
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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



Smart Link Better Life.

Yangtze Optical Fibre and Cable Joint Stock Limited Company*

長飛光纖光纜股份有限公司

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

(Stock Code: 6869)

- (1) REPORT OF THE BOARD FOR THE YEAR 2025
 - (2) 2025 ANNUAL REPORT
 - (3) PROPOSED PROFIT DISTRIBUTION PLAN FOR THE YEAR 2025
 - (4) PROPOSED RE-APPOINTMENT OF INDEPENDENT AUDITORS OF THE COMPANY FOR THE YEAR 2026
 - (5) PURCHASE OF LIABILITY INSURANCE FOR DIRECTORS AND SENIOR MANAGEMENT
 - (6) PROPOSAL ON THE 2026 ANNUAL EXTERNAL GUARANTEE AMOUNT
 - (7) PROPOSAL ON THE 2026 ASSET POOL BUSINESS OF THE COMPANY
 - (8) PROPOSAL ON THE 2026 ENGAGEMENT IN FOREIGN EXCHANGE AND RAW MATERIAL HEDGING BUSINESS
 - (9) PROPOSED ADOPTION OF THE MANAGEMENT RULES OF REMUNERATION FOR DIRECTORS AND SENIOR MANAGEMENT
 - (10) PROPOSAL ON THE 2026 REMUNERATION PLAN FOR DIRECTORS
 - (11) PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF USE OF PROCEEDS
 - (12) PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES ON PROVISION OF EXTERNAL GUARANTEES
 - (13) PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF RELATED PARTY TRANSACTIONS
 - (14) PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS
- AND
- ### NOTICE OF ANNUAL GENERAL MEETING

Letter from the Board is set out on pages 4 to 14 of this circular.

A notice convening the AGM to be held at Multi-functional Meeting Room, 2/F, YOFC Headquarters Building, No. 65 Guanggu Chuangye Street, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Tuesday, June 30, 2026 at 2:00 p.m. is set out on pages AGM-1 to AGM-3 of this circular.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. The proxy form should be returned by holders of H Shares to the Company's H Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by hand or by post not less than 24 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

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

* For identification purpose only

June 5, 2026

DEFINITIONS

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

“Administrative Measures on Provision of External Guarantees”	the administrative measures on provision of external guarantees of the Company, as amended from time to time
“Administrative Measures of External Investments”	the administrative measures of external investments of the Company, as amended from time to time
“Administrative Measures of Related Party Transactions”	the administrative measures of related party transactions of the Company, as amended from time to time
“Administrative Measures of Use of Proceeds”	the administrative measures of use of proceeds of the Company, as amended from time to time
“AGM”	an annual general meeting of the Company to be held at Multi-functional Meeting Room, 2/F, YOFC Headquarters Building, No. 65 Guanggu Chuangye Street, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Tuesday, June 30, 2026 at 2:00 p.m., or any adjournment thereof
“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 SSE (stock code: 601869)
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board” or “Board of Directors”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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 the SSE and the Main Board of the Stock Exchange, respectively
“connected person”	has the meaning ascribed thereto under the Listing Rules

* For identification purpose only

DEFINITIONS

“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“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)”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Rules of Remuneration for Directors and Senior Management”	the management rules of remuneration for directors and senior management proposed to be adopted by the Company, the full text of which is set out in Appendix IV to this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Self-regulatory Guidelines”	the Guideline No. 1 of the Shanghai Stock Exchange on Self-regulatory Rules of Listed Companies – the Standardized Operation
“SFC”	Securities and Futures Commission
“Share(s)”	A Shares and/or H Shares
“Shareholders”	holders of shares of the Company
“SSE”	Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“The Company Law”	The Company Law of the People’s Republic of China
“The Securities Law”	The Securities Law of the People’s Republic of China
“trading days”	the day on which the Stock Exchange opens for trading of or dealing in the H Shares
%	per cent

LETTER FROM THE BOARD



Yangtze Optical Fibre and Cable Joint Stock Limited Company*

長飛光纖光纜股份有限公司

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

(Stock Code: 6869)

Executive Director:

Mr. ZHUANG Dan

Non-executive Directors:

Mr. MA Jie (Chairman)

Mr. GUAN Jingzhi

Mr. Lars Frederick PERSSON

Mr. Pier Francesco FACCHINI

Mr. Hamavand Rayomand SHROFF

Mr. QIU Xiangping

Mr. MEI Yong

Independent Non-executive Directors:

Mr. Bingsheng TENG

Mr. SONG Wei

Ms. LI Chang'ai

Mr. TSANG Hin Fun Anthony

Registered Office:

No. 9 Guanggu Avenue

East Lake High-tech Development Zone

Wuhan, Hubei Province, 430073

PRC

Principal Place of Business

in Hong Kong:

Room 1918, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

June 5, 2026

To the Shareholders

Dear Sir or Madam,

- (1) REPORT OF THE BOARD FOR THE YEAR 2025
 - (2) 2025 ANNUAL REPORT
 - (3) PROPOSED PROFIT DISTRIBUTION PLAN FOR THE YEAR 2025
 - (4) PROPOSED RE-APPOINTMENT OF INDEPENDENT AUDITORS OF THE COMPANY FOR THE YEAR 2026
 - (5) PURCHASE OF LIABILITY INSURANCE FOR DIRECTORS AND SENIOR MANAGEMENT
 - (6) PROPOSAL ON THE 2026 ANNUAL EXTERNAL GUARANTEE AMOUNT
 - (7) PROPOSAL ON THE 2026 ASSET POOL BUSINESS OF THE COMPANY
 - (8) PROPOSAL ON THE 2026 ENGAGEMENT IN FOREIGN EXCHANGE AND RAW MATERIAL HEDGING BUSINESS
 - (9) PROPOSED ADOPTION OF THE MANAGEMENT RULES OF REMUNERATION FOR DIRECTORS AND SENIOR MANAGEMENT
 - (10) PROPOSAL ON THE 2026 REMUNERATION PLAN FOR DIRECTORS
 - (11) PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF USE OF PROCEEDS
 - (12) PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES ON PROVISION OF EXTERNAL GUARANTEES
 - (13) PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF RELATED PARTY TRANSACTIONS
 - (14) PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS
- AND
- NOTICE OF ANNUAL GENERAL MEETING

* For identification purpose only

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to give you notice of the AGM and information in respect of the resolutions to be proposed at the AGM including (i) report of the Board for the year 2025; (ii) the 2025 annual report of the Company; (iii) the proposed profit distribution plan for the year 2025; (iv) the proposed re-appointment of independent auditors of the Company for the year 2026; (v) the purchase of liability insurance for Directors and senior management; (vi) the proposal on the 2026 annual external guarantee amount; (vii) the proposal on the 2026 asset pool business of the Company; (viii) the proposal on the 2026 engagement in foreign exchange and raw material hedging business; (ix) the proposed adoption of the Management Rules of Remuneration for Directors and Senior Management; (x) the proposal on the 2026 remuneration plan for Directors; (xi) proposed amendments to the Administrative Measures of Use of Proceeds; (xii) proposed amendments to the Administrative Measures on Provision of External Guarantees; (xiii) proposed amendments to the Administrative Measures of Related Party Transactions; and (xiv) proposed amendments to the Administrative Measures of External Investments.

2. REPORT OF THE BOARD FOR THE YEAR 2025

An ordinary resolution will be proposed at the AGM to consider and approve the report of the Board for the year 2025, the text of which has been set out in the 2025 annual report of the Company published on April 29, 2026.

3. 2025 ANNUAL REPORT

An ordinary resolution will be proposed at the AGM to consider and approve the 2025 annual report of the Company. The audited financial statements were prepared in accordance with China Accounting Standards for Business Enterprises and the full text of the independent auditors' report for the year 2025 has been set out in the 2025 annual report of the Company published on April 29, 2026.

4. PROPOSED PROFIT DISTRIBUTION PLAN FOR THE YEAR 2025

Based on the total share capital of 827,905,108 Shares issued and listed as of December 31, 2025, the Board proposed to distribute a dividend of RMB2.95 per 10 Shares (inclusive of tax), with the total dividends amounting to approximately RMB244,232,007 (inclusive of tax). The expected payment date is on or before August 21, 2026. The proposed dividend is subject to approval by Shareholders at the AGM to be held on Tuesday, June 30, 2026 by the Company. During the period commencing from the date of disclosure of the proposed profit distribution plan for the year 2025 to the Dividend Entitlement Date (as defined below), if the total share capital of the Company changes, the Company intends to maintain the unchanged total distributable amount and adjust the distribution ratio per Share accordingly. If the total share capital of the Company changes subsequently, specific adjustments will be announced separately.

LETTER FROM THE BOARD

Should the proposal be approved, the dividend for holders of A Shares, including holders of A Shares through the Northbound Trading Link of the Shanghai-Hong Kong Stock Connect (the “**Northbound Shareholders**”) and holders of H Shares through the Southbound Trading Link (including Shanghai and Shenzhen markets, the “**Southbound Shareholders**”) will be declared and paid in RMB.

Dividends to holders of H Shares, except the Southbound Shareholders, are paid in Hong Kong dollars. The exchange rate will be calculated as per the average exchange rate for converting RMB into Hong Kong dollars published by the People’s Bank of China during the five business days prior to the AGM.

With respect to the Southbound Shareholders, according to the relevant requirements of China Securities Depository and Clearing Corporation Limited (“**CSDC**”), CSDC Shanghai Branch and Shenzhen Branch shall receive cash dividends distributed by the Company as the nominee of the Southbound Shareholders for Shanghai market and Shenzhen market, respectively and distribute such cash dividends to the relevant Southbound Shareholders through its depository and clearing system.

In accordance with the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules effective on January 1, 2008, where a PRC domestic enterprise distributes dividends for financial periods beginning from January 1, 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the final dividend as enterprise income tax, distribute the final dividend to non-resident enterprise shareholders, i.e. any shareholders who hold the Company’s shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organizations and groups.

In accordance with the requirements of the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the Ministry of Finance and the State Administration of Taxation on May 13, 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. As the Company is a foreign-invested enterprise, the Company will not withhold and pay the individual income tax on behalf of individual Shareholders when the Company distributes the dividends for the year ended December 31, 2025 to overseas individual shareholders whose names appear on the register of members of H Shares.

For Northbound Shareholders, with regard to the dividends obtained by the investors (including enterprises and individuals) from investment in the A Shares of the Company listed on the SSE through the Stock Exchange, the Company will withhold income tax at the rate of 10%, and file tax withholding returns with the competent tax authority. Where there is any tax resident of a foreign country out of the investors through the Northbound Trading Link and the rate of income tax on dividends is less than 10%, as provided for in the tax treaty between the

LETTER FROM THE BOARD

country and the PRC, the enterprise or individual may personally, or entrust a withholding agent to, file an application for the tax treatment under the tax treaty with the competent tax authority of the Company. Upon review, the competent tax authority will refund tax based on the difference between the amount of tax having been collected and the amount of tax payable calculated at the tax rate as set out in the tax treaty.

For Southbound Shareholders, in accordance with the Notice of Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No.81) (《財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), effective from November 17, 2014, and the Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Markets (Cai Shui [2016] No. 127) (《財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), effective from December 5, 2016, with regard to the dividends obtained by individual mainland investors from investment in the H Shares of the Company listed on the Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold their individual income tax at the rate of 20% in accordance with the register of individual mainland investors provided by CSDC. As to the withholding tax having been paid abroad, an individual investor may file an application for tax credit with the competent tax authority of CSDC with an effective credit document. With respect to the dividends obtained by mainland securities investment funds from investment in the H Shares listed on the Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold their income tax with reference to the provisions concerning the collection of tax on individual investors. The Company will not withhold income tax on dividends obtained by mainland enterprise investors, and mainland enterprise investors shall file their income tax returns and pay tax themselves instead.

Holders of H Shares are advised to consult their own tax advisers about the tax effect in China, Hong Kong and/or other countries (regions) in respect of owning and disposing of H Shares if they are in any doubt as to the above arrangements.

5. PROPOSED RE-APPOINTMENT OF INDEPENDENT AUDITORS OF THE COMPANY FOR THE YEAR 2026

An ordinary resolution will be proposed at the AGM to consider and approve the proposed re-appointment of KPMG Huazhen LLP (“**KPMG Huazhen**”) as the independent auditor of the Company for the year 2026, which will hold office until the conclusion of the next annual general meeting of the Company.

KPMG Huazhen will retire as the auditor of the Company (the “**Auditor**”) at the AGM and, being eligible, offer itself for re-appointment. Upon the recommendation of the Audit Committee, the Board proposes to pass an ordinary resolution for the re-appointment of KPMG

LETTER FROM THE BOARD

Huazhen as the Auditor to hold office from the conclusion of the AGM until the next annual general meeting of the Company and to authorize the management of the Company to fix the remuneration of the Auditor for the year ending December 31, 2026.

The estimated audit fee payable to KPMG Huazhen for the audit of the consolidated financial statements and internal control of the Company and its subsidiaries for the financial year ending December 31, 2026 is expected to be approximately RMB6.50 million to RMB7.50 million (exclusive of out-of-pocket expenses). Such fee has been determined after due consideration and arm's length negotiations between the Company and KPMG Huazhen, taking into account, among other things, historical audit fees, prevailing market rates, the complexity and business plans of the Group, the expected scope of the audit, the audit timetable, and the auditor's resources required. The estimated audit fee has been determined on the basis that no material changes are expected in the Group's operations, accounting policies or regulatory environment during the financial year, and that the Company will provide timely and adequate assistance and information as reasonably required for the audit.

As KPMG Huazhen is relatively familiar with the Group's financial position and affairs, the Board considers that the estimated audit fee agreed with the Auditor is fair and reasonable, taking into account the facts and circumstances known as at the date of this circular, and that the audit related work in respect of the Group for the year ending December 31, 2026 will be performed more efficiently by KPMG Huazhen, which is in the best interests of the Company and the Shareholders as a whole.

6. PURCHASE OF LIABILITY INSURANCE FOR DIRECTORS AND SENIOR MANAGEMENT

Since November 2014, the Company has purchased relevant liability insurance for Directors and senior management of the Company. The term of the current insurance will expire on June 30, 2026. The Board has resolved to propose that the Company shall continue to purchase liability insurance for Directors and senior management of the Company. The main terms for the liability insurance are as follows:

- (i) Policyholder: Yangtze Optical Fibre and Cable Joint Stock Limited Company* (長飛光纖光纜股份有限公司)
- (ii) Insured persons: Directors and senior management of the Company
- (iii) Amount insured: USD50,000,000
- (iv) Term: 1 year

The Board intends to propose at the AGM to authorize the chairman of the Company within the above authority to handle any matters in relation to the purchase of liability insurance for Directors and senior management of the Company (including but not limited to, determining the scope of the insured, the insurance company, the amount insured, the premium

LETTER FROM THE BOARD

and other insurance terms; selecting and appointing an insurance brokerage company or other intermediary agencies; executing relevant legal documents and dealing with other insurance related issues, etc.) and renew the liability insurance contract or enter into a new liability insurance contract upon or before the expiration of such liability insurance for Directors and senior management of the Company.

7. PROPOSAL ON THE 2026 ANNUAL EXTERNAL GUARANTEE AMOUNT

To satisfy the daily operational needs of each subsidiary of the Group, the Company proposed that during year 2026, the Company would provide its subsidiaries and those subsidiaries would provide among each other guarantees not exceeding the amount of USD207 million, RMB8.5 million, ZAR160 million, EUR5 million, equivalent to approximately RMB1,543 million. In addition, it is proposed that the Board or such person as authorized by the Board, be authorized to handle the specific matters in relation to the external guarantee, including adjusting specific guarantee amount and signing relevant legal documents in accordance with actual business needs within the limit of the 2026 annual external guarantee amount contemplated under this proposal.

Details of the 2026 annual external guarantee amount are set out in Appendix I to this circular.

8. PROPOSAL ON THE 2026 ASSET POOL BUSINESS OF THE COMPANY

In order to manage the Company's bills receivable and payable, reduce the Company's capital occupation, optimize the financial structure and improve the capital utilization rate, the Company proposes to carry out the asset pool business.

Details of the 2026 asset pool business of the Company are set out in Appendix II to this circular.

9. PROPOSAL ON THE 2026 ENGAGEMENT IN FOREIGN EXCHANGE AND RAW MATERIAL HEDGING BUSINESS

With the further implementation of the Company's internationalization strategy, the Company's overseas business has been continuously expanding. The Company's overseas revenue reached approximately RMB6.09 billion in 2025, accounting for approximately 42.74% of the Company's total revenue, and the countries, regions, and corresponding currency hedging requirements continue to increase. In order to mitigate the impact of fluctuations in exchange rates and interest rates on the production, operation, and cost control of the Company, the Company and its subsidiaries propose to carry out foreign exchange hedging business with its own capital based on the actual status of assets, debts, payables and receivables denominated in foreign currencies. Such hedging business would help the Company control systematic foreign exchange risk, lower the volatility of forex gain or loss, and secure the safety of overseas assets and the sustainable development of the overseas businesses.

LETTER FROM THE BOARD

The businesses of Yangtze (Jiangsu) Marine Technology Company Limited, Wuhan YOFC Cable Co., Ltd., and Radio Frequency Systems (Suzhou) Co., Ltd., subsidiaries of the Company, all include the production of power cable. Copper, lead, and aluminum are the major raw materials needed in production. In order to effectively reduce the impact of price fluctuations of such raw materials on production costs and enhance the risk resilience of related businesses, the Company and its subsidiaries propose to carry out raw materials hedging business to reduce price volatility risks.

In view of the scale of the Company's business and operational needs, the Company intends to increase the cap of its foreign exchange and raw materials hedging transactions with a contract value not exceeding RMB12.00 billion. The margin amount utilized in hedging businesses shall not exceed RMB200 million on a revolving basis. The utilization of the quota shall be based on the Company's foreign exchange related business, import and export settlement, income and expenditure from overseas projects, as well as raw material procurement requirements. The term of the business shall be valid from the date of approval of the Board on March 27, 2026 until June 30, 2027.

After the approval of the Board on March 27, 2026 until the approval from the AGM, the cap of hedging contract value shall be RMB6.90 billion, which is within the authority of the Board. After the approval from the AGM until June 30, 2027, the cap of hedging contract value shall be RMB12.00 billion. The cap amount between RMB6.90 billion and RMB12.00 billion shall be reviewed and approved by the AGM.

