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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)**

**PROPOSED NEW CAPS FOR THE OPTICAL FIBRE  
TECHNOLOGY COOPERATION AGREEMENT WITH DRAKA  
AND  
RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS WITH  
YOFC SHANGHAI, THE PRYSMIAN GROUP,  
CHINA HUAXIN GROUP AND  
NOKIA SHANGHAI GROUP**

**THE OPTICAL FIBRE TECHNOLOGY COOPERATION AGREEMENT**

Reference is made to the announcement of the Company dated December 23, 2019 and the circular of the Company dated December 31, 2019 in relation to, inter alia, the proposed annual caps for the continuing connected transactions between the Company and Draka under the Optical Fibre Technology Cooperation Agreement for the years ended December 31, 2020 and 2021 and the year ending December 31, 2022.

The existing annual caps for the transactions contemplated under the Optical Fibre Technology Cooperation Agreement will expire on December 31, 2022. As the Optical Fibre Technology Cooperation Agreement will not expire until July 22, 2024 and the Company will continue carrying out the transactions contemplated thereunder in the ordinary and usual course of business of the Group, the Board proposes to renew the annual cap for the year ending December 31, 2023 and the cap for the period from January 1, 2024 to July 22, 2024.

\* *For identification purposes only*

## **SALES AND PURCHASE TRANSACTIONS WITH YOFC SHANGHAI AND THE PRYSMIAN GROUP**

Reference is made to the announcements of the Company dated December 23, 2019 and March 31, 2020 and the circulars of the Company dated December 31, 2019 and May 18, 2020 in relation to, inter alia, the continuing connected transactions between the Group on the one hand and YOFC Shanghai and the Prysmian Group, respectively, on the other. On December 20, 2019, the Company entered into the 2020-2022 YOFC Shanghai Sales Framework Agreement and 2020-2022 YOFC Shanghai Purchase Framework Agreement with YOFC Shanghai to regulate the sales and purchase transactions with YOFC Shanghai. On March 31, 2020, the Company entered into the 2020-2022 Prysmian Sales Framework Agreement and 2020-2022 Prysmian Purchase Framework Agreement with Prysmian S.p.A. to regulate the sales and purchase transactions with the Prysmian Group.

Each of the 2020-2022 YOFC Shanghai Sales Framework Agreement and the 2020-2022 YOFC Shanghai Purchase Framework Agreement with YOFC Shanghai, and the 2020-2022 Prysmian Sales Framework Agreement and the 2020-2022 Prysmian Purchase Framework Agreement with the Prysmian Group will expire on December 31, 2022. As the Group intends to continue carrying out the transactions contemplated under the 2020-2022 YOFC Shanghai Framework Agreements and 2020-2022 Prysmian Framework Agreements in the ordinary and usual course of business of the Group, the Board announces that on December 16, 2022:

- (1) the Company and YOFC Shanghai entered into the 2023-2025 YOFC Shanghai Sales Framework Agreement on the same terms as the 2020-2022 YOFC Shanghai Sales Framework Agreement for a term of three years commencing on January 1, 2023 and expiring on December 31, 2025, to renew the 2020-2022 YOFC Shanghai Sales Framework Agreement;
- (2) the Company and YOFC Shanghai entered into the 2023-2025 YOFC Shanghai Purchase Framework Agreement on the same terms as the 2020-2022 YOFC Shanghai Purchase Framework Agreement for a term of three years commencing on January 1, 2023 and expiring on December 31, 2025, to renew the 2020-2022 YOFC Shanghai Purchase Framework Agreement;
- (3) the Company and Prysmian S.p.A. entered into the 2023-2025 Prysmian Sales Framework Agreement on the same terms as the 2020-2022 Prysmian Sales Framework Agreement for a term of three years commencing on January 1, 2023 and expiring on December 31, 2025, to renew the 2020-2022 Prysmian Sales Framework Agreement; and
- (4) the Company and Prysmian S.p.A. entered into the 2023-2025 Prysmian Purchase Framework Agreement on the same terms as the 2020-2022 Prysmian Purchase Framework Agreement for a term of three years commencing on January 1, 2023 and expiring on December 31, 2025, to renew the 2020-2022 Prysmian Purchase Framework Agreement.

The 2023-2025 YOFC Shanghai Framework Agreements and the 2023-2025 Prysmian Framework Agreements shall take retrospective effect from January 1, 2023 upon the passing of the relevant resolutions for approval of the 2023-2025 YOFC Shanghai Framework Agreements and the 2023-2025 Prysmian Framework Agreements at the EGM. The sale and purchase transactions with each of YOFC Shanghai and the Prysmian Group will be subject to the respective proposed annual caps for the three years ending December 31, 2023, 2024 and 2025.

## **SALES AND PURCHASE TRANSACTIONS WITH CHINA HUAXIN GROUP AND PURCHASE TRANSACTIONS WITH NOKIA SHANGHAI GROUP**

Reference is made to the announcement of the Company dated December 20, 2021 in relation to the continuing connected transactions between the Group on the one hand and China Huaxin Group and Nokia Shanghai Group, respectively, on the other. On December 20, 2021, the Company entered into (1) the 2022 China Huaxin Framework Agreement with China Huaxin (a substantial shareholder of the Company) to regulate the sales and purchase transactions with China Huaxin Group and (2) the 2022 Nokia Shanghai Purchase Framework Agreement with Nokia Shanghai (an associate of China Huaxin) to regulate the purchase transactions with Nokia Shanghai Group. Each of the 2022 China Huaxin Framework Agreement and the 2022 Nokia Shanghai Purchase Framework Agreement is for a term of one year commencing from January 1, 2022.

As the Group intends to continue carrying out the transactions contemplated under the 2022 China Huaxin Framework Agreement and the 2022 Nokia Shanghai Purchase Framework Agreement for the years ending December 31, 2023, 2024 and 2025, the Board announces that on December 16, 2022:

- (1) the Company and China Huaxin entered into the 2023-2025 China Huaxin Framework Agreement which contains the same terms as the 2022 China Huaxin Framework Agreement for a term of three years commencing from January 1, 2023 and expiring on December 31, 2025, to renew the 2022 China Huaxin Framework Agreement; and
- (2) the Company and Nokia Shanghai entered into the 2023-2025 Nokia Shanghai Purchase Framework Agreement which contains the same terms as the 2022 Nokia Shanghai Purchase Framework Agreement for a term of three years commencing from January 1, 2023 and expiring on December 31, 2025, to renew the 2022 Nokia Shanghai Purchase Framework Agreement.

The 2023-2025 China Huaxin Framework Agreement and the 2023-2025 Nokia Shanghai Purchase Framework Agreement shall take retrospective effect from January 1, 2023 upon the passing of the relevant resolutions for approval of the 2023-2025 China Huaxin Framework Agreement and the 2023-2025 Nokia Shanghai Purchase Framework Agreement at the EGM. The sale and purchase transactions with China Huaxin Group under the 2023-2025 China Huaxin Framework Agreement and the purchase transactions with Nokia Shanghai Group under the 2023-2025 Nokia Shanghai Purchase Framework Agreement will be subject to the respective proposed annual caps for the three years ending December 31, 2023, 2024 and 2025.

## **LISTING RULES IMPLICATIONS**

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

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

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

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

Although the proposed caps for the continuing connected transactions between the Company and Draka under the Optical Fibre Technology Cooperation Agreement for the year ending December 31, 2023 and the period from January 1, 2024 to July 22, 2024 are exempt from the independent shareholders' approval requirement under the Listing Rules, such transactions shall be subject to the approval by the Shareholders at the general meeting pursuant to the Shanghai Listing Rules. The Company will seek approval for the proposed caps for the continuing connected transactions between the Company and Draka under the Optical Fibre Technology Cooperation Agreement for the year ending December 31, 2023 and the period from January 1, 2024 to July 22, 2024 from the Shareholders at the EGM.

### **Sales and purchase transactions with YOFC Shanghai and the Prysmian Group**

As at the date of this announcement, Draka holds approximately 23.73% of the total issued share capital of the Company and is therefore a substantial shareholder of the Company. Draka is wholly-owned by Draka Holding B.V., which is in turn wholly-owned by Prysmian S.p.A.. Prysmian S.p.A. and its associates are therefore connected persons of the Company. YOFC Shanghai is a non-wholly owned subsidiary of the Company, which is owned as to 75% by the Company and 25% by Draka, and is therefore a connected person of the Company pursuant to Rule 14A.16(1) of the Listing Rules. Accordingly, the transactions between the Group on the one hand and the Prysmian Group and YOFC Shanghai, respectively, on the other constitute continuing connected transactions of the Company under the Listing Rules.

Since YOFC Shanghai and the Prysmian Group are connected persons of the Company by virtue of their relationship with Draka and the Group's transactions with these entities, being sale of goods, are of a similar nature, the sales transactions with YOFC Shanghai as contemplated under the 2023-2025 YOFC Shanghai Sales Framework Agreement and the sales transactions with the Prysmian Group as contemplated under the 2023-2025 Prysmian Sales Framework Agreement will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the proposed annual caps in respect of the sales transactions with each of YOFC Shanghai and the Prysmian Group are aggregated, and such aggregate amount is used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules. The annual caps for the sales transactions with YOFC Shanghai and the Prysmian Group under the 2023-2025 YOFC Shanghai and Prysmian Sales Framework Agreements are as follows:

Seller	Purchaser	Goods	For the year ending December 31,		
			2023	2024	2025
			(RMB'000)		
The Group	YOFC Shanghai	Optical fibres, optical fibre cables, raw materials, equipment and components	300,000	300,000	300,000
	Prysmian Group	Optical fibres and optical fibre cables	600,000	600,000	600,000
	Sub-total		900,000	900,000	900,000
Since YOFC Shanghai and the Prysmian Group are connected persons of the Company by virtue of their relationship with Draka and the Group’s transactions with these entities, being purchase of goods, are of a similar nature, the purchase transactions with YOFC Shanghai as contemplated under the 2023-2025 YOFC Shanghai Purchase Framework Agreement and the purchase transactions with the Prysmian Group as contemplated under the 2023-2025 Prysmian Purchase Framework Agreement will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the proposed annual caps in respect of the purchase transactions with each of YOFC Shanghai and the Prysmian Group are aggregated, and such aggregate amount is used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules. The annual caps for the purchase transactions with YOFC Shanghai and the Prysmian Group under the 2023-2025 YOFC Shanghai and Prysmian Purchase Framework Agreements are as follows:					
Purchaser	Seller	Goods	For the year ending December 31,		
			2023	2024	2025
			(RMB'000)		
The Group	YOFC Shanghai	Optical fibres, optical fibre cables and spare parts	450,000	450,000	450,000
	Prysmian Group	Equipment parts for optical fibre production, optical fibres, optical fibre cables and optical fibre preforms	100,000	100,000	100,000
	Sub-total		550,000	550,000	550,000



