the maximum number of Broadex Shares to be issued under the Specific Investor Issuance, it is expected that the Company will hold an aggregate of approximately 19.51% of equity interest of Broadex, and together with the entrustment of the voting rights of 33,165,558 Broadex Shares under the Voting Right Entrustment Agreement (representing approximately 11.68% of the enlarged total share capital of Broadex), the Company is expected to control approximately 31.19% of the voting rights of Broadex (being the shareholder with control over the largest voting rights of Broadex). The Company also has the right to control the composition of a majority of the Broadex Board. Accordingly, Broadex will continue to be a non wholly-owned subsidiary of the Company and the financial results of Broadex will be consolidated into the Company's consolidated financial statements following the Subscription.

## PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are summarized below.

### Date

November 3, 2022

### Parties

- (1) Broadex, as the issuer; and
- (2) The Company, as the subscriber.

### Shares to be subscribed

Pursuant to the Subscription Agreement, the Company conditionally agreed to subscribe for and Broadex agreed to allot and issue not more than 22,000,000 Subscription Shares for a cash consideration of not more than RMB386,540,000 under the Specific Investor Issuance.

### Subscription Price and number of Subscription Shares

The benchmark date (the “**Benchmark Date**”) for determining the issue price per Subscription Share for the Specific Investor Issuance (the “**Issue Price**”) was the announcement date of the resolution of the 20th board meeting of the 5th session of the Broadex Board. The Issue Price shall be not less than 80% of the average trading price of Broadex Shares for the 20 trading days preceding the Benchmark Date (being the total transaction amount of Broadex Shares for the 20 trading days preceding the Benchmark Date divided by the total transaction volume of Broadex Shares for the 20 trading days preceding the Benchmark Date), which was RMB17.57.

In the event that any distribution of dividends, distribution of bonus shares, capitalization of capital reserve and other ex-rights or ex-dividends events is undertaken by Broadex during the period from the Benchmark Date to the date of the Specific Investor Issuance, the Issue Price will be adjusted accordingly, as follows:

- (1) In case of cash dividend distribution:  $P_1 = P_0 - D$
- (2) In case of distribution of bonus shares and capitalization of capital reserve:  $P_1 = P_0 / (1 + N)$
- (3) In case of both event (1) and event (2):  $P_1 = (P_0 - D) / (1 + N)$

(“ $P_1$ ” being the adjusted Issue Price; “ $P_0$ ” being the pre-adjusted Issue Price; “ $D$ ” being the amount of dividend distributed per Broadex Share; and “ $N$ ” being the number of bonus share per issued Broadex Share and/or Broadex Shares issued from the capitalization of capital reserve)

The total number of Subscription Shares to be issued to the subscriber under the Specific Investor Issuance shall be determined by the total Subscription Price divided by the Issue Price (after adjustment if any), which shall not be more than 22,000,000 Broadex Shares, and no more than 30% of the total share capital of Broadex prior to the completion of the Specific Investor Issuance. The total number of Broadex Shares to be issued under the Specific Investor Issuance shall be fully subscribed by the Company. The Subscription Price of the Specific Investor Issuance shall be calculated by multiplying the number of Subscription Shares by the unit Issue Price, and shall not be more than RMB386,540,000.

The Board considers the Subscription Price is fair and reasonable and in the interests of the Shareholders as a whole.

In the event of any distribution of bonus shares, capitalization of capital reserve and other ex-rights events during the period from the Benchmark Date to the date of the Specific Investor Issuance resulting in a change in the total share capital of Broadex, the maximum number of the Subscription Shares will be adjusted accordingly. If the securities regulatory authorities shall impose any new regulations and approval requirements on or issue updated regulatory opinions regarding the number of the Subscription Shares, Broadex will also make appropriate adjustment to the number of the Subscription Shares in adherence to the latest regulatory requirements.

The final number of Subscription Shares is subject to the passing of the Shenzhen Stock Exchange's review, the obtaining of approval from the CSRC for share registration, and the authorization from Broadex Shareholders and negotiation with the lead underwriter of the Specific Investor Issuance (the **"Lead Underwriter"**).