The foreign exchange hedging business of the Company is limited to the same currencies as the major settlement currencies used in the Company's production and operation. The type of business mainly includes spot transactions, forward transactions, foreign exchange swaps, interest rate swaps, options and related portfolio products. The raw materials hedging business is limited to copper, lead, aluminum and other commodities required for production and operation. The products include futures, options and relevant combined products. The duration of those products would match the actual business needs, and normally would not exceed 3 years.

The foreign exchange and raw materials hedging business of the Company shall be conducted in accordance with the principle of prudent forecasting, hedging for the purpose of locking in exchange rates and commodity prices, and would not include any speculative and arbitrage transactions. The management shall be authorized to approve regular hedging business plans and execute contracts in relation thereto.

The Company will prudently review the terms of the contracts entered into with the counterparties, and strictly implement the risk management system.

LETTER FROM THE BOARD

10. PROPOSED ADOPTION OF THE MANAGEMENT RULES OF REMUNERATION FOR DIRECTORS AND SENIOR MANAGEMENT

In order to regulate the remuneration management of the Directors and senior management of the Company, establish scientific and effective incentive and restraint mechanisms, improve the Company's operational management level, and promote stable operations and sustainable development of the Company, the Management Rules of Remuneration for Directors and Senior Management are formulated in accordance with the relevant provisions of the Company Law, the Governance Code for Listed Companies as well as other relevant laws, regulations, rules, normative documents, and the Articles of Association in view of the actual situations of the Company. Details of the proposed Management Rules of Remuneration for Directors and Senior Management are set out in Appendix IV to this circular.

11. PROPOSAL ON THE 2026 REMUNERATION PLAN FOR DIRECTORS

The Company's non-executive Directors and independent non-executive Directors shall be subject to fixed allowance (fee) policy. Each of non-executive directors and independent directors will be entitled to receive a director's fee of RMB380,000 per annum (after all taxes have been deducted).

The remunerations for executive Directors of the Company shall consist of basic salary and performance-based remuneration, and the performance-based remuneration is determined based on the Company's achievement of operational objectives and the individual's work performance during the assessment period. In principle, the proportion of performance-based remuneration shall not be less than 50% of total remuneration. A portion of this remuneration is paid following the disclosure of annual financial results for the year 2026 and performance evaluations.

12. PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF USE OF PROCEEDS

The Board proposed to amend the Administrative Measures of Use of Proceeds to align with current PRC laws and regulations and the provisions of the Articles of Association. The proposed amendments to the Administrative Measures of Use of Proceeds are subject to the approval of the Shareholders by way of ordinary resolution at the AGM. Details of the proposed amendments to and the full text of the Administrative Measures of Use of Proceeds are set out in Appendix V to this circular.

13. PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES ON PROVISION OF EXTERNAL GUARANTEES

The Board proposed to amend the Administrative Measures on the Provision of External Guarantees to align with current PRC laws, regulations and the provisions of the Articles of Association. The proposed amendments updated regulatory references, and deleted certain references to the Board of Supervisors in light of the Company's current governance structure. Details of the proposed amendments to and the full text of the Administrative Measures on Provision of External Guarantees are set out in Appendix VI to this circular.

LETTER FROM THE BOARD

14. PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF RELATED PARTY TRANSACTIONS

The Board proposed to amend the Administrative Measures of Related Party Transactions to align with current PRC laws and regulations and the provisions of the Articles of Association. The proposed amendments updated the legal basis and regulatory references, refined the classification of related persons and connected persons, and updated the procedures for approval and disclosure. Details of the proposed amendments to and the full text of the Administrative Measures of Related Party Transactions are set out in Appendix VII to this circular.

15. PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

The Board proposed to amend the Administrative Measures of External Investments to align with current PRC laws and regulations and the provisions of the Articles of Association. The proposed amendments updated the legal basis and regulatory references, and deleted certain references to the Board of Supervisors. Details of the proposed amendments to and the full text of the Administrative Measures of External Investments are set out in Appendix VIII to this circular.

16. AGM

The Board proposed to convene the AGM, to consider and, if thought fit, approve (i) report of the Board for the year 2025; (ii) the 2025 annual report of the Company; (iii) the proposed profit distribution plan for the year 2025; (iv) the proposed re-appointment of independent auditors of the Company for the year 2026; (v) the purchase of liability insurance for Directors and senior management; (vi) the proposal on the 2026 annual external guarantee amount; (vii) the proposal on the 2026 asset pool business of the Company; (viii) the proposal on the 2026 engagement in foreign exchange and raw material hedging business; (ix) the proposed adoption of the Management Rules of Remuneration for Directors and Senior Management; (x) the proposal on the 2026 remuneration plan for Directors; (xi) proposed amendments to the Administrative Measures of Use of Proceeds; (xii) proposed amendments to the Administrative Measures on Provision of External Guarantees; (xiii) proposed amendments to the Administrative Measures of Related Party Transactions; and (xiv) proposed amendments to the Administrative Measures of External Investments, at Multi-functional Meeting Room, 2/F, YOFC Headquarters Building, No. 65 Guanggu Chuangye Street, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Tuesday, June 30, 2026 at 2:00 p.m. The Company has provided holders of H Shares with the notice of the AGM and form of proxy.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. The proxy form should be returned by holder of H Shares to the Company's H Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong

LETTER FROM THE BOARD

Kong, by hand or by post not less than 24 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

17. CLOSURE OF REGISTER OF MEMBERS

In order to determine the holders of H Shares who are qualified to attend the AGM and entitled to the proposed dividend (subject to approval of the Shareholders), the Company will suspend registration of H Share transfer on the following dates:

so as to determine the holders of H Shares who are qualified to attend and vote at the AGM:

Latest time for lodging transfers of H Shares	4:30 p.m., Wednesday, June 24, 2026
Closure date of H Share register of members	from Thursday, June 25, 2026 to Tuesday, June 30, 2026 (both days inclusive)
Record Date	Tuesday, June 30, 2026
Latest time for return of proxy form of the AGM	2:00 p.m., Monday, June 29, 2026
Date of the AGM	Tuesday, June 30, 2026

so as to determine the holders of H Shares who are entitled to the proposed dividend:

Latest time for lodging transfers of H Shares	4:30 p.m., Monday, July 6, 2026
Closure date of H Share register of members	from Tuesday, July 7, 2026 to Thursday, July 9, 2026 (both days inclusive)
Dividend Entitlement Date	Thursday, July 9, 2026

In order for the holders of H Shares to be qualified to attend and vote at the AGM and be entitled to the proposed dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration before the aforesaid deadline for lodging the transfer documents (for holders of H Shares).

LETTER FROM THE BOARD

Holders of H Shares whose names appear on the register of members of the Company on Thursday, July 9, 2026 (the “**Dividend Entitlement Date**”) are entitled to the proposed dividend of the Company (subject to approval of the Shareholders). For the avoidance of doubt, holders of any treasury Shares are not entitled to any proposed dividend of the Company in respect of any treasury Shares held by them, if any.

Shareholders should read this paragraph carefully. Should there be anyone who intends to change his/her identity as a Shareholder, please seek advice on the relevant procedures from the nominees or trustees. The Company is neither obligated nor responsible for ascertaining the identities of the Shareholders. In addition, the Company will withhold corporate income tax and individual income tax in strict compliance with the relevant laws or regulations and the registered information on the H Share register of members as at the Dividend Entitlement Date, and will not entertain or assume responsibility for any requests or claims in relation to any delay or inaccuracies in ascertaining the identities of the Shareholders or any disputes over the arrangements for withholding the corporate income tax and individual income tax.

18. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the AGM will be taken by poll, except for resolutions relating solely to procedural or administrative matters on which the chairman of the AGM decides in good faith to permit voting by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

19. RECOMMENDATION

The Board considers that the resolutions proposed for consideration and approval by Shareholders at the AGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the resolutions to be proposed at the AGM.

20. ADDITIONAL INFORMATION

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

Yours faithfully

For and on behalf of the Board

Yangtze Optical Fibre and Cable Joint Stock Limited Company*

長飛光纖光纜股份有限公司

Ma Jie

Chairman

* For identification purpose only

To satisfy the daily operational needs of each subsidiary of the Group, the Company proposed that during year 2026, the Company would provide its subsidiaries and those subsidiaries would provide among each other guarantees not exceeding the amount of USD207 million, RMB8.5 million, ZAR160 million, EUR5 million, equivalent to approximately RMB 1,543 million. Details of the 2026 annual external guarantee amount are set out below:

No.	Name of Subsidiary	Shareholding percentage of the Company	Gearing ratio of the subsidiary as of December 31, 2025	Estimated guarantee amount for the year 2026	The estimated guarantee amount as a percentage of the net assets of the Company as of December 31, 2025
1	Yangtze Optical Fibre and Cable Company (Hong Kong) Limited	100%	77.06%	USD110 million	5.50%
2	PT Yangtze Optics Indonesia	100%	43.23%	USD15 million	0.50%
3	Yangtze Optics Africa Cable Proprietary Limited	74.9%	39.96%	ZAR160 million	0.47%
4	YOFC International (Singapore) Pte. Ltd.	100%	56.47%	USD5 million	0.25%
5	YOFC Peru S.A.C.	100%	81.91%	USD60 million	3.00%
6	YOFC International (Thailand) Co., Ltd.	100%	112.67%	RMB8.5 million	0.06%
7	PT YOFC International Indonesia	100%	99.99%	USD10 million	0.75%
8	Yangtze Optics Mexico Cable S.A. de C.V.	100%	38.02%	USD5 million	0.25%
9	YOFC International (Poland) sp. z o.o.	100%	97.22%	EUR5 million	0.29%
10	YOFC International (Malaysia) Sdn. Bhd.	100%	78.78%	USD2 million	0.10%

The actual financing amount of each of the Company's subsidiary shall not exceed the amount guaranteed, and the actual financing amount shall be reasonably determined according to the actual needs of such company. The 2026 annual external guarantee amount shall be valid from the date of the approval by the Shareholders until the date on which the resolution regarding the guarantee quota for the year 2027 is considered at the general meeting of the Company.

BASIC INFORMATION ON THE GUARANTEED PARTIES**1. Yangtze Optical Fibre and Cable Company (Hong Kong) Limited**

Shareholding Structure: 100% owned by the Company

Key Financial Position: As of December 31, 2025, Yangtze Optical Fibre and Cable Company (Hong Kong) Limited had total assets of RMB3,424.2774 million, total liabilities of RMB2,638.6601 million, net assets of RMB785.6173 million; operating income of RMB945.6618 million and net profit of RMB116.8706 million for the year 2025. (The above information has not been audited and was converted into RMB)

2. PT Yangtze Optics Indonesia

Shareholding Structure: 29.65% owned by the Company, 70.35% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited

Key Financial Position: As of December 31, 2025, PT Yangtze Optics Indonesia had total assets of RMB379.7663 million, total liabilities of RMB164.1870 million, net assets of RMB215.5793 million; operating income of RMB213.4899 million and net profit of RMB15.5408 million for the year 2025. (The above information has not been audited and was converted into RMB)

3. Yangtze Optics Africa Cable Proprietary Limited

Shareholding Structure: 100% owned by Yangtze Optics Africa Holdings Proprietary Limited, which is in turn 51% owned by the Company, 23.9% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited, and 25.1% owned by Mustek Limited

Key Financial Position: As of December 31, 2025, Yangtze Optics Africa Cable Proprietary Limited had total assets of RMB227.4161 million, total liabilities of RMB90.8643 million, net assets of RMB136.5518 million; operating income of RMB178.0654 million and net profit of RMB28.5634 million for the year 2025. (The above information has not been audited and was converted into RMB)

4. YOFC International (Singapore) Pte. Ltd.

Shareholding Structure: 100% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited

Key Financial Position: As of December 31, 2025, YOFC International (Singapore) Pte. Ltd. had total assets of RMB636.9226 million, total liabilities of RMB359.6712 million, net assets of RMB277.2514 million; operating income of RMB16.3041 million and net loss of RMB0.1596 million for the year 2025. (The above information has not been audited and was converted into RMB)

5. YOFC Peru S.A.C.

Shareholding Structure: 100% controlled by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited.

Key Financial Position: As of December 31, 2025, YOFC Peru S.A.C. had total assets of RMB1,067.0056 million, total liabilities of RMB874.0187 million, net assets of RMB192.9869 million; operating income of RMB106.6738 million and net loss of RMB35.9776 million for the year 2025. (The above information has not been audited and was converted into RMB)

6. YOFC International (Thailand) Co., Ltd.

Shareholding Structure: 100% controlled by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited

Key Financial Position: As of December 31, 2025, YOFC International (Thailand) Co., Ltd. had total assets of RMB39.7002 million, total liabilities of RMB44.7307 million, net liabilities of RMB5.0305 million; operating income of RMB37.5745 million and net loss of RMB6.3815 million for the year 2025. (The above information has not been audited and was converted into RMB)

7. PT YOFC International Indonesia

Shareholding Structure: 70% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited and 30% owned by YOFC International (Singapore) Pte. Ltd.

Key Financial Position: As of December 31, 2025, PT YOFC International Indonesia had total assets of RMB293.0166 million, total liabilities of RMB292.9890 million, net assets of RMB0.0276 million; operating income of RMB362.3469 million and net profit of RMB8.4319 million for the year 2025. (The above information has not been audited and was converted into RMB)

8. Yangtze Optics Mexico Cable S.A. de C.V.

Shareholding Structure: 24.5% owned by YOFC International (Singapore) Pte. Ltd. and 75.5% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited

Key Financial Position: As of December 31, 2025, Yangtze Optics Mexico Cable S.A. de C.V. had total assets of RMB247.2019 million, total liabilities of RMB93.9929 million, net assets of RMB153.2090 million; operating income of RMB89.1259 million and net loss of RMB1.7527 million for the year 2025. (The above information has not been audited and was converted into RMB)

9. YOFC International (Poland) sp. z o.o.

Shareholding Structure: 100% owned by YOFC International (Singapore) Pte. Ltd.

Key Financial Position: As of December 31, 2025, YOFC International (Poland) sp. z o.o. had total assets of RMB132.8114 million, total liabilities of RMB129.1256 million, net assets of RMB3.6858 million; operating income of RMB168.1255 million and net profit of RMB2.6723 million for the year 2025. (The above information has not been audited and was converted into RMB)

10. YOFC International (Malaysia) Sdn. Bhd.

Shareholding Structure: 100% owned by YOFC International (Singapore) Pte. Ltd.

Key Financial Position: As of December 31, 2025, YOFC International (Malaysia) Sdn. Bhd. had total assets of RMB45.8241 million, total liabilities of RMB36.1009 million, net assets of RMB9.7231 million; operating income of RMB41.4495 million and net profit of RMB1.3021 million for the year 2025. (The above information has not been audited and was converted into RMB)

On March 27, 2026, the Proposal on the 2026 Asset Pool Business of the Company and its Subsidiaries was considered and approved at the Board meeting, pursuant to which the Company and its subsidiaries are allowed to conduct asset pool business with creditworthy commercial banks in China based on actual business development and financing needs, provided that the total current balance of the asset pool shall not be more than RMB800 million.

I. OVERVIEW OF ASSET POOL BUSINESS

1. Business Overview

Asset pool business refers to correspondent financial institutions setting up an asset pool for the Company and the subsidiaries to meet their needs for unified management and coordinated use of financial assets held by them, which is an integrated asset management service system offering a wide range of functions to the Group, including allocation and removal, as well as pledge financing of financial assets.

2. Business Entities Implemented

The Company and the subsidiaries in its consolidated statements.

3. Asset Categories

The asset pool business will include only financial assets such as certificates of deposit, acceptance bills, letters of credit and investment products, etc.

4. Cooperating Financial Institutions

The financial institutions with which the Company proposes to conduct asset pool business will be creditworthy commercial banks in China. Such banks will be selected based on various factors such as the Company's relationships with commercial banks and the asset pool service capabilities of the commercial banks, determined by the Company's management authorised in the general meeting of the Company.

5. Term of Business

The operating term for the above asset pool business shall take effect upon approval at the general meeting and the date of relevant agreements to June 30, 2027.

6. Quota

The Group will share an asset pool quota of no more than RMB800 million, which means that the total current balance of pledged certificates of deposit, acceptance bills, letters of credit and investment products used to carry out asset pool business with all cooperating banks shall not exceed RMB800 million. Such quota can be used on a revolving basis during the term of business.

7. Types of Collateral

Under the premise of controllable risk, the Group can adopt various guarantee methods for the establishment and use of asset pool, such as certificate of deposit pledge, bill pledge, letter of credit pledge and margin pledge. The maximum guarantee amount of the asset pool shall not exceed RMB800 million.

II. PURPOSE OF ASSET POOL BUSINESS

By carrying out the asset pool business, the Group can deposit the financial assets such as certificates of deposit, acceptance bills, letters of credit and investment products received in the cooperating financial institutions for centralized management, while retaining the same form and ratio of financial asset allocation, effectively revitalizing the corporate economic resources occupied by financial assets, as well as achieving balanced management of returns, risks and liquidity. The Group may utilize its existing financial assets in the asset pool as pledge to issue bank acceptance bills, letters of credit, letters of guarantee and other marketable instruments in an amount not exceeding the pledged amount, enabling the Group to reduce the occupation of monetary funds, improving the efficiency in the utilization of current assets and maximizing shareholders' equity.

At the same time, the approved asset pool quota may be shared among the companies within the Group, which addresses issues of insufficient credit facilities or the difficulty in obtaining credit for some of the subsidiaries of the Group.

III. RISKS OF ASSET POOL BUSINESS AND RISK CONTROL

To carry out the asset pool business, the Group needs to open a special margin account for the asset pool pledge financing business with the cooperating financial institutions, which is used as an account for collecting pledged bills due. The inconsistency between the maturity of bills receivables and bills payables may cause the custody capital entering into the margin account of the Group that applies for the issuance of bank acceptance bills to cooperating financial institutions, which may cause certain impacts on the liquidity of the Group.

Risk control measures: the Group can mitigate the impact by replacing margin deposits with newly received bills, which makes the liquidity risk controllable.

IV. DECISION-MAKING PROCEDURES AND ORGANISATIONAL IMPLEMENTATION

As the asset-liability ratio of certain subsidiaries in consolidated statements of the Group is higher than 70%, and the asset pool business involves guarantees amongst the Company's subsidiaries in consolidated statements, this proposal is subject to the approval of the Board and may be implemented only after being submitted to the latest general meeting of the Company for consideration and approval.