Since the highest relevant percentage ratio under the Listing Rules in respect of (1) the sales transactions with YOFC Shanghai and the Prysmian Group as contemplated under the 2023-2025 YOFC Shanghai and Prysmian Sales Framework Agreements, as aggregated, and (2) the purchase transactions with YOFC Shanghai and the Prysmian Group as contemplated under the 2023-2025 YOFC Shanghai and Prysmian Purchase Framework Agreements, as aggregated, in each case is expected to be more than 5.0% on an annual basis, the sales transactions with YOFC Shanghai and the Prysmian Group as respectively contemplated under the 2023-2025 YOFC Shanghai Sales Framework Agreement and the 2023-2025 Prysmian Sales Framework Agreement, and the purchase transactions with YOFC Shanghai and the Prysmian Group as respectively contemplated under the 2023-2025 YOFC Shanghai Purchase Framework Agreement and the 2023-2025 Prysmian Purchase Framework Agreement are respectively subject to the annual reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek approval for the sale and purchase transactions with YOFC Shanghai and the Prysmian Group as respectively contemplated under the 2023-2025 YOFC Shanghai and Prysmian Sales Framework Agreements and the 2023-2025 YOFC Shanghai and Prysmian Purchase Framework Agreements and the proposed annual caps applicable thereto from the Independent Shareholders at the EGM. In accordance with the Listing Rules, Draka and its associates, being connected persons of the Company, will abstain from voting on the ordinary resolutions to approve the sale and purchase transactions with YOFC Shanghai and the Prysmian Group as respectively contemplated under the 2023-2025 YOFC Shanghai and Prysmian Sales Framework Agreements and the 2023-2025 YOFC Shanghai and Prysmian Purchase Framework Agreements and the respective proposed annual caps at the EGM.

#### **Sales and purchase transactions with China Huaxin Group and purchase transactions with Nokia Shanghai Group**

As at the date of this announcement, China Huaxin holds approximately 23.73% of the total issued share capital of the Company and is therefore a substantial shareholder of the Company. Nokia Shanghai is owned as to approximately 49.99% by China Huaxin and approximately 50.01% by independent third parties. Therefore, China Huaxin and Nokia Shanghai are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules. Accordingly, the transactions between the Group on the one hand and China Huaxin Group and Nokia Shanghai Group, respectively, on the other constitute continuing connected transactions of the Company under the Listing Rules.

Since Nokia Shanghai is an associate of China Huaxin and the Group's transactions with these entities, being purchase of goods, are of a similar nature, the purchase transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement and the purchase transactions with Nokia Shanghai Group as contemplated under the 2023-2025 Nokia Shanghai Purchase Framework Agreement, will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the proposed annual caps in respect of the purchase transactions with each of China Huaxin Group and Nokia Shanghai Group are aggregated, and such aggregate amount in the sum of RMB200,000,000 for each of the year ending December 31, 2023, 2024 and 2025 is used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules. The proposed annual cap in respect of the sales transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement is RMB100,000,000 for each of the year ending December 31, 2023, 2024 and 2025.

As the highest relevant percentage ratio under the Listing Rules in respect of (1) the sales transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement and (2) the purchase transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement and with Nokia Shanghai Group as contemplated under the 2023-2025 Nokia Shanghai Purchase Framework Agreement, as aggregated, in each case is expected to be more than 0.1% but less than 5.0% on an annual basis, the transactions contemplated thereunder will be exempt from the circular (including independent financial advice) and independent shareholders' approval requirements, but will be subject to the annual reporting and announcement requirements under Chapter 14A of the Listing Rules.

Although (1) the sales and purchase transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement and the proposed annual caps applicable thereto, and (2) the purchase transactions with Nokia Shanghai Group as contemplated under the 2023-2025 Nokia Shanghai Purchase Framework Agreement and the proposed annual caps applicable thereto are exempt from the independent shareholders' approval requirement under the Listing Rules, such transactions shall be subject to the approval by the Shareholders at the general meeting pursuant to the Shanghai Listing Rules. The Company will seek approval for the sales and purchase transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement, and the purchase transactions with Nokia Shanghai Group as contemplated under the 2023-2025 Nokia Shanghai Purchase Framework Agreement and the respective proposed annual caps from the Shareholders at the EGM.

## **GENERAL**

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of (1) the sales and purchase transactions with YOFC Shanghai as respectively contemplated under the 2023-2025 YOFC Shanghai Sales Framework Agreement and the 2023-2025 YOFC Shanghai Purchase Framework Agreement and the respective proposed annual caps, and (2) the sale and purchase transactions with the Prysmian Group as respectively contemplated under the 2023-2025 Prysmian Sales Framework Agreement and the 2023-2025 Prysmian Purchase Framework Agreement and the respective proposed annual caps.

In this respect, an independent financial adviser to the Independent Board Committee and the Independent Shareholders will be appointed.

A circular containing, among others, further information on (1) the proposed new caps for the Optical Fibre Technology Cooperation Agreement with Draka, (2) the sale and purchase transactions with YOFC Shanghai as respectively contemplated under the 2023-2025 YOFC Shanghai Sales Framework Agreement and the 2023-2025 YOFC Shanghai Purchase Framework Agreement and the respective proposed annual caps, (3) the sale and purchase transactions with the Prysmian Group as respectively contemplated under the 2023-2025 Prysmian Sales Framework Agreement and the 2023-2025 Prysmian Purchase Framework Agreement and the respective proposed annual caps, (4) the sales and purchase transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement and the proposed annual caps, and (5) the purchase transactions with Nokia Shanghai Group as contemplated under the 2023-2025 Nokia Shanghai Purchase Framework Agreement and the proposed annual caps, (6) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendations, and (7) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders is expected to be dispatched to the Shareholders on or before January 11, 2023.

## **1. THE OPTICAL FIBRE TECHNOLOGY COOPERATION AGREEMENT**

### **1.1. Background**

Reference is made to the announcement of the Company dated December 23, 2019 and the circular of the Company dated December 31, 2019 in relation to, inter alia, the proposed annual caps for the continuing connected transactions between the Company and Draka under the Optical Fibre Technology Cooperation Agreement for the years ended December 31, 2020 and 2021 and the year ending December 31, 2022.

The existing annual caps for the transactions contemplated under the Optical Fibre Technology Cooperation Agreement will expire on December 31, 2022. As the Optical Fibre Technology Cooperation Agreement will not expire until July 22, 2024 and the Company will continue carrying out the transactions contemplated thereunder in the ordinary and usual course of business of the Group, the Board proposes to renew the annual cap for the year ending December 31, 2023 and the cap for the period from January 1, 2024 to July 22, 2024.

### **1.2. Summary of the terms of the Optical Fibre Technology Cooperation Agreement**

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

<b>Date</b>	October 13, 2008, and further revised on August 27, 2013 and May 30, 2014
<b>Parties</b>	The Company and Draka
<b>Duration</b>	The Optical Fibre Technology Cooperation Agreement came into effect on June 1, 2008 and shall expire on July 22, 2024 unless terminated earlier by one party by written notice in the case of breach of contract by the other party, provided that in the case of any breach capable of being made good, the agreement shall not be terminated unless and until such breaching party has failed to ratify the breach within sixty days after it has been served with a written notice specifying the breach and requiring it to ratify the breach.
<b>Nature of Transactions</b>	Joint development of optical fibre technology, the grant of a license over Draka's patents and the provision of technical services.



### *Joint development of optical fibre technology*

The Company and Draka agree to seek and conduct joint development project in the area of optical fibre technology. A joint development project shall become effective after a separate written agreement on a project plan shall be entered into between the parties to set out, among other things, the scope, goal, schedule and budget of the project and the nomination of project leaders for the purpose of such joint development project. Either party shall have the right of first refusal to acquire jointly developed inventions in the event of liquidation or termination of the other party.

### *License Grant*

Draka has granted a non-exclusive and non-transferable license to the Company to use certain patent or patent applications owned by Draka to manufacture at the Company's production facility in Wuhan, the PRC and sell optical fibres and semi-finished products that are used for the manufacture of optical fibres in and outside China.

### *Provision of Technical Services*

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

## **Pricing Basis**

### *Joint development of optical fibre technology*

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

### *License Grant*

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

### *Provision of Technical Services*

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

#### **1.3. The existing annual caps and historical amounts**

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

	<b>For the year ended December 31, 2020                      2021 (RMB'000)</b>		<b>For the year ending December 31, 2022</b>
Existing annual caps	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

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

	<b>For the year ended December 31, 2020                      2021 (RMB'000) (audited)</b>		<b>Eleven months ended November 30, 2022 (unaudited)</b>
Royalty fees	<u>18,601</u>	<u>21,869</u>	<u>19,500</u>

#### *Notes:*

- (1) During the years ended December 31, 2020 and 2021 and the eleven months ended November 30, 2022, no joint development project has been carried out and no fees have been incurred by the Company.
- (2) During the years ended December 31, 2020 and 2021 and the eleven months ended November 30, 2022, no technical services has been procured from Draka and no technical service fees have been paid by the Company.

## 1.4. Proposed new caps

The Company currently does not have any plan to conduct any joint development project with Draka or to source any technical services from Draka. The Board proposes that the below caps be set for the total amount of royalty fees payable to Draka under the Optical Fibre Technology Cooperation Agreement in respect of the year ending December 31, 2023 and the period from January 1, 2024 to July 22, 2024:

	<b>For the year ending December 31, 2023</b>	<b>For the period from January 1, 2024 to July 22, 2024</b>
Royalty fees	<u>25,000</u>	<u>15,000</u>

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

- (i) the historical amounts paid to Draka;
- (ii) the expected sales volume of optical fibre preforms and optical fibres manufactured with the licensed patents and patent applications from Draka based on the Group's existing production capacity; and
- (iii) the price of the optical fibre preforms and optical fibres in 2023 and 2024 which is expected to be of a similar level as 2022.

