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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)

VOLUNTARY ANNOUNCEMENT DISPOSAL OF ENTIRE EQUITY INTEREST HELD IN CLOUD LIGHT

This is an announcement issued by the Company on a voluntary basis.

THE DISPOSAL

The Board hereby announces that on October 30, 2023 (China Standard Time), Cloud Light (as the target company), Lumentum (as the buyer), Merger Sub (a wholly-owned subsidiary of Lumentum) and Fortis Advisors (in its capacity as an independent agent acting for and on behalf of the holders of shares of Cloud Light as the sellers) entered into the Merger Agreement, pursuant to which Lumentum will acquire the entire equity interest of Cloud Light through a merger (the “**Merger**”) of Merger Sub with and into Cloud Light at an aggregate consideration of US\$750 million in cash, in which YOFC Hong Kong, a directly wholly-owned subsidiary of the Company, will sell and dispose its entire equity interest in, representing approximately 11.2% equity interest of, Cloud Light at a consideration of US\$84 million. Upon the completion of the Merger, Cloud Light will become a wholly-owned subsidiary of Lumentum and the Group will cease to have any equity interest in Cloud Light.

Consideration

The aggregate consideration payable by Lumentum to acquire the entire equity interest of Cloud Light is US\$750 million which shall be subject to certain customary adjustments for cash, indebtedness, working capital, taxes, compensation expenses, third party expenses and capital expenditures, as specified in the Merger Agreement. The consideration was determined after arm's length negotiation between the parties to the Merger Agreement.

INFORMATION OF THE COMPANY, LUMENTUM AND CLOUD LIGHT

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.

* *For identification purposes only*

Lumentum

Lumentum is a Delaware corporation which has its common stocks listed on Nasdaq Stock Market (trading symbol: LITE). Lumentum is a market-leading designer and manufacturer of innovative optical and photonic products enabling optical networking and laser applications worldwide. Its optical components and subsystems are widely used in every type of telecommunications, enterprise, and data center network.

Cloud Light

Cloud Light designs, markets, and manufactures advanced optical modules for automotive sensors and data center interconnect applications. As of the date of this announcement, Cloud Light is held as to 11.2% by YOFC Hong Kong and the remaining 88.8% are held by other shareholders who are Independent Third Parties.

The financial results of Cloud Light are not consolidated into the Group's financial statements and the Group's equity interests in Cloud Light are counted for as financial assets held for trading in the Group's financial statements.

As at June 30, 2023, the total asset and the net asset value of Cloud Light was approximately US\$193.01 million and US\$154.50 million, respectively. In addition, for the year ended December 31, 2022, the revenue and the net profit of Cloud Light was approximately US\$186.84 million and US\$12.20 million, respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Upon Closing, the Group is expected to recognize an investment gain in the amount of approximately RMB440 million in respect of the Disposal. Through the Disposal, the Group will record an increase in cash inflow which will in turn strengthen the Group's ability to carry out its core business activities for further growth and expansion, thereby improving its profit levels and investment returns for the Shareholders. The Directors are of the view that the Disposal will not have any significant impact on the Company's business and is in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Disposal contemplated under the Merger Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. However, the Company would like to make this voluntary announcement to update its shareholders and investors of the recent development of the Group.

The Closing is subject to the satisfaction or waiver of the conditions to the Merger Agreement, and the Merger may or may not materialize. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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| “A Share(s)” | ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the Shanghai Stock Exchange (stock code: 601869) |
| “Board” | the board of directors of the Company |
| “BVI” | British Virgin Islands |
| “Closing” | the consummation of the Merger pursuant to the terms and conditions set out in the Merger Agreement |
| “Cloud Light” | Cloud Light Optoelectronics Limited, a BVI business company limited by shares incorporated under the laws of BVI. As of the date of this announcement, Cloud Light is held as to 11.2% by YOFC Hong Kong and 88.8% by other shareholders who are all Independent Third Parties |
| “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 company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed on the Shanghai Stock Exchange and the Main Board of the Stock Exchange, respectively |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Disposal” | the disposal of the entire equity interest held by YOFC Hong Kong in Cloud Light to Lumentum pursuant to the Merger Agreement |
| “Fortis Advisors” | Fortis Advisors LLC, a Delaware limited liability company in its capacity as an agent acting for and on behalf of the holders of shares of Cloud Light under the Merger Agreement and an Independent Third Party |
| “Group” | the Company and its subsidiaries |
| “H Share(s)” | overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars (stock code: 6869) |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | an individual or a company who or which, to the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, is not a connected person(s) of the Company |

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| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Lumentum” | Lumentum Holdings Inc., a company incorporated in Delaware, the common stocks of which are listed on Nasdaq Stock Market (trading symbol: LITE) and an Independent Third Party |
| “Merger Agreement” | an agreement and plan of merger entered into by and among Cloud Light, Lumentum, Merger Sub and Fortis Advisors on October 30, 2023 (China Standard Time) |
| “Merger Sub” | Crius Merger Sub Inc., a BVI business company limited by shares, a wholly-owned subsidiary of Lumentum and an Independent Third Party |
| “PRC” | the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | A Shares and/or H Shares |
| “Shareholders” | holders of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiaries” | has the meaning ascribed thereto under the Listing Rules |
| “US\$” | United States dollars, the lawful currency of the United States |
| “YOFC Hong Kong” | Yangtze Optical Fibre and Cable Company (Hong Kong) Limited, a limited liability company incorporated in Hong Kong and a directly wholly-owned subsidiary 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, November 1, 2023

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. Iuri Longhi, Mr. Xiong Xiangfeng and Mr. Mei Yong, as non-executive Directors; Mr. Bingsheng Teng, Mr. Song Wei, Dr. Wong Tin Yau, Kelvin and Ms. Li Chang'ai, as independent non-executive Directors.

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