Within the above quota and term of the asset pool business, the Board of the Company proposed to seek authorization from the general meeting for the management to exercise specific right of decision-making and execute relevant contracts and other legal documents, including but not limited to, the selection of qualified cooperating financial institutions, the quota allocation of different legal entities within the Group and execution of relevant agreements.

On March 27, 2026, the Proposal on the 2026 Foreign Exchange and Raw Material Hedging Transaction Business by the Company and its Subsidiaries was considered and approved at the Board meeting, pursuant to which the Company and its subsidiaries are allowed to conduct foreign exchange and raw material hedging transactions, including spot transactions, forward transactions, foreign exchange swaps, interest rate swaps, options and other related derivative products.

I. PURPOSE OF HEDGING

With the further implementation of the Company's internationalization strategy, the Company's overseas business continues to expand. The Company's overseas revenue reached approximately RMB6.09 billion in 2025, accounting for approximately 42.74% of total revenue. To mitigate the impact of exchange rate and interest rate fluctuations on the Company's production, operation and cost control, the Company and its subsidiaries intend to conduct foreign exchange hedging business with their own funds based on the actual status of foreign currency-denominated assets, liabilities, payables and receivables. Such hedging business will help the Company control systematic foreign exchange risk, reduce the volatility of exchange gains and losses, and safeguard the safety of overseas assets and the sustainable development of overseas business. The Company and its subsidiaries propose to conduct foreign exchange hedging transactions closely connected with daily operational needs based on the actual status of assets, liabilities and foreign exchange receipts and payments, so as to control systematic foreign exchange risk, reduce the impact of foreign exchange market volatility on the Company's operating results, and safeguard the safety of the Company's assets and the long-term sustainable development of its overseas businesses.

The Company's subsidiaries, Yangtze (Jiangsu) Marine Technology Company Limited, Wuhan YOFC Cable Co., Ltd., and Radio Frequency Systems (Suzhou) Co., Ltd., are engaged in the production of power cables. To effectively reduce the impact of raw material price fluctuations on production costs and enhance the risk resistance capability of the relevant businesses, the Company and its subsidiaries propose to conduct hedging transactions on copper, lead, aluminum and other major raw materials required for daily production to reduce price fluctuation risks.

II. PRODUCTS AND TOOLS

The foreign exchange hedging transactions are strictly restricted to those currencies used in daily operational settlement. Products include spot transactions, forward transactions, foreign exchange swaps, interest rate swaps, options and relevant combined products.

The raw material hedging transactions are limited to copper, lead, aluminum and other commodities required for production. Products include futures, options and relevant combined products.

The duration of hedging products shall match the Company's actual business needs and shall generally not exceed three years.

III. HEDGING STRATEGY

The foreign exchange and raw material hedging transactions are conducted to satisfy business needs and to control the Company's systematic foreign exchange and raw material risks. In implementation, suitable products will be selected according to market dynamics to optimize hedging costs. Any speculation is strictly prohibited.

IV. COUNTERPARTIES

The Company will only select domestic and international financial institutions which possess qualifications for derivatives transactions, maintain prudent business practices and have sound financial conditions as its counterparties.

V. TRANSACTION AMOUNT AND DURATION

The margin limit for the foreign exchange and raw material hedging transactions shall be RMB200 million. Such limit may be used on a revolving basis during the authorization period; however, the outstanding balance of margin (including amounts reinvested from gains on the aforementioned transactions) at any given point in time shall not exceed RMB200 million.

Between the period from the approval date of the Board on March 27, 2026 and the approval from the AGM, the outstanding balance of hedging transactions shall not exceed RMB6.90 billion at any given point in time. Between the approval from the AGM and June 30, 2027, the outstanding balance of hedging transactions shall not exceed RMB6.9 billion at any given point in time.

The outstanding balance limit of hedging transactions between RMB6.9 billion and RMB12.0 billion shall be approved by the AGM.

VI. SOURCE OF FUNDS

The funds for the hedging transactions shall be the Company's own funds and shall not involve the use of raised funds.

VII. RISK ANALYSIS AND RISK CONTROL MEASURES**1. Risks**

- (1) Market risk: Differences between the exchange rates or interest rates of foreign exchange derivative contracts and actual market rates, and differences between raw material futures/derivative contract prices and market prices of such raw materials, may cause changes in contract value. While such changes form a hedging offset against the value changes of the corresponding risk assets, there remains a risk of loss.
- (2) Liquidity risk: While the hedging transactions are conducted based on the Company's actual foreign exchange receipts and payments and raw material production needs, there remains a risk that transactions cannot be completed due to insufficient market liquidity.
- (3) Performance risk: There is a risk of counterparty default on derivative contracts.
- (4) Overseas and OTC derivative risk: Risks arising from changes in overseas political, economic and legal conditions, or from insufficient liquidity of OTC products and counterparty default.
- (5) Other risks: Changes in relevant laws and regulations or unclear contract terms may render contracts unenforceable, causing losses to the Company.

2. Risk Control Measures

- (1) The hedging transactions are closely connected with daily operational needs, and no speculation shall be conducted.
- (2) The Company has formulated the Foreign Exchange Risk Management System, the Foreign Exchange Trading Measures and the Futures Hedging Business Management System to regulate the hedging transactions, and has also formulated the Administrative Measures for Minor Currency Foreign Exchange Risk Control to strengthen risk management of emerging market currencies.
- (3) The Company has established dedicated positions for hedging transactions, staffed with personnel possessing relevant business experience and professional knowledge.
- (4) Counterparties selected shall be reputable domestic and international financial institutions with qualifications for derivatives transactions. The Company shall prudently review contract terms and strictly implement its risk management system.

**THE MANAGEMENT RULES OF REMUNERATION FOR DIRECTORS AND SENIOR
MANAGEMENT****CHAPTER 1 GENERAL PROVISIONS**

ARTICLE 1 In order to regulate the remuneration management of the directors and senior management of Yangtze Optical Fibre and Cable Joint Stock Limited Company* (hereinafter referred to as the “**Company**”), establish scientific and effective incentive and restraint mechanisms, improve the Company’s operational management level, and promote stable operations and sustainable development of the Company, these Rules (hereinafter referred to as the “**Rules**”) are formulated in accordance with the relevant provisions of the Company Law of the People’s Republic of China, the Governance Code for Listed Companies as well as other relevant laws, regulations, rules, normative documents, and the Articles of Association of Yangtze Optical Fibre and Cable Joint Stock Limited Company* (hereinafter referred to as the “**Articles of Association**”) in view of the actual situations of the Company.

ARTICLE 2 The Rules apply to the directors and senior management of the Company.

ARTICLE 3 The remuneration management of the Company shall adhere to the following principles:

- (I) Remunerations shall be aligned with the Company’s position in the international industry and its development strategy;
- (II) Remunerations shall be aligned with the Company’s operating results;
- (III) Remunerations shall be commensurate with individuals’ duties, contributions and performance;
- (IV) Remunerations shall be connected to the Company’s sustainable development and ESG indicators.

CHAPTER 2 REMUNERATION MANAGEMENT AUTHORITY

ARTICLE 4 Under the authorization of the Board, the Nomination and Remuneration Committee of the Board of the Company shall be responsible for formulating remuneration policies, standards and plans for the Company’s directors and senior management; reviewing the performance of duties by the directors and senior management and conducting evaluations for their performance; and supervising the implementation of the Company’s remuneration policies.

ARTICLE 5 The Board shall be responsible for reviewing the remuneration proposal for senior management of the Company. The General Meeting shall be responsible for reviewing the remuneration proposal for directors.

ARTICLE 6 Relevant functional departments of the Company shall assist the Nomination and Remuneration Committee of the Board in the implementation of remuneration proposals for directors and senior management.

CHAPTER 3 PROPOSAL FOR AND COMPOSITION OF REMUNERATIONS

ARTICLE 7 The remunerations for executive directors and senior management of the Company shall consist of basic salary and performance-based remuneration:

(I) Basic salary

Base salary represents the basic remuneration received for fulfilling core position responsibilities. Base salary is determined based on a comprehensive assessment of factors including the responsibilities, position requirements, and significance of the role held by executive directors and senior management, as well as the market benchmark.

(II) Performance-based remuneration

Performance-based remuneration serves as incentive remuneration awarded for value creation during the operational period. Performance-based remuneration is determined based on the Company's achievement of operational objectives and the individual's work performance during the assessment period. In principle, the proportion of performance-based remuneration shall not be less than 50% of total remuneration. A portion of this remuneration is paid following the disclosure of annual financial reports and performance evaluations, which must be conducted based on audited financial data.

ARTICLE 8 The Company's non-executive directors and independent directors shall be subject to fixed allowance (fee) policy.

ARTICLE 9 In accordance with relevant laws and regulations and incentive needs, the Company may implement medium and long-term incentives for core employees, including directors and senior management, through methods such as restricted stock, share options, and employee share ownership plans.

CHAPTER 4 PERFORMANCE APPRAISAL

ARTICLE 10 The performance appraisal of the Company's executive directors and senior management shall be conducted on an annual basis, including the following stages: goal setting, process tracking, appraisal evaluation, results feedback, and performance appeals.

ARTICLE 11 The performance evaluation of the executive directors and senior management shall be organized by the Nomination and Remuneration Committee of the Board.

ARTICLE 12 In the event that the Nomination and Remuneration Committee of the Board is evaluating the performance of a director or discussing his/her remuneration, such director shall abstain from the meeting.

CHAPTER 5 PAYMENT OF REMUNERATION

ARTICLE 13 Remuneration for executive directors and senior management shall be paid in accordance with the Company's internal remuneration payment system. Independent directors' allowances (fees) shall be paid monthly following the date of approval of the resolution in relation to their appointment or remuneration at the General Meeting.

ARTICLE 14 The Company shall withhold and pay individual income tax on behalf of directors and senior management in accordance with relevant state regulations.

CHAPTER 6 REMUNERATION SUSPENSION AND CLAWBACK

ARTICLE 15 If the Company is found to have been involved in financial fraud, fund misappropriation by shareholders, non-compliant guarantees or other illegal or non-compliant activities, the Company shall reduce or suspend the payment of any unpaid performance-based remunerations and medium-and long-term incentive income to the responsible executive directors and senior management based on the severity of the situation, and fully or partially reclaim any performance-based remunerations and medium-and long-term incentive income that have already been paid for the period when the relevant activities occurred.

If there are errors in the Company's financial reports and retrospective restatements are necessary, the performance-based remunerations for the executive directors and senior management shall be reassessed in a timely manner, and any excess amounts shall be reclaimed accordingly.

ARTICLE 16 In the event that any of the following circumstances occur during any assessment year within the tenure of a director or senior management, the Nomination and Remuneration Committee of the Board shall consider and determine whether to deduct or withhold the payment of such person's annual remuneration:

- (I) being publicly censured or declared as inappropriate candidates by stock exchanges;
- (II) being imposed with administrative penalties by the securities regulatory authorities of the places where the Company's shares are listed due to material illegal or non-compliant acts;
- (III) any other circumstances which as prescribed by laws and regulations, or in the opinion of the Nomination and Remuneration Committee of the Board, constitute a serious breach of the relevant regulations of the Company.

CHAPTER 7 SUPPLEMENTARY PROVISIONS

ARTICLE 17 Matters not covered herein shall be dealt with in accordance with the requirements of relevant laws, regulations, rules, normative documents and the Articles of Association. In case of changes in the relevant regulatory rules during the implementation of the Rules, such changes shall prevail.

ARTICLE 18 The Rules and any amendments thereto shall become effective upon approval by the general meeting of the Company.

ARTICLE 19 The Rules shall be interpreted by the Board of the Company.

* *For identification purpose only*

APPENDIX V PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF USE OF PROCEEDS

1. PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF USE OF PROCEEDS

Details of the proposed amendments to the Administrative Measures of Use of Proceeds are set out below:

Existing Articles	Proposed Amendments
CHAPTER 1 GENERAL PROVISIONS	CHAPTER 1 GENERAL PROVISIONS
<p>Article 1 In order to regulate the deposit, use and administration of the proceeds of Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Company”), enhance the efficiency and effectiveness of the use of proceeds, keep proceeds safe from relevant risk and protect the lawful interests of investors, these Measures are hereby formulated in accordance with the Company Law of the People’s Republic of China, Securities Law of the People’s Republic of China, Rules Governing the Listing of Securities on the Shanghai Stock Exchange, the No. 2 Guideline on Supervising Listed Companies – Supervisory Requirements for Management and Use of Raised Funds of Listed Companies, Administrative Measures for Raising Proceeds by Companies Listed on the Shanghai Stock Exchange (hereinafter referred to as the “Measures for Proceeds”), other relevant laws, regulations, normative documents and the Articles of Association of the Company (hereinafter referred to as the “Articles of Association”), and based on the actual circumstances of the Company.</p>	<p>Article 1 In order to regulate the deposit, use and administration of the proceeds of Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Company”), enhance the efficiency and effectiveness of the use of proceeds, keep proceeds safe from relevant risk and protect the lawful interests of investors, these Measures are hereby formulated in accordance with the Company Law of the People’s Republic of China, Securities Law of the People’s Republic of China, <u>the Measures for the Administration of Registration of Securities Issuance by Listed Companies, the Rules for the Supervision of Proceeds of Listed Companies, Rules Governing the Listing of Stocks</u>Securities on the Shanghai Stock Exchange, <u>the Self-Regulatory Guidelines for Listed Companies of the Shanghai Stock Exchange No. 1 – Standard Operation,</u> the No. 2 Guideline on Supervising Listed Companies – Supervisory Requirements for Management and Use of Raised Funds of Listed Companies, Administrative Measures for Raising Proceeds by Companies Listed on the Shanghai Stock Exchange (hereinafter referred to as the “Measures for Proceeds”), other relevant laws, regulations, normative documents and the Articles of Association of the Company (hereinafter referred to as the “Articles of Association”), and based on the actual circumstances of the Company.</p>

Existing Articles	Proposed Amendments
<p>Article 2 Proceeds herein refer to the proceeds from public offering of securities (including initial public offering, share allotment, additional issue, issue of convertible corporate bonds, convertible bonds with warrants, etc.) and private issue of securities to investors by the Company within China, excluding funds raised from equity incentive plans.</p> <p>Where the actual net proceeds are in excess of the funds planned to be raised, these Measures shall be applied to the use and administration of the excessive part (hereinafter referred to as the “Excessive Funds”).</p> <p>The administration of proceeds within the market for H shares shall be carried out in accordance with the Listing Rules of the Stock Exchange of Hong Kong Limited.</p>	<p>Article 2 Proceeds herein refer to the proceeds <u>raised by the Company from investors through the issue of shares or other equity-type securities within China for specific purposes,</u>from public offering of securities (including initial public offering, share allotment, additional issue, issue of convertible corporate bonds, convertible bonds with warrants, etc.) and private issue of securities to investors by the Company within China, excluding funds raised <u>by the Company for the implementation of</u>from equity incentive plans.</p> <p>Where the actual net proceeds are in excess of the funds planned to be raised, these Measures shall be applied to the use and administration of the excessive part (hereinafter referred to as the “Excessive Funds”).</p> <p>The administration of proceeds within the market for H shares shall be carried out in accordance with the Listing Rules of the Stock Exchange of Hong Kong Limited.</p>
<p>Article 3 The proceeds shall be deposited, used and administrated in accordance with these Measures and ensure that the use of the fund is standardized, disclosed and transparent.</p>	<p>Article 3 The proceeds shall be deposited, used and administrated in accordance with these Measures and ensure that the use of the fund is standardized, disclosed and transparent.<u>of the Company shall be used exclusively for the specified purposes. The use of proceeds by the Company shall comply with national industrial policies and relevant laws and regulations, uphold the concept of sustainable development and fulfill social responsibilities. Such proceeds shall in principle be used for the Company’s principal business, so as to help enhance the Company’s competitiveness and innovation capacity.</u></p>

Existing Articles	Proposed Amendments
Newly added	<p><u>Article 4 The Board of the Company shall continuously monitor the deposit, administration and use of proceeds, effectively prevent investment risks and improve the efficiency of the use of proceeds.</u></p> <p><u>Directors and senior management of the Company shall act diligently and faithfully, ensure the safety of the Company’s proceeds, and shall not cause the Company to alter the purpose of proceeds without authorization or in a disguised manner.</u></p> <p><u>The controlling shareholder, actual controller (if any, the same hereinafter) and other connected persons of the Company shall not misappropriate the Company’s proceeds, nor seek improper benefits by taking advantage of the Company’s Proceeds-financed Project.</u></p>
CHAPTER 2 DEPOSIT OF PROCEEDS	CHAPTER 2 DEPOSIT OF PROCEEDS
<p>Article 4 The proceeds should be deposited into a segregated account approved by the Board (hereinafter referred to as the“Proceeds Account”) for centralized administration. The Proceeds Account should not be used for deposits of funds other than the proceeds or for any other purposes.</p>	<p>Article 4 Article 5 The proceeds should be deposited into a segregated account approved by the Board (hereinafter referred to as the“Proceeds Account”) for centralized administration. The Proceeds Account should not be used for deposits of funds other than the proceeds or for any other purposes.</p> <p><u>If the Company has more than two financing, it shall set up Proceeds Account separately. The Excessive Funds shall also be deposited in the Proceeds Account for administration.</u></p>
<p>Article 5 Upon availability of raised funds, the Company shall promptly handle procedures for capital verification and the capital verification report should be issued by an accounting firm qualified for securities-related business.</p>	Deleted