## 2. SALE AND PURCHASE TRANSACTIONS WITH YOFC SHANGHAI AND THE PRYSMIAN GROUP

### 2.1. Background

Reference is made to the announcements of the Company dated December 23, 2019 and March 31, 2020 and the circulars of the Company dated December 31, 2019 and May 18, 2020 in relation to, inter alia, the continuing connected transactions between the Group on the one hand and YOFC Shanghai and the Prysmian Group, respectively, on the other. On December 20, 2019, the Company entered into the 2020-2022 YOFC Shanghai Sales Framework Agreement and 2020-2022 YOFC Shanghai Purchase Framework Agreement with YOFC Shanghai to regulate the sales and purchase transactions with YOFC Shanghai. On March 31, 2020, the Company entered into the 2020-2022 Prysmian Sales Framework Agreement and 2020-2022 Prysmian Purchase Framework Agreement with Prysmian S.p.A. to regulate the sales and purchase transactions with the Prysmian Group.

Each of the 2020-2022 YOFC Shanghai Sales Framework Agreement and the 2020-2022 YOFC Shanghai Purchase Framework Agreement with YOFC Shanghai, and the 2020-2022 Prysmian Sales Framework Agreement and the 2020-2022 Prysmian Purchase Framework Agreement with the Prysmian Group will expire on December 31, 2022. As the Group intends to continue carrying out the transactions contemplated under the 2020-2022 YOFC Shanghai Framework Agreements and 2020-2022 Prysmian Framework Agreements in the ordinary and usual course of business of the Group, the Board announces that on December 16, 2022:

- (1) the Company and YOFC Shanghai entered into the 2023-2025 YOFC Shanghai Sales Framework Agreement on the same terms as the 2020-2022 YOFC Shanghai Sales Framework Agreement for a term of three years commencing on January 1, 2023 and expiring on December 31, 2025, to renew the 2020-2022 YOFC Shanghai Sales Framework Agreement;
- (2) the Company and YOFC Shanghai entered into the 2023-2025 YOFC Shanghai Purchase Framework Agreement on the same terms as the 2020-2022 YOFC Shanghai Purchase Framework Agreement for a term of three years commencing on January 1, 2023 and expiring on December 31, 2025, to renew the 2020-2022 YOFC Shanghai Purchase Framework Agreement;
- (3) the Company and Prysmian S.p.A. entered into the 2023-2025 Prysmian Sales Framework Agreement on the same terms as the 2020-2022 Prysmian Sales Framework Agreement for a term of three years commencing on January 1, 2023 and expiring on December 31, 2025, to renew the 2020-2022 Prysmian Sales Framework Agreement; and
- (4) the Company and Prysmian S.p.A. entered into the 2023-2025 Prysmian Purchase Framework Agreement on the same terms as the 2020-2022 Prysmian Purchase Framework Agreement for a term of three years commencing on January 1, 2023 and expiring on December 31, 2025, to renew the 2020-2022 Prysmian Purchase Framework Agreement.

The 2023-2025 YOFC Shanghai Framework Agreements and the 2023-2025 Prysmian Framework Agreements shall take retrospective effect from January 1, 2023 upon the passing of the relevant resolutions for approval of the 2023-2025 YOFC Shanghai Framework Agreements and the 2023-2025 Prysmian Framework Agreements at the EGM. The sale and purchase transactions with each of YOFC Shanghai and the Prysmian Group will be subject to the respective proposed annual caps for the three years ending December 31, 2023, 2024 and 2025.

## **2.2. Sales transactions with YOFC Shanghai**

### ***2.2.1. Background***

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

### ***2.2.2. Summary of the terms of the 2023-2025 YOFC Shanghai Sales Framework Agreement***

On December 20, 2019, the Company entered into the 2020-2022 YOFC Shanghai Sales Framework Agreement with YOFC Shanghai to regulate the sales transactions with YOFC Shanghai. The principal terms of the 2023-2025 YOFC Shanghai Sales Framework Agreement, which shall replace the 2020-2022 YOFC Shanghai Sales Framework Agreement with retrospective effect from January 1, 2023 upon the passing of the relevant resolution for approval of the 2023-2025 YOFC Shanghai Sales Framework Agreement at the EGM, are summarized below:

<b>Date</b>	December 16, 2022
<b>Parties</b>	The Company and YOFC Shanghai
<b>Duration</b>	<p>The 2023-2025 YOFC Shanghai Sales Framework Agreement shall take retrospective effect from January 1, 2023 upon the passing of the relevant resolution for approval of the 2023-2025 YOFC Shanghai Sales Framework Agreement at the EGM and is valid until either (i) the expiry of a period of three years or (ii) the date on which Draka ceases to be a connected person of the Company, whichever comes earlier.</p> <p>The parties to the agreement may negotiate to enter into a new agreement for a further term of three years within two months before the expiry of the three-year term of the agreement unless the agreement is terminated earlier due to Draka ceasing to be a connected person of the Company.</p>
<b>Nature of Transactions</b>	<p>Sale of optical fibres and optical fibre cables, raw materials, equipment and components in respect of the 2023-2025 YOFC Shanghai Sales Framework Agreement.</p> <p>To implement the sales transactions contemplated under the 2023-2025 YOFC Shanghai Sales Framework Agreement, YOFC Shanghai will place specific purchase orders with the Group each time it sources from the Group optical fibres, optical fibre cables, raw materials, equipment and components. A purchase order typically contains terms on product specifications, quantity, payment date and method, delivery arrangements, liabilities and warranties. The marketing team of the Company will keep abreast of the pricing information made available to the public by the General Administration of Customs of the PRC from time to time. Such pricing information is usually updated on a monthly basis.</p>
<b>Pricing Basis</b>	<p>The pricing terms of each sales transaction shall be determined with reference to:</p> <ul style="list-style-type: none"> <li>(i) the prevailing tender price announced by the local telecommunications operators at the place where the relevant purchaser is located (the “<b>Local Tender Price</b>”); or</li> <li>(ii) the latest average export (from China) price made available to the public by the General Administration of Customs of the PRC (中華人民共和國海關總署), at the time of the relevant transaction (the “<b>Export Price</b>”),</li> </ul> <p>where neither Local Tender Price nor the Export Price is available, the pricing terms shall be determined with reference to the prevailing tender price announced by the state-owned telecommunications operators in the PRC (the “<b>PRC Tender Price</b>”) and where none of the Local Tender Price, the Export Price or the PRC Tender Price is available or applicable, the price shall be determined on a fair and reasonable basis which is equivalent or comparable to those offered to or quoted by third parties independent of the Company for similar products.</p>



### 2.2.3. The existing annual caps and historical amounts

The table below sets out the existing annual caps for the sales transactions contemplated under the 2020-2022 YOFC Shanghai Sales Framework Agreement during the periods indicated below:

	For the year ended December 31, 2020	2021	For the year ending December 31, 2022
	(RMB'000)		
Existing annual caps for the sales transactions with YOFC Shanghai	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>

The table below sets out the historical transaction amounts received by the Group from the sales transactions with YOFC Shanghai under the 2020-2022 YOFC Shanghai Sales Framework Agreement during the periods indicated below:

Seller	Purchaser	Goods	For the year ended December 31, 2020	2021	Eleven months ended November 30, 2022
			(RMB'000)		
			(audited)		(unaudited)
The Group	YOFC Shanghai	Optical fibres, optical fibre cables, raw materials, equipment and components	<u>193,846</u>	<u>186,298</u>	<u>231,445</u>

#### **2.2.4. Proposed new annual caps**

The Board proposes that the below proposed annual caps be set for the sales transactions with YOFC Shanghai in respect of the years ending December 31, 2023, 2024 and 2025:

Seller	Purchaser	Goods	For the year ending December 31,		
			2023	2024	2025
			(RMB'000)		
The Group	YOFC Shanghai	Optical fibres, optical fibre cables, raw materials, equipment and components	300,000	300,000	300,000

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

- (i) the historical sales transaction amounts with YOFC Shanghai;
- (ii) the projected sales of optical fibre and optical fibre cables to YOFC Shanghai. Optical fibre and cable remain the key infrastructures in telecom network, and the mass construction of 5G and broadband network is expected to continue to bring potential opportunities for optical fibre and cable industry. According to the proposal of the Development Planning of the Information and Telecommunications Industry under the 14th Five-Year Plan (《“十四五”信息通信行業發展規劃》) issued by the Ministry of Industry and Information Technology of the People's Republic of China, among others, (i) the accumulated investment in infrastructure for the information and telecommunications industry is expected to increase from RMB2.5 trillion in 2020 to RMB3.7 trillion in 2025, (ii) the number of 5G base stations covering every ten thousand people is expected to increase from five in 2020 to 26 in 2025, (iii) the popularity rate of 5G users from 15% in 2020 to 56% in 2025, and (iv) the number of gigabit broadband subscribers is expected to increase from 6.4 million in 2020 to 600 million in 2025, expecting an increase by nearly ten times. It is anticipated that the continued mass scale construction of 5G and broadband network may facilitate growth in demand in optical fibre and optical fibre cables.

**Shareholders should note that the above monetary annual caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group under the terms of the 2023-2025 YOFC Shanghai Sales Framework Agreement.**

### **2.3. Purchase transactions with YOFC Shanghai**

#### **2.3.1. Background**

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

### ***2.3.2. Summary of the terms of the 2023-2025 YOFC Shanghai Purchase Framework Agreement***

On December 20, 2019, the Company entered into the 2020-2022 YOFC Shanghai Purchase Framework Agreement with YOFC Shanghai to regulate the purchase transactions with YOFC Shanghai. The principal terms of the 2023-2025 YOFC Shanghai Purchase Framework Agreement, which shall replace the 2020-2022 YOFC Shanghai Purchase Framework Agreement with retrospective effect from January 1, 2023 upon the passing of the relevant resolution for approval of the 2023-2025 YOFC Shanghai Purchase Framework Agreement at the EGM, are summarized below:

**Date** December 16, 2022

**Parties** The Company and YOFC Shanghai

**Duration** The 2023-2025 YOFC Shanghai Purchase Framework Agreement shall take retrospective effect from January 1, 2023 upon the passing of the relevant resolution for approval of the 2023-2025 YOFC Shanghai Purchase Framework Agreement at the EGM and is valid until either (i) the expiry of a period of three years or (ii) the date on which Draka ceases to be a connected person of the Company, whichever comes earlier.

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

**Nature of Transactions** Purchases of optical fibres, optical fibre cables and spare parts in respect of the 2023-2025 YOFC Shanghai Purchase Framework Agreement.