### **Payment terms**

The Company agrees to pay Broadex for all the Subscription Shares in cash in RMB. Upon the Subscription Agreement comes into effect, the Company shall settle and transfer to the designated bank account established by the Lead Underwriter for the purpose of the Specific Investor Issuance (the **"Designated Bank Account"**) the full Subscription Price on or before the payment date so determined by Broadex and the Lead Underwriter (the **"Payment Date"**).

Broadex shall notify the Company of the details of the Designated Bank Account in writing, at least 10 business days prior to the Payment Date.

### **Lock-up period arrangement**

The Subscription Shares shall not be transferred within the 36 months of the closing date of the Specific Investor Issuance (i.e. the date on which the Subscription Shares are registered in the name of the Company). If the laws, regulations and any regulatory documents otherwise stipulate a sale restriction period different from the aforementioned lock-up period, such provisions shall be observed.

After the expiration of the lock-up period, the sale of the Subscription Shares by the Company will be governed by the relevant rules and regulatory provisions mandated by the CSRC and the Shenzhen Stock Exchange. In the event where the aforesaid lock-up period is not in compliance with the latest regulatory opinions or requirements of the relevant securities regulatory authority, the lock-up period will be amended in accordance with the regulatory opinions or requirements of the relevant securities regulatory authority.

Any Broadex Shares issued or allocated to the Company by Broadex from the distribution of bonus shares, capitalization of capital reserve and other ex-rights events following the completion of the Specific Investor Issuance will also be subject to the lock-up period arrangement as mentioned above.

## Conditions precedent

The Subscription Agreement shall become effective upon the date of full satisfaction of the following conditions (the “**Conditions Precedent**”):

- (1) the Specific Investor Issuance and the relevant matters having been authorized and approved by the Broadex Board and Broadex Shareholders.
- (2) the Subscription and the relevant matters having been approved by the Company through its internal decision making process.
- (3) the Specific Investor Issuance having been approved by the Shenzhen Stock Exchange and by the CSRC for share registration.

## Liability for breach

- (1) After the signing of the Subscription Agreement, Broadex and the Company shall strictly comply with the terms of the Subscription Agreement and endeavor to bring into force the Subscription Agreement by enabling the full satisfaction of the Conditions Precedent. If (i) Broadex fails to obtain the authorization and approval for the Specific Investor Issuance from the Broadex Shareholders and the Broadex Board; (ii) the Company fails to obtain approval for the Subscription through its internal decision making process; (iii) the Specific Investor Issuance is not approved by the Shenzhen Stock Exchange; (iv) the CSRC does not grant the approval for share registration; or (v) there occurs any other events not attributable to Broadex or the Company preventing the Subscription Agreement from taking effect, neither party shall be liable for breach of the Subscription Agreement.
- (2) Before the Subscription Agreement enters into force, in order to obtain the approval from the Shenzhen Stock Exchange and to ensure the successful registration of the Specific Investor Issuance with the CSRC, Broadex has the right to annul or make applicable adjustment to the Specific Investor Issuance in observance of the latest development of the approval process and any change in registration policies and rules of the Shenzhen Stock Exchange and the CSRC, and Broadex shall not be liable for beach of the Subscription Agreement as a result of the foregoing.
- (3) Unless otherwise stipulated in the Subscription Agreement, where the Company or Broadex fail to perform or perform untimely or improperly any obligations and responsibilities under the Subscription Agreement, or are in breach of any representations, warranties or promises made by themselves under the Subscription Agreement, such violation shall constitute a breach of the Subscription Agreement, and the affected party shall have the right to require the defaulting party to (i) continue to perform its obligations under the Subscription Agreement; (ii) take or procure remedial measures to rectify the breach; and (iii) compensate the affected party in full for the losses it suffered and/or for any costs incurred as a result of the breach (including reasonable costs of litigation, legal service fees and travel expenses that might incur).