Existing Articles	Proposed Amendments
<p>Article 6 The Company shall enter into tri-party administration agreement (hereinafter referred to as the “Agreement”) of the Proceeds Account with the sponsor and the commercial bank with which the proceeds are deposited (hereinafter referred to as the “Commercial Bank”) within 1 month upon such deposit of proceeds. The Agreement shall at least include the following:</p> <p>(1) The Company shall deposit the proceeds into the Proceeds Account;</p> <p>(2) The Commercial Bank shall issue monthly bank statements of the Proceeds Account to the Company, the copies of which shall be delivered to the sponsor(s);</p> <p>(3) Should the Company withdraw more than RMB50 million from the Proceeds Account in either a single transaction or several transactions over any 12 months’ period, and such withdrawal or withdrawals amounts or accumulatively amount to 20% of the gross proceeds net of issuance costs (hereinafter referred to as the “Net Proceeds”), the Company shall inform the sponsor(s) in a timely manner;</p> <p>(4) The sponsor(s) can make enquiries of information on the Proceeds Account to the Commercial Bank at any time; and</p>	<p>Article 6 The Company shall enter into tri-party administration agreement (hereinafter referred to as the “Agreement”) of the Proceeds Account with the sponsor <u>or independent financial consultant</u> and the commercial bank with which the proceeds are deposited (hereinafter referred to as the “Commercial Bank”) within 1 month upon such deposit of proceeds, <u>and make a timely announcement. The Company may use the proceeds upon the execution of the Agreement.</u> The Agreement shall at least include the following:</p> <p><u>(1)(1)</u>—The Company shall deposit the proceeds into the Proceeds Account;</p> <p><u>(2) The account number of the Proceeds Account, the proceeds projects covered by such account and the amount deposited therein;</u></p> <p><u>(2)3</u> The Commercial Bank shall issue monthly bank statements of the Proceeds Account to the Company, the copies of which shall be delivered to the sponsor(s) <u>or independent financial consultant</u>;</p> <p><u>(3)4</u> Should the Company withdraw more than RMB50 million from the Proceeds Account in either a single transaction or several transactions over any 12 months’ period, and such withdrawal or withdrawals amounts or accumulatively amount to 20% of the gross proceeds net of issuance costs (hereinafter referred to as the “Net Proceeds”), the Company shall inform the sponsor(s) <u>or independent financial consultant</u> in a timely manner;</p> <p><u>(4)5</u> The sponsor(s) <u>or independent financial consultant</u> can make enquiries of information on the Proceeds Account to the Commercial Bank at any time; and</p>

Existing Articles	Proposed Amendments
<p>(5) Liabilities of the Company, the Commercial Bank and the sponsor(s) for breach of the Agreement.</p> <p>Subject to any governing laws, regulations, listing rules of the stock exchanges on which the shares of the Company are listed (hereinafter referred to as the “Listing Rules”) and the Articles of Association, the Company should report the Agreement to the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “SEHK”) for filing and/or announce the same (if needed) within two trading days after the execution thereof.</p> <p>In case of early termination of the Agreement due to any changes in the sponsor or Commercial Bank or other reasons, the Company shall execute a new agreement with the parties concerned within 2 weeks after the Agreement is terminated and shall report the new agreement to the Shanghai Stock Exchange and SEHK for filing and/or announce the same within 2 trading days after the execution thereof according to the relevant laws, regulations, Listing Rules and the Articles of Association.</p>	<p><u>(6) The supervision and guidance duties of the sponsor(s) or independent financial consultant, the notification and cooperation duties of the Commercial Bank, and the supervision methods adopted by the sponsor(s) or independent financial consultant and the Commercial Bank over the use of the Company’s proceeds;</u></p> <p><u>(57) Liabilities of the Company, the Commercial Bank and the sponsor(s) or independent financial consultant for breach of the Agreement.</u></p> <p><u>(8) If the Commercial Bank fails to provide the bank statement to the sponsor(s) or independent financial consultant in a timely manner for three times, or fails to cooperate with the sponsor(s) or independent financial consultant in the inquiry and investigation of the special account information, the Company may terminate the Agreement and cancel the Proceeds Account.</u></p> <p>Subject to any governing laws, regulations, listing rules of the stock exchanges on which the shares of the Company are listed (hereinafter referred to as the “Listing Rules”) and the Articles of Association, the Company should report the Agreement to the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “SEHK”) for filing and/or announce the same (if needed) within two trading days after the execution thereof.</p> <p>In case of early termination of the Agreement due to any changes in the sponsor or Commercial Bank or other reasons, the Company shall execute a new agreement with the parties concerned within 2 weeks after the Agreement is terminated and shall report the new agreement to the Shanghai Stock Exchange and SEHK for filing and/or announce the same within 2 trading days after the execution thereof according to the relevant laws, regulations, Listing Rules and the Articles of Association.</p>

Existing Articles	Proposed Amendments
CHAPTER 3 USE OF PROCEEDS	CHAPTER 3 USE OF PROCEEDS
<p>Article 7 The Company shall comply with the following requirements for the use of Proceeds:</p> <p>(1) The application, approval authority at different levels, decision making procedures, risk administration policies and information disclosure procedures in relation of the use of the Proceeds must strictly comply with any applicable laws, regulations, Listing Rules and the Articles of Association.</p> <p>(2) The Company shall apply the Proceeds in compliance with the plans for use of proceeds as set out in the application of issuance;</p> <p>(3) Should there be any development that significantly affects the normal implementation of the use of Proceeds plans, the Company should report to the Shanghai Stock Exchange and SEHK and issue an announcement in a timely manner.</p>	<p>Article 7 The Company shall comply with the following requirements for the use of Proceeds:</p> <p>(1) The application, approval authority at different levels, decision making procedures, risk administration policies and information disclosure procedures in relation of the use of the Proceeds must strictly comply with any applicable laws, regulations, Listing Rules and the Articles of Association.</p> <p>(2) The Company shall <u>use the proceeds in accordance with the purposes as set out in the Prospectus or other public offering fundraising documents, and shall not alter such purposes without authorization</u>apply the Proceeds in compliance with the plans for use of proceeds as set out in the application of issuance;</p> <p>(3) <u>The Company shall disclose the actual use of proceeds in a truthful, accurate and complete manner. Should there be any development that significantly affects the normal implementation of the use of Proceeds plans, the Company shall make a timely announcements</u>should report to the Shanghai Stock Exchange and SEHK and issue an announcement in a timely manner.</p>

Existing Articles	Proposed Amendments
<p>Article 8 Under certain situations (such as those below) that affect the application of Proceeds in investment project (hereinafter referred to as the “Proceeds-financed Project”), the Company should re-examine the feasibility and estimated earnings of the Proceeds-financed Project again, decide whether or not to continue such projects, and disclose such implementation progress, reasons of deviation and the adjusted Proceeds-financed Project (if any) in the latest periodic report:</p> <p>(1) Significant changes in the market condition of such Proceeds-financed Project;</p> <p>(2) The Proceeds-financed Project have been inactive for more than 1 year;</p> <p>(3) The investment plans have expired and the invested amount has not reached 50% of planned investment;</p> <p>(4) Other abnormality under the Proceeds-financed Project.</p>	<p>Article 8 Under certain situations (such as those below) that affect the application of Proceeds in investment project (hereinafter referred to as the “Proceeds-financed Project”), the Company should re-examine the feasibility and estimated earnings of the Proceeds-financed Project again, decide whether or not to continue such projects; and disclose such implementation progress, reasons of deviation and the adjusted Proceeds-financed Project (if any) in the latest periodic report:</p> <p>(1) Significant changes in the market condition of such Proceeds-financed Project;</p> <p>(2) The Proceeds-financed Project have been inactive for more than 1 year <u>after the receipt of the proceeds;</u></p> <p>(3) The investment plans have expired and the invested amount has not reached 50% of planned investment;</p> <p>(4) Other abnormality under the Proceeds-financed Project.</p> <p><u>The Company shall make a timely disclosure if any of the circumstances specified in the preceding paragraph occurs. Where it is necessary to adjust the investment plan of the proceeds, the Company shall simultaneously disclose the adjusted investment plan of the proceeds. Where a change in the Proceeds-financed Project is involved, the relevant review procedures for changing the purpose of the proceeds shall apply.</u></p> <p><u>The Company shall disclose the details of the re-assessment of the Proceeds-financed Project during the reporting period in its latest periodic report.</u></p>

Existing Articles	Proposed Amendments
<p>Article 9 The Company shall comply with the following requirements for the use of Excessive Funds:</p> <p>(1) In case the Company invested Excessive Funds in projects under construction and new projects (including acquisition of assets), the investment shall be limited to its principal business. The Company shall apply the relevant regulations of Article 21 to 24 of the Measures for Proceeds to conduct the feasibility analysis of the investment projects in a scientific and diligent manner, and carry out the obligation of disclosure in a timely manner.</p> <p>(2) For the use of the Excessive Funds for the purpose of repayment of bank loans and permanently supplementing circulating funds, the cumulative amount over each 12 months shall not exceed 30% of the excessive funds and the Company shall undertake not to engage in any shares or derivatives investment, entrusted loan (include provide financial assistance to others) and other highly risky investment defined by Shanghai Stock Exchange within 12 months after repayment of bank loan or supplementation of circulating funds. Use of Excessive Funds for the foregoing purpose shall be approved by the Board meeting and the General Meeting, with the manner of online voting provided for Shareholders, and the opinions on explicit consent given by independent directors, the supervisory board and the sponsor. The Company shall inform the stock exchanges and make relevant announcement within two trading days after the meeting of the Board of Directors on:</p>	<p>Article 9 <u>The Company shall properly formulate the utilization plan for Excessive Funds in accordance with its development plan and actual production and operation needs. Excessive Funds shall be used for projects under construction and new projects, or for repurchasing the Company's shares and canceling such shares in accordance with the law. The Company shall clarify the specific utilization plan for Excessive Funds no later than the overall completion of the Proceeds-financed Project of the same batch, and shall utilize the funds accordingly. The use of Excessive Funds shall be resolved by the Board in accordance with the law, with the sponsor issuing clear opinions, and shall be submitted to the General Meeting for consideration. The Company shall promptly and fully disclose information relating to the necessity and rationality of the use of Excessive Funds. Where the Company uses Excessive Funds to invest in projects under construction and new projects, it shall also fully disclose the construction plan, investment period, return rate and other information of the relevant projects.</u></p> <p><u>Where it is indeed necessary to use temporarily idle Excessive Funds for cash management or to temporarily supplement working capital, the necessity and rationality thereof shall be explained. Where the Company uses temporarily idle Excessive Funds for cash management or to temporarily supplement working capital, the quota, term and other relevant matters shall be reviewed and approved by the Board, the sponsor shall issue clear opinions, and the Company shall promptly disclose the relevant information.</u></p> <p>The Company shall comply with the following requirements for the use of Excessive Funds:</p>

Existing Articles	Proposed Amendments
<p>(1) the basic information on the Proceeds, including, among others, the time of raising, the amount of the Proceeds and Net Proceeds, the amount of Excessive Funds and investment plans;</p> <p>(2) the information on the use of the raised funds;</p> <p>(3) the necessity of and detailed plan for the Excessive Funds used for permanently supplementing circulating funds or repaying bank loans;</p> <p>(4) the undertaking of not making any high-risk investments or provide financial assistance for others within 12 months after supplementing circulating funds;</p> <p>(5) the impact on the Company of the use of the Excessive Funds for permanently supplementing circulating funds or repaying bank loans; and</p> <p>(6) opinion from the independent directors, supervisory board and the sponsor.</p>	<p>(1) In case the Company invested Excessive Funds in projects under construction and new projects (including acquisition of assets), the investment shall be limited to its principal business. The Company shall apply the relevant regulations of Article 21 to 24 of the Measures for Proceeds to conduct the feasibility analysis of the investment projects in a scientific and diligent manner, and carry out the obligation of disclosure in a timely manner.</p> <p>(2) For the use of the Excessive Funds for the purpose of repayment of bank loans and permanently supplementing circulating funds, the cumulative amount over each 12 months shall not exceed 30% of the excessive funds and the Company shall undertake not to engage in any shares or derivatives investment, entrusted loan (include provide financial assistance to others) and other highly risky investment defined by Shanghai Stock Exchange within 12 months after repayment of bank loan or supplementation of circulating funds. Use of Excessive Funds for the foregoing purpose shall be approved by the Board meeting and the General Meeting, with the manner of online voting provided for Shareholders, and the opinions on explicit consent given by independent directors, the supervisory board and the sponsor. The Company shall inform the stock exchanges and make relevant announcement within two trading days after the meeting of the Board of Directors on:</p> <p>(1) the basic information on the Proceeds, including, among others, the time of raising, the amount of the Proceeds and Net Proceeds, the amount of Excessive Funds and investment plans;</p> <p>(2) the information on the use of the raised funds;</p> <p>(3) the necessity of and detailed plan for the Excessive Funds used for permanently supplementing circulating funds or repaying bank loans;</p>

Existing Articles	Proposed Amendments
	<p>(4) the undertaking of not making any high-risk investments or provide financial assistance for others within 12 months after supplementing circulating funds;</p> <p>(5) the impact on the Company of the use of the Excessive Funds for permanently supplementing circulating funds or repaying bank loans; and</p> <p>(6) opinion from the independent directors, supervisory board and the sponsor.</p>
<p>Article 10 The following acts are prohibited during the Company's use of the Proceeds:</p> <p>(1) The Proceeds-financed Project should not be a financial assets which are held-for-trade and available-for-sale, loans to other parties, and entrusted wealth management, and directly or indirectly invest in companies which major business involves trading of marketable securities;</p> <p>(2) Alternate the use of Proceeds by ways of charge, trusted loans or other methods;</p> <p>(3) The Proceeds are occupied or embezzled by the controlling Shareholder, actual controller or other related parties to obtain improper advantages for the benefit of the related parties by using the Proceeds-financed Project;</p> <p>(4) Other activities that are specified under the relevant laws, regulations, Listing Rules and the Articles of Association.</p>	<p>Article 10 <u>The proceeds shall not be used to hold financial investments, nor shall they be invested directly or indirectly in companies principally engaged in the trading of marketable securities.</u> The following acts are prohibited during the Company's use of the Proceeds:</p> <p>(1) The Proceeds-financed Project should not be a financial assets which are held-for-trade and available-for-sale, loans to other parties, and entrusted wealth management, and directly or indirectly invest in companies which major business involves trading of marketable securities;</p> <p>(2) Alternate the use of Proceeds by ways of charge, trusted loans or other methods;</p> <p>(3) The Proceeds are occupied or embezzled by the controlling Shareholder, actual controller or other related parties to obtain improper advantages for the benefit of the related parties by using the Proceeds-financed Project;<u>Directly or indirectly providing the proceeds to the controlling shareholder, actual controller (if any) and other connected persons for use, or facilitating such connected persons to obtain improper benefits by taking advantage of the Proceeds-financed Project;</u></p> <p>(4) Other activities that are specified under the relevant laws, regulations, Listing Rules and the Articles of Association.</p>

Existing Articles	Proposed Amendments
	<p><u>Where the Company finds that the controlling shareholder, actual controller and other connected persons have misappropriated the proceeds, it shall promptly demand the return of such proceeds and disclose the cause of the misappropriation, the impact on the Company, the repayment and rectification plan as well as the progress of rectification.</u></p>
<p>Article 11 In case the Company has made investment with its own funds into the Proceeds-financed Projects prior to receiving the Proceeds, the proceeds may be used to replace such funds within six months from the receipt thereof.</p> <p>Such replacement shall be approved by the Board with a verification report issued by an accounting firm and the opinions on explicit consent given by independent directors, the supervisory board and the sponsor.</p> <p>The Company shall file a report to the Shanghai Stock Exchange and SEHK (if needed) and made relevant announcement within two trading days after the approval of the Board.</p>	<p>Article 11 In case the Company has made investment with its own funds into the Proceeds-financed Projects prior to receiving the Proceeds, the proceeds may be used to replace such funds within six months from the receipt thereof. If the Company has pre-invested self-raised funds in the Proceeds-financed Project, and replaces self-raised funds with the proceeds after the proceeds are in place, it shall be implemented within 6 months after the proceeds are transferred into the special account.</p> <p><u>During the implementation of the Proceeds-financed Project, payment shall in principle be made directly with the proceeds. Where it is truly difficult to make direct payment with the proceeds for items such as employee remuneration and the purchase of overseas products and equipment, the replacement may be carried out within 6 months after payment with self-raised funds.</u></p> <p><u>The replacement of the proceeds shall be reviewed and approved by the Board, the sponsor shall issue clear opinions, and the Company shall promptly disclose the relevant information.</u></p> <p>Such replacement shall be approved by the Board with a verification report issued by an accounting firm and the opinions on explicit consent given by independent directors, the supervisory board and the sponsor.</p> <p>The Company shall file a report to the Shanghai Stock Exchange and SEHK (if needed) and made relevant announcement within two trading days after the approval of the Board.</p>

Existing Articles	Proposed Amendments
<p>Article 12 The Proceeds which are temporarily idle may be subject to cash management, and the products they invest in must meet the following conditions:</p> <p>(1) high safety, meeting the requirements of capital guarantee, and the issuer of the products can make a commitment on capital guarantee;</p> <p>(2) good liquidity without affecting the smooth progress of the investment plans of the Proceeds.</p> <p>The products shall not be pledged, and the special product settlement account (if applicable) shall not be used for the deposition of the funds other than Proceeds or for any other purposes, and in case of opening or canceling a special product settlement account, the Company shall file with the Shanghai Stock Exchange and SEHK (if needed) and make an announcement within two trading days.</p>	<p>Article 12 <u>The Company may conduct cash management with temporarily idle proceeds. Such cash management shall be carried out through the Proceeds Account or a publicly disclosed product-specific settlement account. Where cash management is conducted through a product-specific settlement account, no funds other than the proceeds shall be deposited in such account, nor shall it be used for other purposes. The conduct of cash management shall not affect the normal progress of the investment plan of the proceeds.</u>The Proceeds which are temporarily idle may be subject to cash management, and the products they invest in must meet the following conditions:</p> <p><u>Cash management products shall meet the following conditions:</u></p> <p><u>(1) They shall be products with high safety, such as structured deposits and certificates of deposit, and shall not be non-principal-guaranteed products;</u></p> <p><u>(2) They shall have good liquidity, with a product term not exceeding twelve months;</u></p> <p><u>(3) The cash management products shall not be pledged.</u></p> <p><u>Only after the cash management products specified in Item (1) mature, the proceeds are recovered on schedule, and an announcement is made, may the Company conduct cash management again within the authorized limit and period.</u></p> <p><u>If the Company opens or cancels a product-specific settlement account, it shall make a timely announcement.</u></p> <p>(1) high safety, meeting the requirements of capital guarantee, and the issuer of the products can make a commitment on capital guarantee;</p> <p>(2) good liquidity without affecting the smooth progress of the investment plans of the Proceeds.</p>