To implement the purchase transactions contemplated under the 2023-2025 YOFC Shanghai Purchase Framework Agreement, the Group will place specific purchase orders with YOFC Shanghai each time the Group purchases optical fibres, optical fibre cables and spare parts from YOFC Shanghai. A purchase order typically contains terms on product specifications, quantity, payment date and method, delivery arrangements, liabilities and warranties. The marketing team of the Company will keep abreast of the pricing information made available to the public by the General Administration of Customs of the PRC from time to time. Such pricing information is usually updated on a monthly basis.

## Pricing Basis

The pricing terms of each purchase transaction shall be determined with reference to:

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

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

### ***2.3.3. The existing annual caps and historical amounts***

The table below sets out the existing annual caps for the purchase transactions contemplated under the 2020-2022 YOFC Shanghai Purchase Framework Agreement during the periods indicated below:

	For the year ended December 31, 2020                      2021 (RMB'000)		For the year ending December 31, 2022
Existing annual caps for the purchase transactions with YOFC Shanghai	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>

The table below sets out the historical transaction amounts paid by the Group for the purchase transactions with YOFC Shanghai under the 2020-2022 YOFC Shanghai Purchase Framework Agreement during the periods indicated below:

Purchaser	Seller	Goods	For the year ended December 31,		Eleven months ended
			2020	2021	November 30, 2022
			(RMB'000)		
			(audited)		(unaudited)
The Company	YOFC Shanghai	Optical fibres, optical fibre cables, raw materials, equipment and components	339,212	302,245	347,606

#### ***2.3.4. Proposed new annual caps***

The Board proposes that the below proposed annual caps be set for the purchase transactions with YOFC Shanghai in respect of the years ending December 31, 2023, 2024 and 2025.

Purchaser	Seller	Goods	For the year ending December 31,		
			2023	2024	2025
			(RMB'000)		
The Company	YOFC Shanghai	Optical fibres, optical fibre cables, raw materials, equipment and components	450,000	450,000	450,000

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

- (i) the historical purchase transaction amounts with YOFC Shanghai; and
- (ii) the projected increase in the purchase of optical fibre cables from YOFC Shanghai in line with the growth in demand for optical fibre cables resulting from the anticipated continual mass construction of 5G and broadband network.



## **2.4. Sales transactions with the Prysmian Group**

### ***2.4.1. Background***

Both the Company and the Prysmian Group manufacture and sell, optical fibres and optical fibre cables with various standard specifications in the ordinary and usual course of business. They also design and produce optical fibres and cables with wide varieties of specifications that are customized to customers' needs. In addition to the customized optical fibres and cables produced to meet customers' required specifications, each of the Company and the Prysmian Group has been manufacturing optical fibres and optical fibre cables with different specifications in line with their own production plans and business strategies. As such, the Prysmian Group, depending on the needs of its customers, its production plan and business strategy, would purchase from the Group the optical fibres and optical fibre cables for which it either does not manufacture itself or it does not have the required production capability for on-sale to its customers or for its own production needs. This would facilitate both parties in focusing their production capacity and resources on their more profitable work streams and in leveraging economies of scale in the production processes. Both parties would also benefit from the broadening of its portfolio of products through purchases of optical fibres and cables which would otherwise be produced by the counterparty in a more cost-efficient manner, and thereby would be able to continue to meet their respective customers' demand and maintain or even expand their customer base in their respective sales regions.

### ***2.4.2. Summary of the terms of the 2023-2025 Prysmian Sales Framework Agreement***

On March 31, 2020, the Company entered into the 2020-2022 Prysmian Sales Framework Agreement with Prysmian S.p.A. to regulate the sales transactions with the Prysmian Group. The principal terms of the 2023-2025 Prysmian Sales Framework Agreement, which shall replace the 2020-2022 Prysmian Sales Framework Agreement with retrospective effect from January 1, 2023 upon the passing of the relevant resolution at the EGM, are summarized below:

**Date** December 16, 2022

**Parties** The Company and Prysmian S.p.A.

**Duration** The 2023-2025 Prysmian Sales Framework Agreement shall take retrospective effect from January 1, 2023 upon passing of the relevant resolution for approval of the 2023-2025 Prysmian Sales Framework Agreement at the EGM and is valid until either (i) the expiry of a period of three years or (ii) the date on which Prysmian ceases to be a connected person of the Company, whichever comes earlier.

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

**Nature of Transactions**

Sale of optical fibres and optical fibre cables.

To implement the sales transactions contemplated under the 2023-2025 Prysmian Sales Framework Agreement, a member of the Prysmian Group will place specific purchase orders with the Group each time it sources from the Group optical fibres and optical fibre cables. A purchase order typically contains terms on product specifications, quantity, payment date and method, delivery arrangements, liabilities and warranties. The marketing team of the Company will keep abreast of the pricing information made available to the public by the General Administration of Customs of the PRC from time to time. Such pricing information is usually updated on a monthly basis.

**Pricing Basis**

The pricing terms of each sales transaction shall be determined with reference to:

(i) the Local Tender Price; or

(ii) the Export Price,

where neither Local Tender Price nor the Export Price is available, the pricing terms shall be determined with reference to the PRC Tender Price and where none of the Local Tender Price, the Export Price or the PRC Tender Price is available or applicable, the price shall be determined on a fair and reasonable basis which is equivalent or comparable to those offered to or quoted by third parties independent of the Company for similar products.

***2.4.3. The existing annual caps and historical amounts***

The table below sets out the existing annual caps for the sales transactions contemplated under the 2020-2022 Prysmian Sales Framework Agreement during the periods indicated below:

	For the year ended December 31, 2020                      2021 (RMB'000)		For the year ending December 31, 2022
Existing annual caps for the sales transactions with the Prysmian Group	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

The table below sets out the historical transaction amounts received by the Group from the sales transactions with the Prysmian Group under the 2020-2022 Prysmian Sales Framework Agreement during the periods indicated below:

Seller	Purchaser	Goods	For the year ended December 31,		Eleven months ended
			2020	2021	November 30, 2022
			(RMB'000)		
			(audited)		(unaudited)
The Group	Prysmian Group	Optical fibres and optical fibre cables	10,680	74,048	191,728

#### **2.4.4. Proposed new annual caps**

The Board proposes that the below proposed annual caps be set for the sales transactions with the Prysmian Group in respect of the years ending December 31, 2023, 2024 and 2025:

Seller	Purchaser	Goods	For the year ending December 31,		
			2023	2024	2025
			(RMB'000)		
The Group	Prysmian Group	Optical fibres and optical fibre cables	600,000	600,000	600,000

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

- (i) the historical sales transaction amounts with the Prysmian Group. Despite the slowing down of sales of optical fibre and optical fibre cables to the Prysmian Group during 2020, which was mainly due to the Prysmian Group's weakened demand for optical fibres and optical fibre cables as adversely impacted by the COVID-19 pandemic, since 2021, various business segments of the Prysmian Group have gradually been recovering and in turn, drove its demand for the optical fibres and optical fibre cables from the Group and led to the significant increase in sales amounts in 2021 and 2022;
- (ii) the projected demand for optical fibre cables from the Prysmian Group for the construction of 5G and broadband network in the North American and European markets, in view of the recent gradual recovery from the COVID-19 pandemic and the business growth of the Prysmian Group, as well as their latest project pipelines on hand. Driven by the acceleration of 5G and broadband network deployment in developed countries and the construction demand for "fibre to the home" services and 4G networks in developing countries, the overseas market is expected to maintain sustainable growth momentum.

**Shareholders should note that the above monetary annual caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group under the terms of the 2023-2025 Prysmian Sales Framework Agreement.**

## **2.5. Purchase transactions with the Prysmian Group**

### ***2.5.1. Background***

Both the Company and the Prysmian Group manufacture and sell optical fibres and optical fibre cables with various standard specifications in the ordinary and usual course of business. Both of them are capable of producing different types of optical fibre preforms to cater to the production of different types of standard optical fibres and numerous specialty optical fibres. They also design and produce optical fibres and cables with wide varieties of specifications that are customized to customers' needs. In addition to the customized optical fibre preforms, optical fibres and cables produced to meet customers' required specifications, each of the Company and the Prysmian Group has been manufacturing optical fibre preforms, optical fibres and optical fibre cables with different specifications in line with their own production plans and business strategies. As such, the Group, depending on the needs of its customers, its production plan and business strategy, would purchase from the Prysmian Group the optical fibre preforms, optical fibres and optical fibre cables for which it either does not manufacture itself or it does not have the required production capability for on-sale to its customers or for its own production needs. This would facilitate both parties in focusing their production capacity and resources on their more profitable work streams and in leveraging economies of scale in the production processes. The Group would also benefit from the broadening of its portfolio of products through purchases of optical fibre preforms, optical fibres and cables which would otherwise be produced by the Prysmian Group in a more cost-efficient manner, and thereby would be able to continue to meet its customers' demand and maintain or even expand its customer base in its sales regions.

In addition, the Group purchases equipment parts from certain members of the Prysmian Group from time to time for its optical fibre production equipment.

### ***2.5.2. Summary of the terms of the 2023-2025 Prysmian Purchase Framework Agreement***

On March 31, 2020, the Company entered into the 2020-2022 Prysmian Purchase Framework Agreement with Prysmian S.p.A. to regulate the purchase transactions with the Prysmian Group. The principal terms of the 2023-2025 Prysmian Purchase Framework Agreement, which shall replace the 2020-2022 Prysmian Purchase Framework Agreement with retrospective effect from January 1, 2023 upon the passing of the relevant resolution for approval of the 2023-2025 Prysmian Purchase Framework Agreement at the EGM, are summarized below:

<b>Date</b>	December 16, 2022
<b>Parties</b>	The Company and Prysmian S.p.A.
<b>Duration</b>	The 2023-2025 Prysmian Purchase Framework Agreement shall take retrospective effect from January 1, 2023 upon passing of the relevant resolution for approval of the 2023-2025 Prysmian Purchase Framework Agreement at the EGM and is valid until either (i) the expiry of a period of three years or (ii) the date on which Prysmian ceases to be a connected person of the Company, whichever comes earlier.

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

**Nature of Transactions**

Purchases of equipment parts for optical fibre production, optical fibre preforms, optical fibres and optical fibre cables.