## INFORMATION ON BROADEX

Broadex is a company listed on the Shenzhen Stock Exchange (stock code 300548). It was founded on July 8, 2003 in the PRC and is principally engaged in the design, manufacture and sale of integrated optoelectronic components in the field of fiber optical communications.

The following financial information is extracted from the annual report of Broadex for the two financial years ended 31 December:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<b>1,154,137</b>	776,704
Net profit before taxation	<b>183,664</b>	97,525
Net profit after taxation	<b>162,410</b>	88,459

As per the quarterly report of Broadex for the nine months ended September 30, 2022, the unaudited consolidated net asset value of Broadex was approximately RMB1,607,223,196.36 as at September 30, 2022.

## REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

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

Broadex focuses on the large-scale application of integrated optoelectronic devices, and provides optical passive and active devices for telecommunications transmission networks, access networks and data communications. It has a number of independently developed core technologies, and has established a packaging technology platform for planar lightwave circuit (PLC), micro-electromechanical system (MEMS), silicon photonics and high-speed active modules, which provides high-quality key devices for communication equipment manufacturers, telecommunications and Internet operators.

The Company is optimistic about the future development of Broadex and believes that it has long-term investment value. The Subscription is consistent with the Company's strategy to continue the promotion of business synergies of the Company and Broadex through expansion of the overall scale of the optical device business, provision of more product packages and complete solutions by leveraging on the sales network of both parties, and integration of procurement channels to improve bargaining power.

The Directors consider that the Subscription is on normal commercial terms, and that the terms of the Subscription Agreement are fair and reasonable and that the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As all the applicable percentage ratios in respect of the Subscription (as aggregated with the Previous Acquisitions) exceeds 5% but all are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“A Share(s)”	ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for in Renminbi and listed on the Shanghai Stock Exchange (Stock Code: 601869)
“Board”	the board of directors of the Company
“Broadex”	Broadex Technologies Co., Ltd.* (博創科技股份有限公司) (stock code: 300548), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange
“Broadex Board”	the board of directors of Broadex
“Broadex Share(s)”	ordinary share(s) of par value RMB1.00 each in the share capital of Broadex
“Broadex Shareholders”	holders of Broadex Shares
“Company”	Yangtze Optical Fibre and Cable Joint Stock Limited Company* (長飛光纖光纜股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed on Shanghai Stock Exchange and the Main Board of the Stock Exchange, respectively
“CSRC”	the China Securities Regulatory Commission
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong Dollars

“Independent Third Party(ies)”	third party(ies) independent of the Company and not connected with its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Acquisitions”	the acquisition of equity interest in Broadex by the Company and the entrustment of voting rights in Broadex as disclosed in the announcements of the Company dated April 7, 2022 and May 27, 2022; and the acquisition of a total of 3,150,000 Broadex Shares by the Company on the open market as disclosed in the announcement of the Company dated July 15, 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Share(s)”	A Shares and/or H Shares
“Shareholder(s)”	holders of Shares
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange
“Specific Investor Issuance”	the proposed specific investor issuance of no more than 22,000,000 Broadex Shares to a specific subscriber, being the Company, subject to approval from the Broadex Shareholders, the Shenzhen Stock Exchange and the CSRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	subscription of Broadex Shares by the Company pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated November 3, 2022 entered into between the Company and Broadex in relation to the Subscription
“Subscription Price”	the subscription price of not more than RMB386,540,000 payable by the Company for the Subscription pursuant to the terms and conditions of the Subscription Agreement, subject to the final number of Broadex Shares to be issued under the Specific Investor Issuance

“Subscription Share(s)”	new Broadex Share(s) to be issued by Broadex and to be subscribed by the Company pursuant to the Subscription Agreement
“subsidiaries”	has the meaning ascribed thereto in the Listing Rules
“Voting Right Entrustment Agreement”	the voting right entrustment agreement entered into between Mr. Zhu Wei and the Company as disclosed in the announcements of the Company dated April 7, 2022 and May 27, 2022
“%”	per cent

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

Wuhan, PRC, November 3, 2022

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

\* *For identification purposes only*