Existing Articles	Proposed Amendments
	<p>The products shall not be pledged, and the special product settlement account (if applicable) shall not be used for the deposition of the funds other than Proceeds or for any other purposes, and in case of opening or canceling a special product settlement account, the Company shall file with the Shanghai Stock Exchange and SEHK (if needed) and make an announcement within two trading days.</p>
<p>Article 13 The investment of idle Proceeds in products shall be subject to the consideration and approval by the Board, with the opinions on explicit consent given by the independent directors, the supervisory board and the sponsor. The Company shall make relevant announcement within two trading days after the meeting of the Board on:</p> <p>(1) the basic information on the Proceeds, including, among others, the time of raising, the amount of the Proceeds and Net Proceeds and investment plans;</p> <p>(2) the information on the use of the Proceeds;</p> <p>(3) the quota and duration of the idle funds for investing in products, whether there is any act of changing the purposes of the funds in disguise and the measures for ensuring the smooth progress of the projects financed by the Proceeds;</p> <p>(4) the income distribution manner, investment scope and safety of the investment products;</p> <p>(5) opinions issued by independent directors, the supervisory board and the sponsor.</p>	<p>Article 13 The investment of idle Proceeds in products shall be subject to the consideration and approval by the Board, with the opinions on explicit consent given by the independent directors, the supervisory board and the sponsor. The Company shall make relevant announcement within two trading days after the meeting of the Board on:<u>Where a Company uses temporarily idle proceeds for cash management, such matter shall be reviewed and approved by the Board of the Company. The sponsor or independent financial consultant shall issue clear opinions thereon, and the Company shall promptly disclose the following contents after the deliberation by the Board:</u></p> <p>(1) the basic information on the Proceeds, including, among others, the time of raising, the amount of the Proceeds and Net Proceeds and investment plans;</p> <p>(2) the information on the use of the Proceeds;</p> <p>(3) the quota and duration of <u>cash management</u>the idle funds for investing in products, whether there is any act of changing the purposes of the funds in disguise and the measures for ensuring the smooth progress of the <u>Proceeds-financed Project</u>projects financed by the Proceeds;</p> <p>(4) the income distribution manner, investment scope and safety of the <u>cash management</u>investment products;</p> <p>(5) opinions issued by <u>the sponsor or independent financial consultant</u>independent directors, the supervisory board and the sponsor.</p>

Existing Articles	Proposed Amendments
<p>Article 14 Subject to any governing laws, regulations, Listing Rules, the Articles of Association, the proceeds which are temporarily idle may be temporarily used to supplement circulating funds. The Company shall meet the following requirements:</p> <p>(1) Limited and to be applied to production and operation related to the principal business, and should not be directly or indirectly applied to placing of new shares, subscription or investment in stocks and any derivative instruments or convertible bonds, etc.; There should not be any de facto changes in the purpose of Proceeds or affect the normal implementation of the Proceeds investment plan;</p> <p>(2) The duration of any individual supplement of circulating funds should not exceed 12 months;</p> <p>(3) Any previous temporary supplement falling due is repaid (if applicable).</p> <p>The temporary use of idle Proceeds to supplement circulating funds by the Company shall be subject to the consideration and approval by the Board of the Company, with the opinions on explicit consent given by independent directors, the supervisory board and the sponsor. The Company shall report to the Shanghai Stock Exchange and make announcement within two trading days after the Board meeting.</p> <p>Before the expiration date of supplementing circulating funds, the Company shall return certain Proceeds to the Proceeds Account, and report to the Shanghai Stock Exchange and SEHK and make announcement within two trading days after the full payback of the Proceeds.</p>	<p>Article 14 Subject to any governing laws, regulations, Listing Rules, the Articles of Association, the proceeds which are temporarily idle may be temporarily used to supplement circulating funds. The Company shall meet the following requirements:<u>Where the Company temporarily uses temporarily idle proceeds to supplement working capital, such use shall be conducted through the Proceeds Account. In addition to applicable laws, regulations, listing rules and the Articles of Association of the Company, the following requirements shall also be complied with:</u></p> <p>(1) <u>No disguised change in the purpose of the proceeds shall be made, and the normal progress of the investment plan of the proceeds shall not be affected;</u></p> <p>(2) <u>Such proceeds shall only</u>Limited and to be applied to production and operation related to the principal business, and should not be directly or indirectly applied to placing of new shares, subscription or investment in stocks and any derivative instruments or convertible bonds, etc.; There should not be any de facto changes in the purpose of Proceeds or affect the normal implementation of the Proceeds investment plan;</p> <p>(23) The duration of any individual supplement of circulating funds should not exceed 12 months;</p> <p>(34) Any previous temporary supplement falling due is repaid (if applicable).</p>

Existing Articles	Proposed Amendments
	<p>The temporary use of idle Proceeds to supplement circulating funds by the Company shall be subject to the consideration and approval by the Board of the Company, with the opinions on explicit consent given by independent directors, the supervisory board and the sponsor. The Company shall report to the Shanghai Stock Exchange and make announcement within two trading days after the Board meeting. Where the Company temporarily uses idle proceeds to supplement working capital, matters such as the quota and term shall be reviewed and approved by the Board of the Company. The sponsor shall issue clear opinions thereon, and the Company shall promptly disclose relevant information.</p> <p>Prior to the maturity date of the supplementary working capital, the Company shall repay such funds to the Proceeds Account and make a timely announcement on the repayment of the proceeds. Before the expiration date of supplementing circulating funds, the Company shall return certain Proceeds to the Proceeds Account, and report to the Shanghai Stock Exchange and SEHK and make announcement within two trading days after the full payback of the Proceeds.</p>
<p>Article 15 Where a single Proceeds-financed Project is completed and the Company uses the remaining Proceeds of such project (including interest income) for other Proceeds-financed Projects, it shall obtain in advance the approval from the Board and express affirmative opinions from the independent directors, supervisory board and sponsor. The Company shall report to the Shanghai Stock Exchange and make announcement within two trading days after the Board meeting.</p> <p>If the balance of the Proceeds (including the interest income) is less than RMB1 million or less than 5% of the committed investment amount of the Proceeds of such Proceeds-financed Project, the Company may be exempted from the preceding procedures, and the use shall be disclosed in its annual report.</p>	<p>Article 15 Where a single Proceeds-financed Project is completed and the Company uses the remaining Proceeds of such project (including interest income) for other Proceeds-financed Projects, it shall obtain in advance the approval from the Board and express affirmative opinions from the independent directors, supervisory board and sponsor <u>or independent financial consultant</u>. The Company shall <u>make a timely announcement after the deliberation by the Board</u> report to the Shanghai Stock Exchange and make announcement within two trading days after the Board meeting.</p> <p>If the balance of the Proceeds (including the interest income) is less than RMB1 million or less than 5% of the committed investment amount of the Proceeds of such Proceeds-financed Project, the Company may be exempted from the preceding procedures, and the use shall be disclosed in its annual report.</p>

Existing Articles	Proposed Amendments
<p>If the balance of the Proceeds (including the interest income) of a single Proceeds-financed Project is used for projects other than the Proceeds-financed Projects (including supplementing of circulating funds), it shall follow relevant procedures and disclosure obligations by reference to the same for changes of Proceeds-financed Projects.</p>	<p>If the balance of the Proceeds (including the interest income) of a single Proceeds-financed Project is used for projects other than the Proceeds-financed Projects (including supplementing of circulating funds), it shall follow relevant procedures and disclosure obligations by reference to the same for changes of Proceeds-financed Projects.</p>
<p>Article 16 Upon completion of all Proceeds-financed Projects, if the balance of the Proceeds (including the interest income) over 10% of the Net Proceeds, the use of such Proceeds balance is subject to the consideration and approval of the Board and the General Meeting with the opinions on explicit consent given by the independent directors, the supervisory board and the sponsor. The Company shall report to the Shanghai Stock Exchange and make an announcement within two trading days after the Board meeting.</p> <p>For the Proceeds balance (including the interest income) under 10% of the Net Proceeds, the use of such Proceeds balance is subject to the consideration and approval of the Board and the explicit consent given by the independent directors, the supervisory board and the sponsor. The Company shall report to the Shanghai Stock Exchange and make an announcement within two trading days after the Board meeting.</p> <p>For the Proceeds balance (including the interest income) under RMB5 million or less than 5% of the Net Proceeds, the use of such Proceeds balance is exempted from the above procedures. The use of such Proceeds balance shall be disclosed in the latest periodic report.</p>	<p>Article 16 Upon completion of all Proceeds-financed Projects, <u>the Company may use the balance of the proceeds (including interest income) only after deliberation and approval by the Board and issuance of clear opinions by the sponsor or independent financial consultant. The Company shall make a timely announcement after the deliberation by the Board. Where the Proceeds balance (including the interest income) account for more than 10% of the Net Proceeds, the use of such Proceeds balance shall also be subject to the consideration and approval of the General Meeting.</u>if the balance of the Proceeds (including the interest income) over 10% of the Net Proceeds, the use of such Proceeds balance is subject to the consideration and approval of the Board and the General Meeting with the opinions on explicit consent given by the independent directors, the supervisory board and the sponsor. The Company shall report to the Shanghai Stock Exchange and make an announcement within two trading days after the Board meeting.</p> <p>For the Proceeds balance (including the interest income) under 10% of the Net Proceeds, the use of such Proceeds balance is subject to the consideration and approval of the Board and the explicit consent given by the independent directors, the supervisory board and the sponsor. The Company shall report to the Shanghai Stock Exchange and make an announcement within two trading days after the Board meeting.</p> <p>For the Proceeds balance (including the interest income) under RMB5 million or less than 5% of the Net Proceeds, the use of such Proceeds balance is exempted from the above procedures. The use of such Proceeds balance shall be disclosed in the latest periodic report.</p>

Existing Articles	Proposed Amendments
CHAPTER 4 CHANGES IN THE PURPOSE OF PROCEEDS	CHAPTER 4 CHANGES IN THE PURPOSE OF PROCEEDS
<p>Article 17 Subject to relevant laws, regulations, Listing Rules and the Articles of Association, changing of the purpose of the Proceeds must be considered and approved by the Board and the General Meeting, subject to the explicit consent of the independent directors, the supervisory board and the sponsor.</p> <p>In case the Company merely changes the venue of implementation of the Proceeds-financed Projects, such changes may be exempt from implementing the procedures of the preceding paragraph but shall be subject to the consideration and approval by the Board. A report shall be filed within two trading days with the Shanghai Stock Exchange and SEHK (if needed) and the reasons for the changes and the opinion of the sponsor shall be announced.</p>	<p>Article 17 <u>Where the Company falls under any of the following circumstances, it shall be deemed as a change of the purpose of the proceeds. The Board shall make a resolution in accordance with the law, the sponsor or the independent financial consultant shall issue clear opinions, and the matter shall be submitted to the General Meeting for deliberation. The Company shall disclose relevant information in a timely manner:</u>Subject to relevant laws, regulations, Listing Rules and the Articles of Association, changing of the purpose of the Proceeds must be considered and approved by the Board and the General Meeting, subject to the explicit consent of the independent directors, the supervisory board and the sponsor.</p> <p>In case the Company merely changes the venue of implementation of the Proceeds-financed Projects, such changes may be exempt from implementing the procedures of the preceding paragraph but shall be subject to the consideration and approval by the Board. A report shall be filed within two trading days with the Shanghai Stock Exchange and SEHK (if needed) and the reasons for the changes and the opinion of the sponsor shall be announced.</p> <p><u>(1) Cancelling or terminating the original Proceeds-financed Project, and implement a new project or permanently supplement working capital;</u></p> <p><u>(2) Changing the implementation entity of the Proceeds-financed Project;</u></p> <p><u>(3) Changing the implementation method of the Proceeds-financed Project;</u></p> <p><u>(4) Other circumstances deemed as a change of the purpose of the proceeds by the China Securities Regulatory Commission (CSRC) or the stock exchange.</u></p>

Existing Articles	Proposed Amendments
	<p><u>Where the Company falls under the circumstance specified in item (1) of the preceding paragraph, the sponsor or independent financial consultant shall, in combination with the previously disclosed documents relating to the proceeds, specify the main reasons for the change of the Proceeds-financed Project and the reasonableness of the opinions previously issued by the intermediary institutions.</u></p> <p><u>A change of the implementation entity of the Proceeds-financed Project between the Company and its wholly-owned subsidiaries, or a change involving only the implementation location of the Proceeds-financed Project, shall not be deemed a change of the purpose of the proceeds. Such matter shall be resolved by the Board without going through the review procedure of the General Meeting. The sponsor or independent financial consultant shall issue clear opinions thereon, and the Company shall promptly disclose relevant information.</u></p>

Existing Articles	Proposed Amendments
<p>Article 19 In case the Company proposes to make changes to a Proceeds-financed Project, it shall report to the Shanghai Stock Exchange and SEHK (if needed) and make an announcement on the following within two trading days from the submission to the Board for consideration:</p> <p>(1) Background information of the original Proceeds-financed Project and the specific reasons of such changes;</p> <p>(2) Background information, feasibility analysis and risks warning on the new Proceeds-financed Project;</p> <p>(3) The investment plan for the new Proceeds-financed Project;</p> <p>(4) The explanation of whether the new Proceeds-financed Project has obtained or pending the approval of the relevant authorities (if applicable);</p> <p>(5) The opinion of the independent directors, the supervisory board and the sponsor in respect of the changes to the Proceeds-financed Project;</p> <p>(6) The explanation of such changes to the Proceeds-financed Project is subject to approval of the General Meeting;</p> <p>(7) Any other content as required by the Shanghai Stock Exchange and SEHK.</p> <p>Where the new Proceeds-financed Project involves any connected transactions, purchase of assets or external investments, the Company shall make disclosure in accordance with relevant rules.</p>	<p>Article 19 In case the Company proposes to make changes to a Proceeds-financed Project, it shall report to the Shanghai Stock Exchange and SEHK (if needed) and make an announcement on the following within two trading days from the submission to the Board for consideration;<u>make a timely announcement on the following after the deliberation by the Board:</u></p> <p>(1) Background information of the original Proceeds-financed Project and the specific reasons of such changes;</p> <p>(2) Background information, feasibility analysis and risks warning on the new Proceeds-financed Project;</p> <p>(3) The investment plan for the new Proceeds-financed Project;</p> <p>(4) The explanation of whether the new Proceeds-financed Project has obtained or pending the approval of the relevant authorities (if applicable);</p> <p>(5) The opinion of the independent directors, the supervisory board and the sponsor <u>or independent financial consultant</u> in respect of the changes to the Proceeds-financed Project;</p> <p>(6) The explanation of such changes to the Proceeds-financed Project is subject to approval of the General Meeting;</p> <p>(7) Any other content as required by the Shanghai Stock Exchange and SEHK.</p> <p>Where the new Proceeds-financed Project involves any connected transactions, purchase of assets or external investments, the Company shall <u>perform the corresponding deliberation procedures and information disclosure obligations</u>make disclosure in accordance with relevant rules.</p>

APPENDIX V PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF USE OF PROCEEDS

Existing Articles	Proposed Amendments
<p>Article 20 Where the Company changes the use of a Proceeds-financed Project to acquisition of assets (including equity) of the controlling Shareholders or actual controller, it shall ensure that horizontal competition can be avoided and the related party transactions can be reduced effectively after such acquisition.</p>	<p>Article 20 Where the Company changes the use of a Proceeds-financed Project to acquisition of assets (including equity) of the controlling Shareholders or actual controller <u>(if any)</u>, it shall ensure that horizontal competition can be avoided and the related party transactions can be reduced effectively after such acquisition.</p>
<p>Article 21 In case the Company proposes transferring an Proceeds-financed Project to others or replacing an Proceeds-financed Project (except for Proceeds-financed Projects which have completed the entire external transfer or replacement in a material asset reconstruction implemented by the Company), it shall report to the Shanghai Stock Exchange and SEHK and make an announcement on the following within two trading days from the submission to the Board for consideration:</p> <p>(1) Specific reasons for the external transfer or replacement of the Proceeds-financed Project;</p> <p>(2) The amount of Proceeds invested in the project;</p> <p>(3) Completion progress of the project and its realized benefit;</p> <p>(4) Basic information, feasibility analysis and risk warning (if applicable) of the replacement project;</p> <p>(5) The pricing basis of the transfer or replacement and relevant return;</p> <p>(6) Opinions on the transfer or replacement of the Proceeds-financed Project from the independent directors, the supervisory board and the sponsor;</p>	<p>Article 21 <u>Except for Proceeds-financed Projects which have completed the entire external transfer or replacement in a material asset reconstruction implemented by the Company, where</u>In case the Company proposes transferring an Proceeds-financed Project to others or replacing an Proceeds-financed Project (except for Proceeds-financed Projects which have completed the entire external transfer or replacement in a material asset reconstruction implemented by the Company), it shall <u>make a timely announcement</u>report to the Shanghai Stock Exchange and SEHK and make an announcement on the following <u>after submitting the matter</u>within two trading days from the submission to the Board for consideration:</p> <p>(1) Specific reasons for the external transfer or replacement of the Proceeds-financed Project;</p> <p>(2) The amount of Proceeds invested in the project;</p> <p>(3) Completion progress of the project and its realized benefit;</p> <p>(4) Basic information, feasibility analysis and risk warning (if applicable) of the replacement project;</p> <p>(5) The pricing basis of the transfer or replacement and relevant return;</p> <p>(6) Opinions on the transfer or replacement of the Proceeds-financed Project from <u>the sponsor or independent financial consultant</u>the independent directors, the supervisory board and the sponsor;</p>