To implement the purchase transactions contemplated under the 2023-2025 Prysmian Purchase Framework Agreement, the Group will place specific purchase orders with the Prysmian Group each time the Group purchases optical fibre preforms, optical fibres, optical fibre cables and equipment parts from the Prysmian Group. A purchase order typically contains terms on product specifications, quantity, payment date and method, delivery arrangements, liabilities and warranties. The marketing team of the Company will keep abreast of the pricing information made available to the public by the General Administration of Customs of the PRC from time to time. Such pricing information is usually updated on a monthly basis.

**Pricing Basis**

The pricing terms of each purchase transaction shall be determined with reference to:

- (i) the Import Price; or
- (ii) the Purchase PRC Tender Price,

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

***2.5.3. The existing annual caps and historical amounts***

The table below sets out the existing annual caps for the purchase transactions contemplated under the 2020-2022 Prysmian Purchase Framework Agreement during the periods indicated below:

	For the year ended December 31, 2020                      2021 (RMB'000)		For the year ending December 31, 2022
Existing annual caps for the purchase transactions with the Prysmian Group	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>



The table below sets out the historical transaction amounts paid by the Group for the purchase transactions with the Prysmian Group under the 2020-2022 Prysmian Purchase Framework Agreement during the periods indicated below:

Purchaser	Seller	Goods	For the year ended		Eleven months ended
			December 31, 2020	December 31, 2021	November 30, 2022
			(RMB'000)		
			(audited)		(unaudited)
The Group	Prysmian Group	Equipment parts for optical fibre production, optical fibres, optical fibre cables and optical fibre preforms	16,107	2,432	1,593

#### 2.5.4. Proposed new annual caps

The Board proposes that the below proposed annual caps be set for the purchase transactions with the Prysmian Group in respect of the years ending December 31, 2023, 2024 and 2025.

Purchaser	Seller	Goods	For the year ending December 31,		
			2023	2024	2025
			(RMB'000)		
The Company	Prysmian Group	Equipment parts for optical fibre production, optical fibres, optical fibre cables and optical fibre preforms	100,000	100,000	100,000

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

- (i) the historical purchase transaction amounts with the Prysmian Group, which were relatively low partly due to the production capacity of the Prysmian Group being adversely impacted by the COVID-19 pandemic;
- (ii) the demand of the Group to purchase specific type of optical fibre and high-end multimode optical fibre from the Prysmian Group. Given the continuing growth in the data center market which requires application of such types of optical fibres, the Group expects an increase in purchase of such types of optical fibres from the Prysmian Group; and

- (iii) the overseas business expansion of the Group in line with its development strategy. Considering the geographical proximity, transportation costs and overseas selling prices of optical fibres, the overseas production plant of the Group expects to purchase equipment, optical fibres and optical fibre cables from the Prysmian Group from time to time. Based on the projected production capacity of the Group's production plant in South Africa, it is expected that the Group may purchase approximately 1.1 million km optical fibres amounting to approximately RMB42 million annually from the Prysmian Group in the next three years.

### **3. SALES AND PURCHASE TRANSACTIONS WITH CHINA HUAXIN GROUP AND PURCHASE TRANSACTIONS WITH NOKIA SHANGHAI GROUP**

Reference is made to the announcement of the Company dated December 20, 2021 in relation to the continuing connected transactions between the Group on the one hand and China Huaxin Group and Nokia Shanghai Group, respectively, on the other. On December 20, 2021, the Company entered into (1) the 2022 China Huaxin Framework Agreement with China Huaxin (a substantial shareholder of the Company) to regulate the sales and purchase transactions with China Huaxin Group and (2) the 2022 Nokia Shanghai Purchase Framework Agreement with Nokia Shanghai (an associate of China Huaxin) to regulate the purchase transactions with Nokia Shanghai Group. Each of the 2022 China Huaxin Framework Agreement and the 2022 Nokia Shanghai Purchase Framework Agreement is for a term of one year commencing from January 1, 2022.

As the Group intends to continue carrying out the transactions contemplated under the 2022 China Huaxin Framework Agreement and the 2022 Nokia Shanghai Purchase Framework Agreement for the years ending December 31, 2023, 2024 and 2025, the Board announces that on December 16, 2022:

- (1) the Company and China Huaxin entered into the 2023-2025 China Huaxin Framework Agreement which contains the same terms as the 2022 China Huaxin Framework Agreement for a term of three years commencing from January 1, 2023 and expiring on December 31, 2025, to renew the 2022 China Huaxin Framework Agreement;
- (2) the Company and Nokia Shanghai entered into the 2023-2025 Nokia Shanghai Purchase Framework Agreement which contains the same terms as the 2022 Nokia Shanghai Purchase Framework Agreement for a term of three years commencing from January 1, 2023 and expiring on December 31, 2025, to renew the 2022 Nokia Shanghai Purchase Framework Agreement.

The 2023-2025 China Huaxin Framework Agreement and the 2023-2025 Nokia Shanghai Purchase Framework Agreement shall take retrospective effect from January 1, 2023 upon the passing of the relevant resolutions for approval of the 2023-2025 China Huaxin Framework Agreement and the 2023-2025 Nokia Shanghai Purchase Framework Agreement at the EGM. The sale and purchase transactions with China Huaxin Group under the 2023-2025 China Huaxin Framework Agreement and the purchase transactions with Nokia Shanghai Group under the 2023-2025 Nokia Shanghai Purchase Framework Agreement will be subject to the respective proposed annual caps for the three years ending December 31, 2023, 2024 and 2025.

### 3.1. Sales and purchase transactions with China Huaxin Group

#### 3.1.1. Summary of the terms of the 2023-2025 China Huaxin Framework Agreement

On December 20, 2021 the Company entered into the 2022 China Huaxin Framework Agreement with China Huaxin to regulate the purchase transactions with China Huaxin Group. The principal terms of the 2023-2025 China Huaxin Framework Agreement, which shall replace the 2022 China Huaxin Framework Agreement with retrospective effect from January 1, 2023 upon the passing of the relevant resolution for approval of the 2023-2025 China Huaxin Framework Agreement at the EGM, are summarized below:

<b>Date</b>	December 16, 2022
<b>Parties</b>	The Company and China Huaxin
<b>Duration</b>	The 2023-2025 China Huaxin Framework Agreement shall take retrospective effect from January 1, 2023 upon passing of the relevant resolution for approval of the 2023-2025 China Huaxin Framework Agreement at the EGM and expire on December 31, 2025. The parties to the agreement may negotiate to enter into a new agreement before its expiry.
<b>Nature of Transactions</b>	<p>(1) <u>Sales of optical fibres, optical fibre cables, optical telecommunication products and provision of ancillary construction services</u></p> <p>To implement the transactions for sales and provision of ancillary construction services contemplated under the 2023-2025 China Huaxin Framework Agreement, China Huaxin Group will place specific purchase orders with the Group each time the Group sources from the Group optical fibres, optical fibre cables, optical telecommunication products and ancillary construction services. A purchase order typically contains terms on product specifications, quantity, scope of services, transaction amounts, payment arrangements, delivery arrangements, liabilities and warranties. The marketing team of the Company will keep abreast of the pricing information made available to the public by the General Administration of Customs of the PRC (中華人民共和國海關總署) from time to time. Such pricing information is usually updated on a monthly basis.</p>

(2) Purchases of communication equipment products

To implement the purchase transactions contemplated under the 2023-2025 China Huaxin Framework Agreement, the Group will place specific purchase orders with China Huaxin Group each time the Group purchases communication equipment products from China Huaxin Group. A purchase order typically contains terms on product specifications, quantity, transaction amounts, payment arrangements, delivery arrangements, liabilities and warranties. The marketing team of the Company will keep abreast of the pricing information made available to the public by the General Administration of Customs of the PRC from time to time. Such pricing information is usually updated on a monthly basis.

**Pricing Basis**

- (1) The pricing terms of each transaction for sales and provision of ancillary construction services shall be determined with reference to:

- (i) the Local Tender Price; or
- (ii) the Export Price,

where neither Local Tender Price nor Export Price is available, the price shall be determined on a fair and reasonable basis which is equivalent or comparable to those offered to or quoted by third parties independent of the Group for similar products or services.

- (2) The pricing terms of each purchase transaction shall be determined with reference to:

- (i) the Import Price; or
- (ii) the Purchase PRC Tender Price,

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

### 3.1.2. The existing annual caps and historical amounts

#### *Sales transactions with China Huaxin Group*

The table below sets out the existing annual cap for the amount receivable by the Group from China Huaxin Group for sales transactions under the 2022 China Huaxin Framework Agreement for the year ending December 31, 2022:

	<b>For the year ending December 31, 2022 (RMB'000)</b>
Existing annual caps for the sales transactions with China Huaxin Group	<u><u>150,000</u></u>

The table below sets out the historical transaction amounts received by the Group from China Huaxin Group for sales transactions during the periods indicated below:

	<b>For the year ended December 31, 2021 (audited)</b>	<b>Eleven months ended November 30, 2022 (unaudited)</b>
Historical transaction amounts received by the Group for sales transactions with China Huaxin Group	<u><u>89,900</u></u>	<u><u>26,317</u></u>

#### *Purchase transactions with China Huaxin Group*

The table below sets out the existing annual cap for the amount payable by the Group to China Huaxin Group for purchase transactions under the 2022 China Huaxin Framework Agreement for the year ending December 31, 2022:

	<b>For the year ending December 31, 2022 (RMB'000)</b>
Existing annual caps for the purchase transactions with China Huaxin Group	<u><u>100,000</u></u>

The table below sets out the historical transaction amounts paid by the Group to China Huaxin Group for purchase transactions during the periods indicated below:

	<b>For the year ended December 31, 2021 (audited)</b>	<b>Eleven months ended November 30, 2022 (unaudited)</b>
Historical transaction amounts paid by the Group for purchase transactions with China Huaxin Group	22,142	0

### **3.1.3. Proposed new annual caps**

#### *Sales transactions with China Huaxin Group*

The Board proposes that the below proposed annual caps be set for the amount receivable by the Group from China Huaxin Group for sales transactions under the 2023-2025 China Huaxin Framework Agreement for the years ending December 31, 2023, 2024 and 2025:

Seller	Purchaser	Goods	For the year ending December 31,		
			2023	2024	2025
			(RMB'000)		
The Group	China Huaxin Group	Optical fibre, optical fibre cables, optical telecommunication products and provision of ancillary construction services	100,000	100,000	100,000

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

- (i) the historical sales transaction amounts with China Huaxin Group;
- (ii) the projected demand for optical fibre, optical fibre cables, optical telecommunication products and ancillary construction services from China Huaxin Group as indicated by China Huaxin Group to the Company with reference to the scope of work and timeline of the communication network construction projects to be undertaken by China Huaxin Group. The Group has also taken into consideration the impact of COVID-19 pandemic on the progress of the overseas communication network construction projects in 2022 and expects the progress to gradually pick up in the next three years as the pandemic becomes under control; and
- (iii) the price of the optical fibre and optical fibre cables in the next three years which is expected to be of a similar level as 2022.



### *Purchase transactions with China Huaxin Group*

The Board proposes that the below proposed annual caps be set for the amount payable by the Group to China Huaxin Group for purchase transactions under the 2023-2025 China Huaxin Framework Agreement for the years ending December 31, 2023, 2024 and 2025:

Purchaser	Seller	Goods	For the year ending December 31,		
			2023	2024	2025
			(RMB'000)		
The Group	China Huaxin Group	Communication equipment products	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

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

- (i) the historical purchase transaction amounts with China Huaxin Group;
- (ii) the projected demand of the Group to purchase communication equipment products from China Huaxin Group to carry out work under the communication network construction projects in the Philippines and Peru etc.. The Group has also taken into consideration the impact of COVID-19 pandemic on the progress of the overseas communication network construction projects in the next three years and expects the progress to gradually pick up in 2023 if and when the pandemic becomes under control.

**Shareholders should note that the above monetary annual caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group under the terms of the 2023-2025 China Huaxin Framework Agreement.**

## **3.2. Purchase transactions with Nokia Shanghai Group**

### ***3.2.1. Summary of the terms of the 2023-2025 Nokia Shanghai Purchase Framework Agreement***

On December 20, 2021 the Company entered into the 2022 Nokia Shanghai Purchase Framework Agreement with Nokia Shanghai to regulate the purchase transactions with Nokia Shanghai Group. The principal terms of the 2023-2025 Nokia Shanghai Purchase Framework Agreement, which shall replace the 2022 Nokia Shanghai Purchase Framework Agreement with retrospective effect from January 1, 2023 upon the passing of the relevant resolution for approval of the 2023-2025 Nokia Shanghai Purchase Framework Agreement at the EGM, are summarized below:

<b>Date</b>	December 16, 2022
<b>Parties</b>	The Company and Nokia Shanghai

<b>Duration</b>	The 2023-2025 Nokia Shanghai Purchase Framework Agreement shall take retrospective effect from January 1, 2023 upon passing of the relevant resolution for approval of the 2023-2025 Nokia Shanghai Purchase Framework Agreement at the EGM and expire on December 31, 2025. The parties to the agreement may negotiate to enter into a new agreement before its expiry.
<b>Nature of Transactions</b>	<p><u>Purchases of communication equipment products</u></p> <p>To implement the purchase transactions contemplated under the 2023-2025 Nokia Shanghai Purchase Framework Agreement, the Group will place specific purchase orders with Nokia Shanghai Group each time the Group purchases communication equipment products from Nokia Shanghai Group. A purchase order typically contains terms on product specifications, quantity, transaction amounts, payment arrangements, delivery arrangements, liabilities and warranties. The marketing team of the Company will keep abreast of the pricing information made available to the public by the General Administration of Customs of the PRC from time to time. Such pricing information is usually updated on a monthly basis.</p>
<b>Pricing Basis</b>	<p>The pricing terms of each purchase transaction shall be determined with reference to:</p> <ul style="list-style-type: none"> <li>(i) the Import Price; or</li> <li>(ii) the Purchase PRC Tender Price,</li> </ul> <p>where none of the above is available or applicable, the price shall be determined on a fair and reasonable basis which is equivalent or comparable to those offered to or quoted by third parties independent of the Group for similar products. The Group shall solicit at least two other contemporaneous transactions with unrelated third parties for products in similar quantities and quality to determine if the price and terms offered by Nokia Shanghai Group are fair and reasonable and comparable to those offered by unrelated third parties.</p>

### 3.2.2. The existing annual caps and historical amounts

The table below sets out the existing annual cap for the amount payable by the Group to Nokia Shanghai Group for purchase transactions under the 2022 Nokia Shanghai Purchase Framework Agreement for the year ending December 31, 2022:

	For the year ending December 31, 2022 (RMB'000)
Existing annual caps for the purchase transactions with Nokia Shanghai Group	<u>100,000</u>

The table below sets out the historical transaction amounts paid by the Group to Nokia Shanghai Group for purchase transactions during the periods indicated below:

	For the year ended December 31, 2021 (audited)	Eleven months ended November 30, 2022 (unaudited)
Historical transaction amounts paid by the Group for purchase transactions with Nokia Shanghai Group	<u>52,075</u>	<u>29,565</u>

### 3.2.3. Proposed new annual caps

The Board proposes that the below proposed annual caps be set for the amount payable by the Group to Nokia Shanghai Group for purchase transactions under the 2023-2025 Nokia Shanghai Purchase Framework Agreement for the years ending December 31, 2023, 2024 and 2025:

Purchaser	Seller	Goods	For the year ending December 31, (RMB'000)		
			2023	2024	2025
The Group	Nokia Shanghai Group	Communication equipment products	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

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

- (i) the historical sales transaction amounts with Nokia Shanghai Group;
- (ii) the projected demand of the Group to purchase communication equipment products from Nokia Shanghai Group to carry out work under the communication network construction projects in the Philippines and Peru etc.. The Group has also taken into consideration the impact of COVID-19 pandemic on the progress of the overseas communication network construction projects in 2022 and expects the progress to gradually pick up in the next three years as the pandemic becomes under control.

#### **4. INTERNAL CONTROL MEASURES**

##### **Sales transactions with YOFC Shanghai, the Prysmian Group and China Huaxin Group**

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

A predetermined price range will be set by the chief sales officer of the Company in the first quarter every year by reference to the Local Tender Price and/or the PRC Tender Price. The price range will also be updated from time to time to incorporate the latest Export Price, which is updated by the General Administration of Customs of the PRC on a monthly basis. The price will be determined with reference to the highest and the lowest of the Local Tender Price, the PRC Tender Price and the latest Export Price, if available.

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

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

### **Purchase transactions with YOFC Shanghai, the Prysmian Group, China Huaxin Group and Nokia Shanghai Group**

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

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

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

## **5. REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

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

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

### **5.2. Sales and purchase transactions with YOFC Shanghai and the Prysmian Group**

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



### **5.3. Sales and purchase transactions with China Huaxin Group and purchase transactions with Nokia Shanghai Group**

The Group is principally engaged in the manufacture and sales of optical fibre preforms, optical fibres and optical fibre cables. China Huaxin is an investment and operations platform for foreign cooperation and technological innovation in China's information industry. It focuses on the development and construction of smart cities, communication solutions, enterprise networks and cloud computing, system integration and software services. Nokia Shanghai is a leader in the communication network industry. It provides information and communication solutions, and focuses on the development of IP networks, optical networks and communication networks. China Huaxin and Nokia Shanghai have profound experience in their respective areas of services and solid financial standing. The Directors believe that China Huaxin and Nokia Shanghai will be reliable suppliers or customer of the Group and a strategic business relationship with China Huaxin and Nokia Shanghai will allow the realization of synergies and will be beneficial for the stable operation and business expansion of the Company and in the interest of the Company and the Shareholders as a whole.

### **5.4. Directors' views**

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

The Directors (including the independent non-executive Directors but excluding Mr. Philippe Claude Vanhille and Mr. Pier Francesco Facchini who have abstained from voting) are of the view that the proposed caps for the continuing connected transactions contemplated under the Optical Fibre Technology Cooperation Agreement for the year ending December 31, 2023 and the period from January 1, 2024 to July 22, 2024 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the proposed caps for the aforementioned continuing connected transactions with Draka or is required to abstain from voting on the Board resolution in relation to the proposed caps for the aforementioned continuing connected transactions with Draka, except for Mr. Philippe Claude Vanhille and Mr. Pier Francesco Facchini. Mr. Philippe Claude Vanhille has been serving as the senior vice-president of telecom business of the Prysmian Group and is primarily responsible for its global telecom business; he is also an executive director of Draka and holds several positions in certain subsidiaries of Prysmian S.p.A.. Mr. Pier Francesco Facchini is currently an executive director, IT director and the chief financial officer of Prysmian S.p.A.; he also holds a number of positions in the subsidiaries of Prysmian S.p.A..

### ***Sales and purchase transactions with YOFC Shanghai and the Prysmian Group***

The Directors (including the independent non-executive Directors but excluding Mr. Zhuang Dan (in case of the continuing connected transactions contemplated under the 2023-2025 YOFC Shanghai Framework Agreements and the respective proposed annual caps only), Mr. Philippe Claude Vanhille and Mr. Pier Francesco Facchini who have abstained from voting) are of the view that the 2023-2025 YOFC Shanghai Framework Agreements and the 2023-2025 Prysmian Framework Agreements, which have been and will be entered into in the ordinary and usual course of business of the Group, are on normal commercial terms, and the terms of the 2023-2025 YOFC Shanghai Framework Agreements and the 2023-2025 Prysmian Framework Agreements as well as the proposed annual caps for the continuing connected transactions contemplated thereunder for the three years ending December 31, 2023, 2024 and 2025 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee will form their views in respect of the proposed annual caps for the continuing connected transactions with YOFC Shanghai and the Prysmian Group as contemplated under the 2023-2025 YOFC Shanghai Framework Agreements and the 2023-2025 Prysmian Framework Agreements after receiving advice from the independent financial adviser.

None of the Directors has any material interest in the aforementioned continuing connected transactions with YOFC Shanghai and the Prysmian Group or the respective proposed annual caps or is required to abstain from voting on the Board resolution in relation to the aforementioned continuing connected transactions with YOFC Shanghai and the Prysmian Group and the respective proposed annual caps, except for Mr. Zhuang Dan (in case of the continuing connected transactions contemplated under the 2023-2025 YOFC Shanghai Framework Agreements and the respective proposed annual caps only), Mr. Philippe Claude Vanhille and Mr. Pier Francesco Facchini. Mr. Zhuang Dan is the chairman and a director of YOFC Shanghai. Mr. Philippe Claude Vanhille has been serving as the senior vice-president of telecom business of the Prysmian Group and is primarily responsible for its global telecom business; he is also an executive director of Draka and holds several positions in certain subsidiaries of Prysmian S.p.A.. Mr. Pier Francesco Facchini is currently an executive director, IT director and the chief financial officer of Prysmian S.p.A.; he also holds a number of positions in the subsidiaries of Prysmian S.p.A..