Existing Articles	Proposed Amendments
<p>(7) Explanation that the transfer or replacement of the Proceeds-financed Project is subject to submission to the General Meeting for consideration;</p> <p>(8) Other contents as required by the Shanghai Stock Exchange and SEHK.</p> <p>The Company shall give due regard to the receipt and use of the consideration of the transfer, the change in ownership of the replacing assets and the continuous operation of the replacing assets, and fulfill the obligations of necessary information disclosure.</p>	<p>(7) Explanation that the transfer or replacement of the Proceeds-financed Project is subject to submission to the General Meeting for consideration;</p> <p>(8) Other contents as required by the Shanghai Stock Exchange and SEHK.</p> <p>The Company shall give due regard to the receipt and use of the consideration of the transfer, the change in ownership of the replacing assets and the continuous operation of the replacing assets, and fulfill the obligations of necessary information disclosure.</p>
<p>CHAPTER 5 ADMINISTRATION AND SUPERVISION OF USE OF PROCEEDS</p>	<p>CHAPTER 5 ADMINISTRATION AND SUPERVISION OF USE OF PROCEEDS</p>
<p>Article 22 The Board shall comprehensively review the progress of Proceeds-financed Projects semi-annually, and issue a Special Report on the Deposit and the Actual Use of Proceeds of the Company (“Special Report”). The Special Report shall meet the requirements of Shanghai Stock Exchange and SEHK (if any).</p>	<p>Article 22 <u>The Board of the Company shall continuously monitor the actual administration and use of proceeds and the Excessive Funds (if any), conduct a comprehensive verification on the progress of Proceeds-financed Projects on a semi-annual basis, and prepare, deliberate and disclose the Special Report on Proceeds (hereinafter referred to as the “Special Report”). The Special Report shall cover the basic information of the proceeds and the Excessive Funds, as well as their deposit, administration and use as stipulated in these Measures.</u>The Board shall comprehensively review the progress of Proceeds-financed Projects semi-annually, and issue a Special Report on the Deposit and the Actual Use of Proceeds of the Company (“Special Report”). The Special Report shall meet the requirements of Shanghai Stock Exchange and SEHK (if any). <u>Where the actual progress of Proceeds-financed Projects differs from the investment plan, the Company shall explain specific reasons in the Special Report.</u></p>

Existing Articles	Proposed Amendments
<p>Where the actual progress of Proceeds-financed Projects differs from the investment plan, the Company shall explain specific reasons in the Special Report. When idle Proceeds are used in investment products in the current period, the Company shall disclose returns for the reporting period and investment share, counterparties, product names, term and other information as at the end of the period in the Special Report.</p> <p>The Special Report shall be considered and approved by the Board and the supervisory board, and reported to the Shanghai Stock Exchange and SEHK (if needed) and an announcement thereon shall be released within two trading days upon submission to the Board for consideration. In an annual audit, the Company shall engage an accounting firm to issue a verification report on the deposit and use of Proceeds of the Company, which shall be submitted to the Shanghai Stock Exchange when the Company discloses its annual report, and meanwhile such report shall be disclosed on the website of the Shanghai Stock Exchange.</p>	<p>Where the actual progress of Proceeds-financed Projects differs from the investment plan, the Company shall explain specific reasons in the Special Report. When idle Proceeds are used in investment products in the current period, the Company shall disclose returns for the reporting period and investment share, counterparties, product names, term and other information as at the end of the period in the Special Report.</p> <p>The Special Report shall be considered and approved by the Board and the supervisory board, and reported to the Shanghai Stock Exchange and SEHK (if needed) and an announcement thereon shall be released within two trading days upon submission to the Board for consideration. In an annual audit, the Company shall engage an accounting firm to issue a verification report on the deposit and use of Proceeds of the Company, which shall be submitted to the Shanghai Stock Exchange when the Company discloses its annual report, and meanwhile such report shall be disclosed on the website of the Shanghai Stock Exchange.</p>
<p>Article 23 The sponsor shall conduct at least one on-site survey for the deposit and use of proceeds of the Company semi-annually. After the end of every financial year, the sponsor shall issue a special examination report on the deposit and use of Proceeds of the Company in the year, which shall be submitted to the Shanghai Stock Exchange when the Company discloses its annual report. Such report shall contain the following:</p> <p>(1) Information relating to the deposit, use of Proceeds and the balance of the Proceeds Account;</p>	<p>Article 23 The sponsor <u>or independent financial consultant</u> shall conduct at least one on-site <u>inspection</u> survey for the deposit, <u>administration</u> and use of proceeds of the Company semi-annually. After the end of every financial year, the sponsor <u>or independent financial consultant</u> shall issue a special examination report on the deposit, <u>administration</u> and use of Proceeds of the Company in the year, which shall be <u>disclosed together with the Company's</u> submitted to the Shanghai Stock Exchange when the Company discloses its annual report. Such report shall contain the following:</p> <p>(1) Information relating to the deposit, use of Proceeds and the balance of the Proceeds Account;</p>

Existing Articles	Proposed Amendments
<p>(2) Progress of investment projects, including the difference from the planned investment progress of Proceeds;</p> <p>(3) Information of the replacement of the Company's own fund which invested in the Proceeds-financed Project previously with the Proceeds (if applicable);</p> <p>(4) The use of idle proceeds to supply circulating funds and its effect (if applicable);</p> <p>(5) Any change to use of proceeds (if applicable);</p> <p>(6) Any use of Excessive funds (if applicable);</p> <p>(7) Conclusive opinion relating to whether the deposit and use of Proceeds by the Company is compliant with laws and regulations;</p> <p>(8) Other matters as required by the Shanghai Stock Exchange.</p> <p>After the end of each financial year, the Board of the Company shall disclose in the Special Report the conclusive opinion in the special examination report issued by the sponsor and the verification report issued by the accounting firm.</p>	<p>(2) Progress of <u>the Proceeds-financed Project</u>investment projects, including the difference from the planned investment progress of Proceeds;</p> <p>(3) Information of the replacement of the Company's own fund which invested in the Proceeds-financed Project previously with the Proceeds (if applicable);</p> <p>(4) The use of idle proceeds to supply circulating funds and its effect (if applicable);</p> <p>(5) Any change to use of proceeds (if applicable);</p> <p>(6) Any use of Excessive funds (if applicable);</p> <p>(7) Conclusive opinion relating to whether the deposit and use of Proceeds by the Company is compliant with laws and regulations;</p> <p>(8) Other matters as required by the Shanghai Stock Exchange.</p> <p>After the end of each financial year, the Board of the Company shall disclose in the Special Report the conclusive opinion in the special examination report issued by the sponsor <u>or independent financial consultant</u> and the verification report issued by the accounting firm.</p> <p><u>The Company shall cooperate with the ongoing supervision and guidance and on-site inspections conducted by the sponsor, as well as the audit work performed by the accounting firm, and promptly provide or apply to the bank for provision of necessary materials relating to the deposit, administration and use of proceeds.</u></p>

Existing Articles	Proposed Amendments
<p>Article 24 The independent directors, the audit committee of the Board and the supervisory board shall continuously monitor the administration and use of proceeds. An Accounting firm may be engaged by the audit committee of the Board, the supervisory board or over half of the independent directors to check and issue a specialized audit report on the deposit and the use of Proceeds. The Company shall provide active cooperation and bear any necessary fees.</p> <p>The Board shall report to the Shanghai Stock Exchange and SEHK and release an announcement within two trading days upon the receipt of the specialized audit report issued by the accounting firm. If the audit report identifies any non-compliance in administration and use of proceeds of the Company, the Board shall also announce the incompliance, the consequences of such incompliance that have occurred or may occur and actions that have taken or to be taken.</p>	<p>Article 24 <u>The accounting department of the Company shall set up a ledger for the use of proceeds, and record in detail the disbursement of proceeds and the investment in the proceeds projects.</u>The independent directors, the audit committee of the Board and the supervisory board shall continuously monitor the administration and use of proceeds. An Accounting firm may be engaged by the audit committee of the Board, the supervisory board or over half of the independent directors to check and issue a specialized audit report on the deposit and the use of Proceeds. The Company shall provide active cooperation and bear any necessary fees.</p> <p>The Board shall report to the Shanghai Stock Exchange and SEHK and release an announcement within two trading days upon the receipt of the specialized audit report issued by the accounting firm. If the audit report identifies any non-compliance in administration and use of proceeds of the Company, the Board shall also announce the incompliance, the consequences of such incompliance that have occurred or may occur and actions that have taken or to be taken.<u>The internal audit institution of the Company shall inspect the deposit and use of proceeds at least once every six months, and promptly report the inspection results to the Audit Committee.</u></p> <p><u>Where the Audit Committee of the Company finds that there exist violations or material risks in the administration of the proceeds, or the internal audit institution fails to submit the inspection result report in accordance with the provisions of the preceding paragraph, it shall promptly report to the Board. The Board shall promptly report to the Shanghai Stock Exchange and announce the same upon receipt of the report.</u></p>

APPENDIX V PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF USE OF PROCEEDS

Existing Articles	Proposed Amendments
Article 25 The information of the use of the Proceeds shall be disclosed by the Board of the Company.	Deleted
CHAPTER 6 SUPPLEMENTARY PROVISIONS	CHAPTER 6 SUPPLEMENTARY PROVISIONS
Article 28 These Measures shall be passed at the General Meeting by way of ordinary resolution and come into force on the date thereof, while the Articles in respect of domestic listing of the Company’s Shares shall only be implemented from the date of such listing.	Article 28 Article 27 These Measures shall <u>take effect on the date of consideration and approval by the Board of the Company</u> be passed at the General Meeting by way of ordinary resolution and come into force on the date thereof, while the Articles in respect of domestic listing of the Company’s Shares shall only be implemented from the date of such listing.
Article 29 These Measures shall be interpreted by the Board and shall not be amended unless the amendments are proposed by the Board and approved by the General Meeting after consideration.	Article 29 Article 28 These Measures shall be interpreted <u>and amended</u> by the Board of the Company and shall not be amended unless the amendments are proposed by the Board and approved by the General Meeting after consideration.

2. FULL TEXT OF THE ADMINISTRATIVE MEASURES OF USE OF PROCEEDS

The full text of the Administrative Measures of Use of Proceeds is set out below:

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to regulate the deposit, use and administration of the proceeds of Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Company”), enhance the efficiency and effectiveness of the use of proceeds, keep proceeds safe from relevant risk and protect the lawful interests of investors, these Measures are hereby formulated in accordance with the Company Law of the People’s Republic of China, Securities Law of the People’s Republic of China, the Measures for the Administration of Registration of Securities Issuance by Listed Companies, the Rules for the Supervision of Proceeds of Listed Companies, Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Self-Regulatory Guidelines for Listed Companies of the Shanghai Stock Exchange No. 1 – Standard Operation, other relevant laws, regulations, normative documents and the Articles of Association of the Company (hereinafter referred to as the “Articles of Association”), and based on the actual circumstances of the Company.

Article 2 Proceeds herein refer to the proceeds raised by the Company from investors through the issue of shares or other equity-type securities within China for specific purposes, excluding funds raised by the Company for the implementation of equity incentive plans.

Where the actual net proceeds are in excess of the funds planned to be raised, these Measures shall be applied to the use and administration of the excessive part (hereinafter referred to as the “Excessive Funds”).

The administration of proceeds within the market for H shares shall be carried out in accordance with the Listing Rules of the Stock Exchange of Hong Kong Limited.

Article 3 The proceeds of the Company shall be used exclusively for the specified purposes. The use of proceeds by the Company shall comply with national industrial policies and relevant laws and regulations, uphold the concept of sustainable development and fulfill social responsibilities. Such proceeds shall in principle be used for the Company’s principal business, so as to help enhance the Company’s competitiveness and innovation capacity.

Article 4 The Board of the Company shall continuously monitor the deposit, administration and use of proceeds, effectively prevent investment risks and improve the efficiency of the use of proceeds.

Directors and senior management of the Company shall act diligently and faithfully, ensure the safety of the Company's proceeds, and shall not cause the Company to alter the purpose of proceeds without authorization or in a disguised manner.

The controlling shareholder, actual controller (if any, the same hereinafter) and other connected persons of the Company shall not misappropriate the Company's proceeds, nor seek improper benefits by taking advantage of the Company's Proceeds-financed Project.

CHAPTER 2 DEPOSIT OF PROCEEDS

Article 5 The proceeds should be deposited into a segregated account approved by the Board (hereinafter referred to as the "Proceeds Account") for centralized administration. The Proceeds Account should not be used for deposits of funds other than the proceeds or for any other purposes.

If the Company has more than two financing, it shall set up Proceeds Account separately. The Excessive Funds shall also be deposited in the Proceeds Account for administration.

Article 6 The Company shall enter into tri-party administration agreement (hereinafter referred to as the "Agreement") of the Proceeds Account with the sponsor or independent financial consultant and the commercial bank with which the proceeds are deposited (hereinafter referred to as the "Commercial Bank") within 1 month upon such deposit of proceeds, and make a timely announcement. The Company may use the proceeds upon the execution of the Agreement. The Agreement shall at least include the following:

- (1) The Company shall deposit the proceeds into the Proceeds Account;
- (2) The account number of the Proceeds Account, the proceeds projects covered by such account and the amount deposited therein;
- (3) The Commercial Bank shall issue monthly bank statements of the Proceeds Account to the Company, the copies of which shall be delivered to the sponsor(s) or independent financial consultant;

- (4) Should the Company withdraw more than RMB50 million from the Proceeds Account in either a single transaction or several transactions over any 12 months' period, and such withdrawal or withdrawals amounts or accumulatively amount to 20% of the gross proceeds net of issuance costs (hereinafter referred to as the "Net Proceeds"), the Company shall inform the sponsor(s) or independent financial consultant in a timely manner;
- (5) The sponsor(s) or independent financial consultant can make enquiries of information on the Proceeds Account to the Commercial Bank at any time;
- (6) The supervision and guidance duties of the sponsor(s) or independent financial consultant, the notification and cooperation duties of the Commercial Bank, and the supervision methods adopted by the sponsor(s) or independent financial consultant and the Commercial Bank over the use of the Company's proceeds;
- (7) Liabilities of the Company, the Commercial Bank and the sponsor(s) or independent financial consultant for breach of the Agreement.
- (8) If the Commercial Bank fails to provide the bank statement to the sponsor(s) or independent financial consultant in a timely manner for three times, or fails to cooperate with the sponsor(s) or independent financial consultant in the inquiry and investigation of the special account information, the Company may terminate the Agreement and cancel the Proceeds Account.

In case of early termination of the Agreement due to any changes in the sponsor or Commercial Bank or other reasons, the Company shall execute a new agreement with the parties concerned within 2 weeks after the Agreement is terminated and make a timely announcement.

CHAPTER 3 USE OF PROCEEDS

Article 7

The Company shall comply with the following requirements for the use of Proceeds:

- (1) The application, approval authority at different levels, decision making procedures, risk administration policies and information disclosure procedures in relation of the use of the Proceeds must strictly comply with any applicable laws, regulations, Listing Rules and the Articles of Association.

- (2) The Company shall use the proceeds in accordance with the purposes as set out in the Prospectus or other public offering fundraising documents, and shall not alter such purposes without authorization;
- (3) The Company shall disclose the actual use of proceeds in a truthful, accurate and complete manner. Should there be any development that significantly affects the normal implementation of the use of Proceeds plans, the Company shall make a timely announcement.

Article 8

Under certain situations (such as those below) that affect the application of Proceeds in investment project (hereinafter referred to as the “Proceeds-financed Project”), the Company should re-examine the feasibility and estimated earnings of the Proceeds-financed Project again, decide whether or not to continue such projects:

- (1) Significant changes in the market condition of such Proceeds-financed Project;
- (2) The Proceeds-financed Project have been inactive for more than 1 year after the receipt of the proceeds;
- (3) The investment plans have expired and the invested amount has not reached 50% of planned investment;
- (4) Other abnormality under the Proceeds-financed Project.

The Company shall make a timely disclosure if any of the circumstances specified in the preceding paragraph occurs. Where it is necessary to adjust the investment plan of the proceeds, the Company shall simultaneously disclose the adjusted investment plan of the proceeds. Where a change in the Proceeds-financed Project is involved, the relevant review procedures for changing the purpose of the proceeds shall apply.

The Company shall disclose the details of the re-assessment of the Proceeds-financed Project during the reporting period in its latest periodic report.

Article 9

The Company shall properly formulate the utilization plan for Excessive Funds in accordance with its development plan and actual production and operation needs. Excessive Funds shall be used for projects under construction and new projects, or for repurchasing the Company's shares and canceling such shares in accordance with the law. The Company shall clarify the specific utilization plan for Excessive Funds no later than the overall completion of the Proceeds-financed Project of the same batch, and shall utilize the funds accordingly. The use of Excessive Funds shall be resolved by the Board in accordance with the law, with the sponsor issuing clear opinions, and shall be submitted to the General Meeting for consideration. The Company shall promptly and fully disclose information relating to the necessity and rationality of the use of Excessive Funds. Where the Company uses Excessive Funds to invest in projects under construction and new projects, it shall also fully disclose the construction plan, investment period, return rate and other information of the relevant projects.

Where it is indeed necessary to use temporarily idle Excessive Funds for cash management or to temporarily supplement working capital, the necessity and rationality thereof shall be explained. Where the Company uses temporarily idle Excessive Funds for cash management or to temporarily supplement working capital, the quota, term and other relevant matters shall be reviewed and approved by the Board, the sponsor shall issue clear opinions, and the Company shall promptly disclose the relevant information.

Article 10

The proceeds shall not be used to hold financial investments, nor shall they be invested directly or indirectly in companies principally engaged in the trading of marketable securities. The following acts are prohibited during the Company's use of the Proceeds:

- (1) Alternate the use of Proceeds by ways of charge, trusted loans or other methods;
- (2) Directly or indirectly providing the proceeds to the controlling shareholder, actual controller (if any) and other connected persons for use, or facilitating such connected persons to obtain improper benefits by taking advantage of the Proceeds-financed Project;
- (3) Other activities that are specified under the relevant laws, regulations, Listing Rules and the Articles of Association.

Where the Company finds that the controlling shareholder, actual controller and other connected persons have misappropriated the proceeds, it shall promptly demand the return of such proceeds and disclose the cause of the misappropriation, the impact on the Company, the repayment and rectification plan as well as the progress of rectification.

Article 11

If the Company has pre-invested self-raised funds in the Proceeds-financed Project, and replaces self-raised funds with the proceeds after the proceeds are in place, it shall be implemented within 6 months after the proceeds are transferred into the special account.

During the implementation of the Proceeds-financed Project, payment shall in principle be made directly with the proceeds. Where it is truly difficult to make direct payment with the proceeds for items such as employee remuneration and the purchase of overseas products and equipment, the replacement may be carried out within 6 months after payment with self-raised funds.

The replacement of the proceeds shall be reviewed and approved by the Board, the sponsor shall issue clear opinions, and the Company shall promptly disclose the relevant information.

Article 12

The Company may conduct cash management with temporarily idle proceeds. Such cash management shall be carried out through the Proceeds Account or a publicly disclosed product-specific settlement account. Where cash management is conducted through a product-specific settlement account, no funds other than the proceeds shall be deposited in such account, nor shall it be used for other purposes. The conduct of cash management shall not affect the normal progress of the investment plan of the proceeds.

Cash management products shall meet the following conditions:

- (1) They shall be products with high safety, such as structured deposits and certificates of deposit, and shall not be non-principal-guaranteed products;
- (2) They shall have good liquidity, with a product term not exceeding twelve months;
- (3) The cash management products shall not be pledged.

Only after the cash management products specified in Item (1) mature, the proceeds are recovered on schedule, and an announcement is made, may the Company conduct cash management again within the authorized limit and period.

If the Company opens or cancels a product-specific settlement account, it shall make a timely announcement.

Article 13

Where a Company uses temporarily idle proceeds for cash management, such matter shall be reviewed and approved by the Board of the Company. The sponsor or independent financial consultant shall issue clear opinions thereon, and the Company shall promptly disclose the following contents after the deliberation by the Board:

- (1) the basic information on the Proceeds, including, among others, the time of raising, the amount of the Proceeds and Net Proceeds and investment plans;
- (2) the information on the use of the Proceeds;
- (3) the quota and duration of cash management, whether there is any act of changing the purposes of the funds in disguise and the measures for ensuring the smooth progress of the Proceeds-financed Project;
- (4) the income distribution manner, investment scope and safety of the cash management products;
- (5) opinions issued by the sponsor or independent financial consultant.

Article 14

Where the Company temporarily uses temporarily idle proceeds to supplement working capital, such use shall be conducted through the Proceeds Account. In addition to applicable laws, regulations, listing rules and the Articles of Association of the Company, the following requirements shall also be complied with:

- (1) No disguised change in the purpose of the proceeds shall be made, and the normal progress of the investment plan of the proceeds shall not be affected;
- (2) Such proceeds shall only be applied to production and operation related to the principal business;

- (3) The duration of any individual supplement of circulating funds should not exceed 12 months;
- (4) Any previous temporary supplement falling due is repaid (if applicable).

Where the Company temporarily uses idle proceeds to supplement working capital, matters such as the quota and term shall be reviewed and approved by the Board of the Company. The sponsor shall issue clear opinions thereon, and the Company shall promptly disclose relevant information.

Prior to the maturity date of the supplementary working capital, the Company shall repay such funds to the Proceeds Account and make a timely announcement on the repayment of the proceeds.

Article 15

Where a single Proceeds-financed Project is completed and the Company uses the remaining Proceeds of such project (including interest income) for other Proceeds-financed Projects, it shall obtain in advance the approval from the Board and express affirmative opinions from the sponsor or independent financial consultant. The Company shall make a timely announcement after the deliberation by the Board.

If the balance of the Proceeds (including the interest income) is less than RMB1 million or less than 5% of the committed investment amount of the Proceeds of such Proceeds-financed Project, the Company may be exempted from the preceding procedures, and the use shall be disclosed in its annual report.

If the balance of the Proceeds (including the interest income) of a single Proceeds-financed Project is used for projects other than the Proceeds-financed Projects (including supplementing of circulating funds), it shall follow relevant procedures and disclosure obligations by reference to the same for changes of Proceeds-financed Projects.

Article 16

Upon completion of all Proceeds-financed Projects, the Company may use the balance of the proceeds (including interest income) only after deliberation and approval by the Board and issuance of clear opinions by the sponsor or independent financial consultant. The Company shall make a timely announcement after the deliberation by the Board. Where the Proceeds balance (including the interest income) account for more than 10% of the Net Proceeds, the use of such Proceeds balance shall also be subject to the consideration and approval of the General Meeting.

For the Proceeds balance (including the interest income) under RMB5 million or less than 5% of the Net Proceeds, the use of such Proceeds balance is exempted from the above procedures. The use of such Proceeds balance shall be disclosed in the latest periodic report.

CHAPTER 4 CHANGES IN THE PURPOSE OF PROCEEDS

Article 17 Where the Company falls under any of the following circumstances, it shall be deemed as a change of the purpose of the proceeds. The Board shall make a resolution in accordance with the law, the sponsor or the independent financial consultant shall issue clear opinions, and the matter shall be submitted to the General Meeting for deliberation. The Company shall disclose relevant information in a timely manner:

- (1) Cancelling or terminating the original Proceeds-financed Project, and implement a new project or permanently supplement working capital;
- (2) Changing the implementation entity of the Proceeds-financed Project;
- (3) Changing the implementation method of the Proceeds-financed Project;
- (4) Other circumstances deemed as a change of the purpose of the proceeds by the China Securities Regulatory Commission (CSRC) or the stock exchange.

Where the Company falls under the circumstance specified in item (1) of the preceding paragraph, the sponsor or independent financial consultant shall, in combination with the previously disclosed documents relating to the proceeds, specify the main reasons for the change of the Proceeds-financed Project and the reasonableness of the opinions previously issued by the intermediary institutions.

A change of the implementation entity of the Proceeds-financed Project between the Company and its wholly-owned subsidiaries, or a change involving only the implementation location of the Proceeds-financed Project, shall not be deemed a change of the purpose of the proceeds. Such matter shall be resolved by the Board without going through the review procedure of the General Meeting. The sponsor or independent financial consultant shall issue clear opinions thereon, and the Company shall promptly disclose relevant information.

Article 18 The modified Proceeds-financed Projects shall invest in the principal business. The Company shall scientifically and diligently carry out the feasibility analysis of the new Proceeds-financed Project to ensure such investment projects has good market prospect and profitability, effectively prevent investment risks and improve the efficiency of the use of the Proceeds.

Article 19 In case the Company proposes to make changes to a Proceeds-financed Project, it shall make a timely announcement on the following after the deliberation by the Board:

- (1) Background information of the original Proceeds-financed Project and the specific reasons of such changes;
- (2) Background information, feasibility analysis and risks warning on the new Proceeds-financed Project;
- (3) The investment plan for the new Proceeds-financed Project;
- (4) The explanation of whether the new Proceeds-financed Project has obtained or pending the approval of the relevant authorities (if applicable);
- (5) The opinion of the sponsor or independent financial consultant in respect of the changes to the Proceeds-financed Project;
- (6) The explanation of such changes to the Proceeds-financed Project is subject to approval of the General Meeting;
- (7) Any other content as required by the Shanghai Stock Exchange and SEHK.

Where the new Proceeds-financed Project involves any connected transactions, purchase of assets or external investments, the Company shall perform the corresponding deliberation procedures and information disclosure obligations in accordance with relevant rules.

Article 20 Where the Company changes the use of a Proceeds-financed Project to acquisition of assets (including equity) of the controlling Shareholders or actual controller (if any), it shall ensure that horizontal competition can be avoided and the related party transactions can be reduced effectively after such acquisition.

Article 21 Except for Proceeds-financed Projects which have completed the entire external transfer or replacement in a material asset reconstruction implemented by the Company, where the Company proposes transferring an Proceeds-financed Project to others or replacing an Proceeds-financed Project, it shall make a timely announcement on the following after submitting the matter to the Board for consideration:

- (1) Specific reasons for the external transfer or replacement of the Proceeds-financed Project;
- (2) The amount of Proceeds invested in the project;
- (3) Completion progress of the project and its realized benefit;
- (4) Basic information, feasibility analysis and risk warning (if applicable) of the replacement project;
- (5) The pricing basis of the transfer or replacement and relevant return;
- (6) Opinions on the transfer or replacement of the Proceeds-financed Project from the sponsor or independent financial consultant;
- (7) Explanation that the transfer or replacement of the Proceeds-financed Project is subject to submission to the General Meeting for consideration;
- (8) Other contents as required by the Shanghai Stock Exchange and SEHK.

CHAPTER 5 ADMINISTRATION AND SUPERVISION OF USE OF PROCEEDS

Article 22 The Board of the Company shall continuously monitor the actual administration and use of proceeds and the Excessive Funds (if any), conduct a comprehensive verification on the progress of Proceeds-financed Projects on a semi-annual basis, and prepare, deliberate and disclose the Special Report on Proceeds (hereinafter referred to as the “Special Report”). The Special Report shall cover the basic information of the proceeds and the Excessive Funds, as well as their deposit, administration and use as stipulated in these Measures. Where the actual progress of Proceeds-financed Projects differs from the investment plan, the Company shall explain specific reasons in the Special Report.

In an annual audit, the Company shall engage an accounting firm to issue a verification report on the deposit and use of Proceeds of, which shall be disclosed together with the annual report.

Article 23

The sponsor or independent financial consultant shall conduct at least one on-site inspection for the deposit, administration and use of proceeds of the Company semi-annually. After the end of every financial year, the sponsor or independent financial consultant shall issue a special examination report on the deposit, administration and use of Proceeds of the Company in the year, which shall be disclosed together with the Company's annual report. Such report shall contain the following:

- (1) Information relating to the deposit, use of Proceeds and the balance of the Proceeds Account;
- (2) Progress of the Proceeds-financed Project, including the difference from the planned investment progress of Proceeds;
- (3) Information of the replacement of the Company's own fund which invested in the Proceeds-financed Project previously with the Proceeds (if applicable);
- (4) The use of idle proceeds to supply circulating funds and its effect (if applicable);
- (5) Any change to use of proceeds (if applicable);
- (6) Any use of Excessive funds (if applicable);
- (7) Conclusive opinion relating to whether the deposit and use of Proceeds by the Company is compliant with laws and regulations;
- (8) Other matters as required by the Shanghai Stock Exchange.

After the end of each financial year, the Board of the Company shall disclose in the Special Report the conclusive opinion in the special examination report issued by the sponsor or independent financial consultant and the verification report issued by the accounting firm.

The Company shall cooperate with the ongoing supervision and guidance and on-site inspections conducted by the sponsor, as well as the audit work performed by the accounting firm, and promptly provide or apply to the bank for provision of necessary materials relating to the deposit, administration and use of proceeds.

Article 24 The accounting department of the Company shall set up a ledger for the use of proceeds, and record in detail the disbursement of proceeds and the investment in the proceeds projects.

The internal audit institution of the Company shall inspect the deposit and use of proceeds at least once every six months, and promptly report the inspection results to the Audit Committee.

Where the Audit Committee of the Company finds that there exist violations or material risks in the administration of the proceeds, or the internal audit institution fails to submit the inspection result report in accordance with the provisions of the preceding paragraph, it shall promptly report to the Board. The Board shall promptly report to the Shanghai Stock Exchange and announce the same upon receipt of the report.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 25 If the Proceeds-financed Project is implemented through the Company's subsidiary or other enterprises controlled by the Company, these Measures shall be applied thereto.

Article 26 Any matters not covered herein and any conflicts between these Measures and any applicable laws, regulations, Listing Rules, supervision rules or the Articles of Association shall be dealt with in accordance with applicable laws, regulations, Listing Rules, supervision rules and the Articles of Association.

Article 27 These Measures shall take effect on the date of consideration and approval by the Board of the Company.

Article 28 These Measures shall be interpreted and amended by the Board of the Company.

Article 29 The term "over" shall include the given figure and "more than" shall not when used herein.

APPENDIX VI PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES ON PROVISION OF EXTERNAL GUARANTEES

1. PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES ON PROVISION OF EXTERNAL GUARANTEES

Details of the proposed amendments to the Administrative Measures on the Provision of External Guarantees are set out below:

Existing Articles	Proposed Amendments
CHAPTER 1 GENERAL PROVISIONS	CHAPTER 1 GENERAL PROVISIONS
<p>Article 1 These measures (hereinafter referred to as these “Measures”) are hereby formulated to regulate the provision of external guarantees by Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Company”), to efficiently control the risks in providing guarantees and to protect the legal rights and interests of the Shareholders or other stakeholders, in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Guaranty Law of the People’s Republic of China (hereinafter referred to as the “Guaranty Law”), the Notice Concerning Some Issues on Regulating the Funds between Listed Companies and Associated Parties and Listed Companies’ Provision of Guaranty to Other Parties, the Circular on Regulating the External Guaranties Provided by Listed Companies and other laws, regulations and normative documents, while taking into consideration of the Articles of Association of Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Articles of Association”).</p>	<p>Article 1 These measures (hereinafter referred to as these “Measures”) are hereby formulated to regulate the provision of external guarantees by Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Company”), to efficiently control the risks in providing guarantees and to protect the legal rights and interests of the Shareholders or other stakeholders, in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, <u>the Civil Code</u>the Guaranty Law of the People’s Republic of China (hereinafter referred to as the “<u>Civil Code</u>Guaranty Law”), <u>the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Self-Regulatory Guidelines for Listed Companies of the Shanghai Stock Exchange No. 1 – Standard Operation, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Notice Concerning Some Issues on Regulating the Funds between Listed Companies and Associated Parties and Listed Companies’ Provision of Guaranty to Other Parties, the Circular on Regulating the External Guaranties Provided by Listed Companies and other laws, regulations and normative documents, while taking into consideration of the Articles of Association of Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Articles of Association”).</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES ON PROVISION OF EXTERNAL GUARANTEES**

Existing Articles	Proposed Amendments
<p>Article 4 The provision of external guarantees by the Company is subject to centralized management and no one shall have the right to execute, in the Company’s name, any contracts, agreements or similar documents in connection with providing external guarantees, unless being approved by resolutions of the Board of Directors or the General Meeting of the Company.</p>	<p>Article 4 The provision of external guarantees by the Company is subject to centralized management and no one shall have the right to execute, in the Company’s name, any contracts, agreements or similar documents in connection with providing external guarantees, unless being approved by resolutions of the Board of Directors or the General Meeting of the Company.</p>
<p>Article 5 The independent directors of the Company shall offer independent opinions in the annual report of the Company and to state the conditions of the Company’s external guarantees in aggregate and in the current period and the circumstances of the implementation of relevant rules, and may engage accounting firms to check, if necessary. Anything abnormal identified shall be reported to the Board of Directors and the regulatory authority and announced in a timely manner.</p>	<p>Deleted</p>
<p>Article 6 These Measures are applicable to the external guarantees provided by the subsidiaries of the Company. The Subsidiaries shall inform the Company promptly after relevant resolutions are passed at the meetings of their boards of directors or general meetings/assemblies of Shareholders, in order for the Company to perform the obligations related to disclosure of relevant information.</p> <p>In the event that a company in which the Company has an interest provides external guarantees for others, which may have a significant impact on the transaction prices of the Company’s shares or its derivatives, the Company shall perform the obligation of information disclosure by reference to the regulations herein.</p>	<p>Article 6 Article 5 These Measures are applicable to the external guarantees provided by the subsidiaries of the Company. The Subsidiaries shall inform the Company promptly after relevant resolutions are passed at the meetings of their boards of directors or general meetings/assemblies of Shareholders, in order for the Company to perform the obligations related to disclosure of relevant information.</p> <p>In the event that a company in which the Company has an interest provides external guarantees for others, which may have a significant impact on the transaction prices of the Company’s shares or its derivatives, the Company shall perform the obligation of information disclosure by reference to the regulations herein.</p>

Existing Articles	Proposed Amendments
CHAPTER 2 CONDITIONS AND GENERAL PRINCIPLES	CHAPTER 2 CONDITIONS AND GENERAL PRINCIPLES
<p>Article 9 In any of the following cases, the Company shall not provide guarantees for the warrantee:</p> <ol style="list-style-type: none"> (1) The materials provided by the warrantee contain false or misleading statements or material omissions; (2) The debts to be guaranteed by the Company are obtained by the warrantee in violation of laws or regulations; (3) The Company used to provide a guarantee for the warrantee, and the warrantee failed to pay back the debts and/or principal concerned within due time, causing losses to the Company; (4) The operational or financial status of the warrantee has deteriorated or will deteriorate, and the warrant may become unable to pay back the debts concerned within the due time; (5) The warrantee incurred considerable losses during the previous year or it is predicted that the warrantee will incur considerable losses in the current year; (6) The warrantee commits fraudulent acts when applying for the guarantee, or the warrantee, counter guarantee provider and the creditor act in collusion and bad faith; 	<p>Article 9 Article 8 In any of the following cases, the Company shall not provide guarantees for the warrantee:</p> <ol style="list-style-type: none"> (1) The materials provided by the warrantee contain false or misleading statements or material omissions; (2) The debts to be guaranteed by the Company are obtained by the warrantee in violation of laws or regulations; (3) The Company used to provide a guarantee for the warrantee, and the warrantee failed to pay back the debts and/or principal concerned within due time, causing losses to the Company; (4) The operational or financial status of the warrantee has deteriorated or will deteriorate, and the warrant may become unable to pay back the debts concerned within the due time; (5) The warrantee incurred considerable losses during the previous year or it is predicted that the warrantee will incur considerable losses in the current year; (6) The warrantee commits fraudulent acts when applying for the guarantee, or the warrantee, counter guarantee provider and the creditor act in collusion and bad faith;

**APPENDIX VI PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES ON PROVISION OF EXTERNAL GUARANTEES**

Existing Articles	Proposed Amendments
<p>(7) The counter guarantee is not adequate, or the property subject to counter guarantee contains defects or is prohibited or restricted from circulation, or is non-transferable according to laws and regulations;</p> <p>(8) There is any significant action, arbitration or administrative punishment against the warrantee, pending or foreseeable, which may affect its ability to repay the debts; or</p> <p>(9) Other circumstances where the General Meeting or the Board of Directors believes that the Company shall not provide a guarantee.</p>	<p>(7) The counter guarantee is not adequate, or the property subject to counter guarantee contains defects or is prohibited or restricted from circulation, or is non-transferable according to laws and regulations;</p> <p>(8) There is any significant action, arbitration or administrative punishment against the warrantee, pending or foreseeable, which may affect its ability to repay the debts; or</p> <p>(9) Other circumstances where the General Meeting or the Board of Directors believes that the Company shall not provide a guarantee.</p>
CHAPTER 3 ACCEPTANCE AND PRELIMINARY REVIEW OF APPLICATIONS	CHAPTER 3 ACCEPTANCE AND PRELIMINARY REVIEW OF APPLICATIONS
<p>Article 15 In case the application for guarantee is found satisfactory after the compliance review, the secretary for the Board of Directors shall make arrangements to go through the process for approval by the Board of Directors or the General Meeting, in accordance with the Articles of Association, these Measures, listing rules of stock exchanges on which the Company's shares are listed and other relevant normative documents.</p>	<p>Article 15 Article 14 In case the application for guarantee is found satisfactory after the compliance review, the secretary for the Board of Directors shall make arrangements to go through the process for approval by the Board of Directors or the General Meeting, in accordance with the Articles of Association, these Measures, listing rules of stock exchanges on which the Company's shares are listed and other relevant normative documents.</p>

Existing Articles	Proposed Amendments
<p style="text-align: center;">CHAPTER 4 CONSIDERATION AND APPROVAL</p>	<p style="text-align: center;">CHAPTER 4 CONSIDERATION AND APPROVAL</p>
<p>Article 16 External guarantees to be provided that are subject to consideration and approval by the General Meeting of the Company include but not limited to the following:</p> <ol style="list-style-type: none"> (1) Any guarantee granted after the total amount of external guarantees provided by the Company and the Subsidiaries reaches up to or exceeds 50% of the net assets most recently audited; (2) Guarantees of the amount aggregated over a period of twelve consecutive months exceeds 30% of the Company's total assets most recently audited; (3) Any guarantee provided for any warrantee with a debt to assets ratio of over 70%; (4) A single guarantee of the amount exceeds 10% of the net assets most recently audited; (5) Guarantees provided for Shareholders, the actual controller or their related parties; or (6) Other guarantees that are required by laws, regulations, normative documents, listing rules of stock exchanges on which the Company's shares are listed or the Articles of Association to be considered by the General Meeting. 	<p>Article 16 Article 15 <u>The following external External guarantees of the Company shall be to be provided that are subject to consideration and approval by the General Meeting of the Company include but not limited to the following:</u></p> <ol style="list-style-type: none"> (1) Any guarantee granted after the total amount of external guarantees provided by the Company and the Subsidiaries reaches up to or exceeds 50% of the net assets most recently audited; (2) Guarantees of the amount aggregated over a period of twelve consecutive months exceeds 30% of the Company's total assets most recently audited; (3) <u>Any guarantee where the amount provided by the Company to others within one year exceeds 30% of the Company's latest audited total assets;</u> (34) Any guarantee provided for any warrantee with a debt to assets ratio of over 70%; (45) A single guarantee of the amount exceeds 10% of the net assets most recently audited; (56) Guarantees provided for Shareholders, the actual controller or their related parties; or (67) Other guarantees that are required by laws, regulations, normative documents, listing rules of stock exchanges on which the Company's shares are listed or the Articles of Association to be considered by the General Meeting.