### ***Sales and purchase transactions with China Huaxin Group and purchase transactions with Nokia Shanghai Group***

The Directors (including the independent non-executive Directors but excluding Mr. Ma Jie and Mr. Guo Tao) are of the view that the aforementioned continuing connected transactions contemplated under the 2023-2025 China Huaxin Framework Agreement and the 2023-2025 Nokia Shanghai Purchase Framework Agreement, which will be entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the terms of the 2023-2025 China Huaxin Framework Agreement and the 2023-2025 Nokia Shanghai Purchase Framework Agreement as well as the proposed annual caps for the continuing connected transactions contemplated thereunder for the three years ending December 31, 2023, 2024 and 2025 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the aforementioned continuing connected transactions or is required to abstain from voting on the Board resolutions in relation to the aforementioned continuing connected transactions with China Huaxin Group and Nokia Shanghai Group or the respective proposed annual caps, except for Mr. Ma Jie and Mr. Guo Tao. Mr. Ma Jie is the director and general manager of China Huaxin. He also holds a number of positions in several subsidiaries of China Huaxin. Mr. Ma Jie is also a director of Nokia Shanghai. Mr. Guo Tao is the deputy general manager and secretary to the board of directors of China Huaxin, and holds non-senior management position in Nokia Shanghai.

## **6. INFORMATION ON THE COMPANY, DRAKA, YOFC SHANGHAI, PRYSMIAN, CHINA HUAXIN AND NOKIA SHANGHAI**

### **The Company**

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

### **Draka**

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

### **YOFC Shanghai**

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

### **The Prysmian Group**

Prysmian S.p.A. is listed on the Milan Stock Exchange (Stock Code: PRYMY). The Prysmian Group is a world leader in the energy and telecom cables and systems industry. In the telecom sector, the Prysmian Group manufactures cables and accessories for the voice, video and data transmission industry, offering a complete range of optical fibre preforms, optical fibres, optical and copper cables and connectivity systems.

## **China Huaxin**

China Huaxin is wholly-owned by China Poly Group Corporation Limited (中國保利集團有限公司), which is a large-scale central state-owned enterprise under the supervision and management of the State-owned Assets Supervision and Administration Commission of the State Council of China and has business in multiple fields, including international trade, real estate development, light industry research and development and engineering services, arts and crafts raw materials and products management services, culture and arts business, civilian explosive materials and blasting service and finance services. China Huaxin is an investment and operations platform for foreign cooperation and technological innovation in China's information industry. It focuses on the development and construction of smart cities, communication solutions, enterprise networks and cloud computing, system integration and software services. As at the date of this announcement, China Huaxin holds approximately 23.73% of the total issued share capital of the Company.

## **Nokia Shanghai**

Nokia Shanghai provides information and communication solutions, and focuses on the development of IP networks, optical networks and communication networks. It is mainly engaged in the research, development, design, manufacturing, system integration and domestic and overseas sales of various information network and exchange network, mobile communication network, access network, rail traffic signal network, all kinds of information communication terminal, light and electricity transmission network, network management and applications, business and community information commutation network system, very-large-scale integration and other interest products.

As at the date of this announcement, Nokia Shanghai is owned as to approximately 49.99% by China Huaxin and approximately 50.01% by Nokia Corporation indirectly through Alcatel-Lucent China Investment Co., Ltd., Lucent Technologies Investment Co., Ltd. and Alcatel-Lucent Participations Chine. Nokia Corporation is listed on the Nasdaq Helsinki Stock Exchange, the New York Stock Exchange and the Euronext Paris Stock Exchange. It is a leading global provider of mobile and fixed network infrastructure combining hardware, software and services, as well as advanced technologies and licensing that connect people and things. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed above, each of Nokia Corporation, Alcatel-Lucent China Investment Co., Ltd., Lucent Technologies Investment Co., Ltd. and Alcatel-Lucent Participations Chine is independent of and not connected with the Company and its connected persons.

## **7. LISTING RULES IMPLICATIONS**

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

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

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

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

Although the proposed caps for the continuing connected transactions between the Company and Draka under the Optical Fibre Technology Cooperation Agreement for the year ending December 31, 2023 and the period from January 1, 2024 to July 22, 2024 are exempt from the independent shareholders' approval requirement under the Listing Rules, such transactions shall be subject to the approval by the Shareholders at the general meeting pursuant to the Shanghai Listing Rules. The Company will seek approval for the proposed caps for the continuing connected transactions between the Company and Draka under the Optical Fibre Technology Cooperation Agreement for the year ending December 31, 2023 and the period from January 1, 2024 to July 22, 2024 from the Shareholders at the EGM.

## 7.2. Sales and purchase transactions with YOFC Shanghai and the Prysmian Group

As at the date of this announcement, Draka holds approximately 23.73% of the total issued share capital of the Company and is therefore a substantial shareholder of the Company. Draka is wholly-owned by Draka Holding B.V., which is in turn wholly-owned by Prysmian S.p.A.. Prysmian S.p.A. and its associates are therefore connected persons of the Company. YOFC Shanghai is a non-wholly owned subsidiary of the Company, which is owned as to 75% by the Company and 25% by Draka, and is therefore a connected person of the Company pursuant to Rule 14A.16(1) of the Listing Rules. Accordingly, the transactions between the Group on the one hand and the Prysmian Group and YOFC Shanghai, respectively, on the other constitute continuing connected transactions of the Company under the Listing Rules.

Since YOFC Shanghai and the Prysmian Group are connected persons of the Company by virtue of their relationship with Draka and the Group's transactions with these entities, being sale of goods, are of a similar nature, the sales transactions with YOFC Shanghai as contemplated under the 2023-2025 YOFC Shanghai Sales Framework Agreement and the sales transactions with the Prysmian Group as contemplated under the 2023-2025 Prysmian Sales Framework Agreement will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the proposed annual caps in respect of the sales transactions with each of YOFC Shanghai and the Prysmian Group are aggregated, and such aggregate amount is used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules. The annual caps for the sales transactions with YOFC Shanghai and the Prysmian Group under the 2023-2025 YOFC Shanghai and Prysmian Sales Framework Agreements are as follows:

Seller	Purchaser	Goods	For the year ending December 31,		
			2023	2024	2025
			(RMB'000)		
The Group	YOFC Shanghai	Optical fibres, optical fibre cables, raw materials, equipment and components	300,000	300,000	300,000
	Prysmian Group	Optical fibres and optical fibre cables	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>
		Sub-total	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>

Since YOFC Shanghai and the Prysmian Group are connected persons of the Company by virtue of their relationship with Draka and the Group's transactions with these entities, being purchase of goods, are of a similar nature, the purchase transactions with YOFC Shanghai as contemplated under the 2023-2025 YOFC Shanghai Purchase Framework Agreement and the purchase transactions with the Prysmian Group as contemplated under the 2023-2025 Prysmian Purchase Framework Agreement will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the proposed annual caps in respect of the purchase transactions with each of YOFC Shanghai and the Prysmian Group are aggregated, and such aggregate amount is used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules. The annual caps for the purchase transactions with YOFC Shanghai and the Prysmian Group under the 2023-2025 YOFC Shanghai and Prysmian Purchase Framework Agreements are as follows:



Purchaser	Seller	Goods	For the year ending December 31,		
			2023	2024	2025
			(RMB'000)		
The Group	YOFC Shanghai	Optical fibres, optical fibre cables and spare parts	450,000	450,000	450,000
	Prysmian Group	Equipment parts for optical fibre production, optical fibres, optical fibre cables and optical fibre preforms	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
		Sub-total	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>

Since the highest relevant percentage ratio under the Listing Rules in respect of (1) the sales transactions with YOFC Shanghai and the Prysmian Group as contemplated under the 2023-2025 YOFC Shanghai and Prysmian Sales Framework Agreements, as aggregated, and (2) the purchase transactions with YOFC Shanghai and the Prysmian Group as contemplated under the 2023-2025 YOFC Shanghai and Prysmian Purchase Framework Agreements, as aggregated, in each case is expected to be more than 5.0% on an annual basis, the sales transactions with YOFC Shanghai and the Prysmian Group as respectively contemplated under the 2023-2025 YOFC Shanghai Sales Framework Agreement and the 2023-2025 Prysmian Sales Framework Agreement, and the purchase transactions with YOFC Shanghai and the Prysmian Group as respectively contemplated under the 2023-2025 YOFC Shanghai Purchase Framework Agreement and the 2023-2025 Prysmian Purchase Framework Agreement are respectively subject to the annual reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek approval for the sale and purchase transactions with YOFC Shanghai and the Prysmian Group as respectively contemplated under the 2023-2025 YOFC Shanghai and Prysmian Sales Framework Agreements and the 2023-2025 YOFC Shanghai and Prysmian Purchase Framework Agreements and the proposed annual caps applicable thereto from the Independent Shareholders at the EGM. In accordance with the Listing Rules, Draka and its associates, being connected persons of the Company, will abstain from voting on the ordinary resolutions to approve the sale and purchase transactions with YOFC Shanghai and the Prysmian Group as respectively contemplated under the 2023-2025 YOFC Shanghai and Prysmian Sales Framework Agreements and the 2023-2025 YOFC Shanghai and Prysmian Purchase Framework Agreements and the respective proposed annual caps at the EGM.

### **7.3. Sales and purchase transactions with China Huaxin Group and purchase transactions with Nokia Shanghai Group**

As at the date of this announcement, China Huaxin holds approximately 23.73% of the total issued share capital of the Company and is therefore a substantial shareholder of the Company. Nokia Shanghai is owned as to approximately 49.99% by China Huaxin and approximately 50.01% by independent third parties. Therefore, China Huaxin and Nokia Shanghai are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules. Accordingly, the transactions between the Group on the one hand and China Huaxin Group and Nokia Shanghai Group, respectively, on the other constitute continuing connected transactions of the Company under the Listing Rules.

Since Nokia Shanghai is an associate of China Huaxin and the Group's transactions with these entities, being purchase of goods, are of a similar nature, the purchase transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement and the purchase transactions with Nokia Shanghai Group as contemplated under the 2023-2025 Nokia Shanghai Purchase Framework Agreement, will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the proposed annual caps in respect of the purchase transactions with each of China Huaxin Group and Nokia Shanghai Group are aggregated, and such aggregate amount in the sum of RMB200,000,000 for each of the year ending December 31, 2023, 2024 and 2025 is used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules. The proposed annual cap in respect of the sales transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement is RMB100,000,000 for each of the year ending December 31, 2023, 2024 and 2025.

As the highest relevant percentage ratio under the Listing Rules in respect of (1) the sales transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement and (2) the purchase transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement and with Nokia Shanghai Group as contemplated under the 2023-2025 Nokia Shanghai Purchase Framework Agreement, as aggregated, in each case is expected to be more than 0.1% but less than 5.0% on an annual basis, the transactions contemplated thereunder will be exempt from the circular (including independent financial advice) and independent shareholders' approval requirements, but will be subject to the annual reporting and announcement requirements under Chapter 14A of the Listing Rules.

Although (1) the sales and purchase transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement and the proposed annual caps applicable thereto, and (2) the purchase transactions with Nokia Shanghai Group as contemplated under the 2023-2025 Nokia Shanghai Purchase Framework Agreement and the proposed annual caps applicable thereto are exempt from the independent shareholders' approval requirement under the Listing Rules, such transactions shall be subject to the approval by the Shareholders at the general meeting pursuant to the Shanghai Listing Rules. The Company will seek approval for the sales and purchase transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement, and the purchase transactions with Nokia Shanghai Group as contemplated under the 2023-2025 Nokia Shanghai Purchase Framework Agreement and the respective proposed annual caps from the Shareholders at the EGM.

## **8. GENERAL**

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of (1) the sales and purchase transactions with YOFC Shanghai as respectively contemplated under the 2023-2025 YOFC Shanghai Sales Framework Agreement and the 2023-2025 YOFC Shanghai Purchase Framework Agreement and the respective proposed annual caps, and (2) the sale and purchase transactions with the Prysmian Group as respectively contemplated under the 2023-2025 Prysmian Sales Framework Agreement and the 2023-2025 Prysmian Purchase Framework Agreement and the respective proposed annual caps.

In this respect, an independent financial adviser to the Independent Board Committee and the Independent Shareholders will be appointed.

A circular containing, among others, further information on (1) the proposed new annual caps for the Optical Fibre Technology Cooperation Agreement with Draka, (2) the sale and purchase transactions with YOFC Shanghai as respectively contemplated under the 2023-2025 YOFC Shanghai Sales Framework Agreement and the 2023-2025 YOFC Shanghai Purchase Framework Agreement and the respective proposed annual caps, (3) the sale and purchase transactions with the Prysmian Group as respectively contemplated under the 2023-2025 Prysmian Sales Framework Agreement and the 2023-2025 Prysmian Purchase Framework Agreement and the respective proposed annual caps, (4) the sales and purchase transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement and the proposed annual caps, and (5) the purchase transactions with Nokia Shanghai Group as contemplated under the 2023-2025 Nokia Shanghai Purchase Framework Agreement and the proposed annual caps, (6) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendations, and (7) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders is expected to be dispatched to the Shareholders on or before January 11, 2023.

## DEFINITIONS

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

“2020-2022 Prysmian Framework Agreements”	together, the 2020-2022 Prysmian Sales Framework Agreement and the 2020-2022 Prysmian Purchase Framework Agreement
“2020-2022 Prysmian Purchase Framework Agreement”	the purchase framework agreement entered into between Prysmian S.p.A. and the Company on March 31, 2020 to regulate the purchase transactions of the Group with the Prysmian Group
“2020-2022 Prysmian Sales Framework Agreement”	the sales framework agreement entered into between Prysmian S.p.A. and the Company on March 31, 2020 to regulate the sales transactions of the Group with the Prysmian Group
“2020-2022 YOFC Shanghai Framework Agreements”	together, the 2020-2022 YOFC Shanghai Sales Framework Agreement and the 2020-2022 YOFC Shanghai Purchase Framework Agreement
“2020-2022 YOFC Shanghai Purchase Framework Agreement”	the purchase framework agreement entered into between YOFC Shanghai and the Company on December 20, 2019 to regulate the purchase transactions of the Group with YOFC Shanghai
“2020-2022 YOFC Shanghai Sales Framework Agreement”	the sales framework agreement entered into between YOFC Shanghai and the Company on December 20, 2019 to regulate the sales transactions of the Group with YOFC Shanghai
“2022 China Huaxin Framework Agreement”	the sales and purchase framework agreement entered into between China Huaxin and the Company on December 20, 2021 to regulate the sales and purchase transactions of the Group with China Huaxin Group
“2022 Nokia Shanghai Purchase Framework Agreement”	the purchase framework agreement entered into between Nokia Shanghai and the Company on December 20, 2021 to regulate the purchase transactions of the Group with Nokia Shanghai Group
“2023-2025 China Huaxin Framework Agreement”	the sales and purchase framework agreement entered into between China Huaxin and the Company on December 16, 2022 to regulate the sales and purchase transactions of the Group with China Huaxin Group
“2023-2025 Nokia Shanghai Framework Agreement”	the purchase framework agreement entered into between Nokia Shanghai and the Company on December 16, 2022 to regulate the purchase transactions of the Group with Nokia Shanghai Group

“2023-2025 Prysmian Framework Agreements”	together, the 2023-2025 Prysmian Sales Framework Agreement and the 2023-2025 Prysmian Purchase Framework Agreement
“2023-2025 Prysmian Purchase Framework Agreement”	the purchase framework agreement entered into between Prysmian S.p.A. and the Company on December 16, 2022 to regulate the purchase transactions of the Group with the Prysmian Group
“2023-2025 Prysmian Sales Framework Agreement”	the sales framework agreement entered into between Prysmian S.p.A. and the Company on December 16, 2022 to regulate the sales transactions of the Group with the Prysmian Group
“2023-2025 YOFC Shanghai and Prysmian Purchase Framework Agreements”	together, the 2023-2025 YOFC Shanghai Purchase Framework Agreement and the 2023-2025 Prysmian Purchase Framework Agreement
“2023-2025 YOFC Shanghai and Prysmian Sales Framework Agreements”	together, the 2023-2025 YOFC Shanghai Sales Framework Agreement and the 2023-2025 Prysmian Sales Framework Agreement
“2023-2025 YOFC Shanghai Framework Agreements”	together, the 2023-2025 YOFC Shanghai Sales Framework Agreement and the 2023-2025 YOFC Shanghai Purchase Framework Agreement
“2023-2025 YOFC Shanghai Purchase Framework Agreement”	the purchase framework agreement entered into between YOFC Shanghai and the Company on December 16, 2022 to regulate the purchase transactions of the Group with YOFC Shanghai
“2023-2025 YOFC Shanghai Sales Framework Agreement”	the sales framework agreement entered into between YOFC Shanghai and the Company on December 16, 2022 to regulate the sales transactions of the Group with YOFC Shanghai
“A Share(s)”	ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for in Renminbi and listed on the Shanghai Stock Exchange (Stock Code: 601869)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“China Huaxin”	China Huaxin Post and Telecom Technologies Co., Ltd. (中國華信郵電科技有限公司), a company established in the PRC on January 21, 1993 and is wholly-owned by China Poly Group Corporation Limited (中國保利集團有限公司). It is a substantial shareholder and a connected person of the Company
“China Huaxin Group”	China Huaxin and its subsidiaries

“Company”	Yangtze Optical Fibre and Cable Joint Stock Limited Company* (長飛光纖光纜股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed on Shanghai Stock Exchange and the Main Board of the Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Draka”	Draka Comteq B.V., a company incorporated in the Netherlands on May 14, 2004 and wholly-owned by Draka Holding B.V.. It is a substantial shareholder and a connected person of the Company
“EGM”	an extraordinary general meeting to be convened by the Company for the purposes of considering and, if thought fit, approving (1) the proposed new caps for the Optical Fibre Technology Cooperation Agreement with Draka; (2) the sales and purchase transactions with YOFC Shanghai as contemplated under the 2023-2025 YOFC Shanghai Framework Agreements and the respective proposed annual caps; (3) the sales and purchase transactions with the Prysmian Group as contemplated under the 2023-2025 Prysmian Framework Agreements and the respective proposed annual caps; (4) the sales and purchase transactions with China Huaxin Group as contemplated under the 2023-2025 China Huaxin Framework Agreement and the respective proposed annual caps; and (5) the purchase transactions with Nokia Shanghai Group as contemplated under the 2023-2025 Nokia Shanghai Purchase Framework Agreement and the respective proposed annual caps, including any adjournment thereof
“Group”	the Company and its subsidiaries (excluding YOFC Shanghai if and where the context requires)
“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 Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, established to advise the Independent Shareholders on (1) the sales and purchase transactions with YOFC Shanghai as respectively contemplated under the 2023-2025 YOFC Shanghai Sales Framework Agreement and the 2023-2025 YOFC Shanghai Purchase Framework Agreement and the respective proposed annual caps, and (2) the sales and purchase transactions with the Prysmian Group as respectively contemplated under the 2023-2025 Prysmian Sales Framework Agreement and the 2023-2025 Prysmian Purchase Framework Agreement and the respective proposed annual caps
“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules, and in relation to the Company means the Shareholders other than Draka and its associates, or China Huaxin and its associates, as the case may be
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Nokia Shanghai”	Nokia Shanghai Bell Co., Ltd. (上海諾基亞貝爾股份有限公司)
“Nokia Shanghai Group”	Nokia Shanghai and its subsidiaries
“Optical Fibre Technology Cooperation Agreement”	the optical fibre technology cooperation agreement entered into on October 13, 2008 between Draka and the Company, which was subsequently revised on August 27, 2013 and May 30, 2014
“OVD”	outside vapor deposition
“PCVD”	plasma activated chemical vapor deposition
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prysmian Group”	Prysmian S.p.A. and its associates (for the avoidance of doubt, excluding YOFC Shanghai)
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (上海證券交易所股票上市規則)
“Shanghai Stock Exchange”	Shanghai Stock Exchange

“Share(s)”	A Shares and/or H Shares
“Shareholder(s)”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto in the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supervisors”	the supervisors of the Company
“VAD”	vapor axial deposition
“YOFC Shanghai”	Yangtze Optical Fibre and Cable (Shanghai) Co., Ltd. (長飛光纖光纜(上海)有限公司), a company incorporated in the PRC on October 30, 2002. It is owned as to 75% by the Company and 25% by Draka, and a connected person of the Company
“%”	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, December 16, 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