Existing Articles	Proposed Amendments
<p>The total amount of external guarantees provided by the Company and the Subsidiaries as stated above refers to the sum of the total amount of external guarantees provided by the Subsidiaries and the total amount of external guarantees provided by the Company, including those provided to the Subsidiaries.</p> <p>Guarantees stated in Item (2) of this article that are considered by the General Meeting shall not be approved unless more than two thirds of the voting rights held by the Shareholders present at the General Meeting vote for the same.</p> <p>When the General Meeting considers any guarantee stated in Item (5) of this article, the Shareholder concerned or the Shareholder controlled by the actual controller shall not vote on such guarantee and the guarantee shall not be approved unless more than a half of the voting rights held by the other Shareholders present at the meeting vote for it.</p>	<p>The total amount of external guarantees provided by the Company and the Subsidiaries as stated above refers to the sum of the total amount of external guarantees provided by the Subsidiaries and the total amount of external guarantees provided by the Company, including those provided to the Subsidiaries.</p> <p>Guarantees stated in Item (2<u>3</u>) of this article that are considered by the General Meeting shall not be approved unless more than two thirds of the voting rights held by the Shareholders present at the General Meeting vote for the same.</p> <p>When the General Meeting considers any guarantee stated in Item (5<u>6</u>) of this article, the Shareholder concerned or the Shareholder controlled by the actual controller shall not vote on such guarantee and the guarantee shall not be approved unless more than a half of the voting rights held by the other Shareholders present at the meeting vote for it.</p>
<p>Article 17 Guarantees subject to consideration and approval by the General Meeting shall not be submitted to the General Meeting for consideration and approval unless being approved by the Board of Directors after consideration. When the General Meeting or the Board of Directors votes on the guarantees, the Shareholders or directors that have an interest therein shall avoid voting.</p>	<p>Article 17 Article 16 Guarantees subject to consideration and approval by the General Meeting shall not be submitted to the General Meeting for consideration and approval unless being approved by the Board of Directors after consideration. When the General Meeting or the Board of Directors votes on the guarantees, the Shareholders or directors that have an interest therein shall avoid voting.</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES ON PROVISION OF EXTERNAL GUARANTEES**

Existing Articles	Proposed Amendments
<p>Article 18 All external guarantees other than those stated in Article 16 hereof shall be subject to consideration and approval by the Board of Directors. Guarantees subject to consideration and approval by the Board of Directors require not only the approval of more than a half of all the directors, but also the approval of more than two-thirds of the directors attending the meeting of the Board of Directors.</p>	<p>Article 18 Article 17 All external guarantees other than those stated in Article 16-15 hereof shall be subject to consideration and approval by the Board of Directors. Guarantees subject to consideration and approval by the Board of Directors require not only the approval of more than a half of all the directors, but also the approval of more than two-thirds of the directors attending the meeting of the Board of Directors.</p>
<p>Article 19 To improve the efficiency of decision making, the General Meeting or the Board of Directors may, at the beginning of each year and within its approval authority, consider and determine a maximum amount of guarantees to be provided between the Company and the Subsidiaries or within the Subsidiaries in the year, and further authorize the Chairman of the Board of Directors or the President of the Company to make decisions on and deal with specific matters related to such guarantees within the said maximum amount. The aforesaid guarantees or transactions shall be carried out in compliance with requirements of applicable laws, regulations, listing rules of the stock exchanges on which the Company's shares are listed, the Articles of Association and other terms or rules on related party transactions or connected transactions.</p>	<p>Article 19 Article 18 To improve the efficiency of decision making, the General Meeting or the Board of Directors may, at the beginning of each year and within its approval authority, consider and determine a maximum amount of guarantees to be provided between the Company and the Subsidiaries or within the Subsidiaries in the year, and further authorize the Chairman of the Board of Directors or the President of the Company to make decisions on and deal with specific matters related to such guarantees within the said maximum amount. The aforesaid guarantees or transactions shall be carried out in compliance with requirements of applicable laws, regulations, listing rules of the stock exchanges on which the Company's shares are listed, the Articles of Association and other terms or rules on related party transactions or connected transactions.</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES ON PROVISION OF EXTERNAL GUARANTEES**

Existing Articles	Proposed Amendments
<p>Article 20 When considering the application for guarantee provided by a warrantee, the General Meeting or the Board of Directors shall act prudently and strictly control the risk of liability in providing external guarantees, carefully analyse the financial and operational status, industrial prospects and credit status of the warrantee, and make decisions prudently in accordance with laws. If necessary, external professional institutions may be engaged to evaluate the risks in providing external guarantees and such evaluation shall be used as the basis for decision making.</p>	<p>Article 20 <u>Article 19</u> When considering the application for guarantee provided by a warrantee, the General Meeting or the Board of Directors shall act prudently and strictly control the risk of liability in providing external guarantees, carefully analyse the financial and operational status, industrial prospects and credit status of the warrantee, and make decisions prudently in accordance with laws. If necessary, external professional institutions may be engaged to evaluate the risks in providing external guarantees and such evaluation shall be used as the basis for decision making.</p>
<p>Article 21 The discussion held and voting made by the General Meeting or the Board of Directors with regard to guarantee-related matters shall be recorded by the secretary of the Board of Directors in detail.</p>	<p>Article 21 <u>Article 20</u> The discussion held and voting made by the General Meeting or the Board of Directors with regard to guarantee-related matters shall be recorded by the secretary of the Board of Directors in detail.</p>
<p>CHAPTER 5 REVIEW AND CONCLUSION OF GUARANTEE CONTRACTS</p>	<p>CHAPTER 5 REVIEW AND CONCLUSION OF GUARANTEE CONTRACTS</p>
<p>Article 22 To provide external guarantees, guarantee contracts and counter guarantee contracts shall be executed by the Company in writing and such contracts shall be in compliance with the Guaranty Law and other applicable laws and regulations and the main terms and conditions thereof shall be clear without ambiguity.</p>	<p>Article 22 <u>Article 21</u> To provide external guarantees, guarantee contracts and counter guarantee contracts shall be executed by the Company in writing and such contracts shall be in compliance with the <u>Civil Code</u> Guaranty Law and other applicable laws and regulations and the main terms and conditions thereof shall be clear without ambiguity.</p>
<p>Article 25 The Chairman of the Board of Directors or a person authorized by the Company shall sign the guarantee contract on behalf of the Company subject to resolutions of the Board of Directors or the General Meeting. Without the approval and authorization of the General Meeting or the Board of Directors, nobody shall sign any guarantee contract on behalf of the Company or its branches.</p>	<p>Article 25 <u>Article 24</u> The Chairman of the Board of Directors or a person authorized by the Company shall sign the guarantee contract on behalf of the Company subject to resolutions of the Board of Directors or the General Meeting. Without the approval and authorization of the General Meeting or the Board of Directors, nobody shall sign any guarantee contract on behalf of the Company or its branches.</p>

Existing Articles	Proposed Amendments
<p>Article 28 The Finance Department shall properly keep and control all documents and materials related to external guarantees provided by the Company (including but not limited to applications for guarantees and the attachments thereof, the review opinions from the Finance Department, the secretary of the Board of Directors, other departments of the Company or the Board of Directors/General Meeting, and the guarantee contracts signed), sort out and check the same in a timely manner, check with banks or other relevant institutions on a regular basis, ensure the materials filed are complete, accurate and valid, pay attention to the validity of guarantees, prepare the fact sheet with regard to the Company's external guarantees on a regular basis with copies to the President of the Company and the secretary of the Board of Directors.</p>	<p>Article 28 Article 27 The Finance Department shall properly keep and control all documents and materials related to external guarantees provided by the Company (including but not limited to applications for guarantees and the attachments thereof, the review opinions from the Finance Department, the secretary of the Board of Directors, other departments of the Company or the Board of Directors/General Meeting, and the guarantee contracts signed), sort out and check the same in a timely manner, check with banks or other relevant institutions on a regular basis, ensure the materials filed are complete, accurate and valid, pay attention to the validity of guarantees, prepare the fact sheet with regard to the Company's external guarantees on a regular basis with copies to the President of the Company and the secretary of the Board of Directors.</p>
<p>Article 29 In case any abnormal contracts that are not approved by the Board of Directors or General Meeting are identified by the Finance Department during management of the said documents, timely reports shall be submitted to the Board of Directors and the Board of Supervisors.</p>	<p>Article 29 Article 28 In case any abnormal contracts that are not approved by the Board of Directors or General Meeting are identified by the Finance Department during management of the said documents, timely reports shall be submitted to the Board of Directors and the Board of Supervisors.</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES ON PROVISION OF EXTERNAL GUARANTEES**

Existing Articles	Proposed Amendments
CHAPTER 8 INFORMATION DISCLOSURE	CHAPTER 8 INFORMATION DISCLOSURE
<p>Article 36 After resolutions on guarantee-related matters are passed by the Board of Directors or the General Meeting, the secretary of the Board of Directors shall submit relevant documents to the stock exchange and disclose relevant information via the designated media in a timely manner, in accordance with laws, regulations, listing rules of stock exchanges on which the Company’s shares are listed and normative documents.</p>	<p>Article 36 Article 35 After resolutions on guarantee-related matters are passed by the Board of Directors or the General Meeting, the secretary of the Board of Directors shall submit relevant documents to the stock exchange and disclose relevant information via the designated media in a timely manner, in accordance with laws, regulations, listing rules of stock exchanges on which the Company’s shares are listed and normative documents.</p>
<p>Article 37 Information related to external guarantees to be disclosed shall include but not limited to resolutions of the Board of Directors or the General Meeting, total amount of external guarantees provided by the Company and the Subsidiaries as of the date when the disclosure is made and the total amount of guarantees provided by the Company for the Subsidiaries etc.</p>	<p>Article 37 Article 36 Information related to external guarantees to be disclosed shall include but not limited to resolutions of the Board of Directors or the General Meeting, total amount of external guarantees provided by the Company and the Subsidiaries as of the date when the disclosure is made and the total amount of guarantees provided by the Company for the Subsidiaries etc.</p>
<p>Article 41 In case any director or senior officer of the Company provides guarantees for others by using the property of the Company without consent of the General Meeting or the Board of Directors and in violation of these Measures, the proceeds shall belong to the Company and any losses thus caused to the Company or Shareholders shall be compensated by such director or senior officer according to laws.</p> <p>Upon occurrence of the said circumstance, the supervisors or Shareholders may file a lawsuit at a people’s court against the director or senior officer concerned. The Company may impose punishment or remove such director or senior officer depending on the severity. In case the director or senior officer is suspected of any crimes, he/she shall be transferred to the judiciary authority and subject to criminal prosecution according to laws.</p>	<p>Article 41 Article 40 In case any director or senior officer of the Company provides guarantees for others by using the property of the Company without consent of the General Meeting or the Board of Directors and in violation of these Measures, the proceeds shall belong to the Company and any losses thus caused to the Company or Shareholders shall be compensated by such director or senior officer according to laws.</p> <p>Upon occurrence of the said circumstance, the Company supervisors or Shareholders may file a lawsuit at a people’s court against the director or senior officer concerned. The Company may impose punishment or remove such director or senior officer depending on the severity. In case the director or senior officer is suspected of any crimes, he/she shall be transferred to the judiciary authority and subject to criminal prosecution according to laws.</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES ON PROVISION OF EXTERNAL GUARANTEES**

Existing Articles	Proposed Amendments
CHAPTER 10 SUPPLEMENTARY PROVISIONS	CHAPTER 10 SUPPLEMENTARY PROVISIONS
Article 43 These Measures shall be interpreted by the Board and shall not be amended unless the amendments are proposed by the Board and approved by the General Meeting after consideration.	Article 43 Article 42 These Measures shall be interpreted by the Board and shall not be amended unless the amendments are proposed by the Board and approved by the General Meeting after consideration.
Article 44 These Measures shall be passed at the General Meeting by way of ordinary resolution and come into force on the date thereof, while the Articles in respect of domestic listing of the Company's Shares shall only be implemented from the date of such listing.	Article 44 Article 43 These Measures shall be passed at the General Meeting by way of ordinary resolution and come into force on the date thereof, while the Articles in respect of domestic listing of the Company's Shares shall only be implemented from the date of such listing.

**APPENDIX VI PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES ON PROVISION OF EXTERNAL GUARANTEES**

**2. FULL TEXT OF THE ADMINISTRATIVE MEASURES ON THE PROVISION
 OF EXTERNAL GUARANTEES**

The full text of the Administrative Measures on Provision of External Guarantees is set out below:

CHAPTER 1 GENERAL PROVISIONS

Article 1 These measures (hereinafter referred to as these “Measures”) are hereby formulated to regulate the provision of external guarantees by Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Company”), to efficiently control the risks in providing guarantees and to protect the legal rights and interests of the Shareholders or other stakeholders, in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Civil Code of the People’s Republic of China (hereinafter referred to as the “Civil Code”), the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Self-Regulatory Guidelines for Listed Companies of the Shanghai Stock Exchange No. 1 – Standard Operation, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and other laws, regulations and normative documents, while taking into consideration of the Articles of Association of Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Articles of Association”).

Article 2 For the purpose of these Measures, external guarantees refer to guarantees provided by the Company for others, including the subsidiaries wholly-owned or held by the Company (hereinafter collectively referred to as the “Subsidiaries”). Guarantees may take the form of suretyship, mortgage, pledge or otherwise.

Article 3 The Company shall provide external guarantees in an equal, free-will, fair, faithful and mutually beneficial manner. No entities or individuals are permitted to force the Company to provide guarantees for others and the Company has the right to refuse to provide guarantees for others if it is forced to do so.

Article 4 The provision of external guarantees by the Company is subject to centralized management and no one shall have the right to execute, in the Company’s name, any contracts, agreements or similar documents in connection with providing external guarantees, unless being approved by resolutions of the Board of Directors or the General Meeting of the Company.

Article 5 These Measures are applicable to the external guarantees provided by the subsidiaries of the Company. The Subsidiaries shall inform the Company promptly after relevant resolutions are passed at the meetings of their boards of directors or general meetings/assemblies of Shareholders, in order for the Company to perform the obligations related to disclosure of relevant information.

In the event that a company in which the Company has an interest provides external guarantees for others, which may have a significant impact on the transaction prices of the Company's shares or its derivatives, the Company shall perform the obligation of information disclosure by reference to the regulations herein.

CHAPTER 2 CONDITIONS AND GENERAL PRINCIPLES

Article 6 The warrantees for which the Company provides external guarantees shall be operationally and financially sound, have no great operational or financial risks and comply with the provisions of laws, regulations and other departmental rules.

Article 7 To provide a guarantee, the Company shall require the warrantee to provide a counter guarantee and decide in a prudent manner the actual ability of the counter guarantee provider and the enforceability of such counter guarantee. A counter guarantee may not be required for a guarantee provided by the Company for the Subsidiaries.

Article 8 In any of the following cases, the Company shall not provide guarantees for the warrantee:

- (1) The materials provided by the warrantee contain false or misleading statements or material omissions;
- (2) The debts to be guaranteed by the Company are obtained by the warrantee in violation of laws or regulations;
- (3) The Company used to provide a guarantee for the warrantee, and the warrantee failed to pay back the debts and/or principal concerned within due time, causing losses to the Company;
- (4) The operational or financial status of the warrantee has deteriorated or will deteriorate, and the warrant may become unable to pay back the debts concerned within the due time;

- (5) The warrantee incurred considerable losses during the previous year or it is predicted that the warrantee will incur considerable losses in the current year;
- (6) The warrantee commits fraudulent acts when applying for the guarantee, or the warrantee, counter guarantee provider and the creditor act in collusion and bad faith;
- (7) The counter guarantee is not adequate, or the property subject to counter guarantee contains defects or is prohibited or restricted from circulation, or is non-transferable according to laws and regulations;
- (8) There is any significant action, arbitration or administrative punishment against the warrantee, pending or foreseeable, which may affect its ability to repay the debts; or
- (9) Other circumstances where the General Meeting or the Board of Directors believes that the Company shall not provide a guarantee.

CHAPTER 3 ACCEPTANCE AND PRELIMINARY REVIEW OF APPLICATIONS**Article 9**

Applications for external guarantees shall be accepted by the Finance Department of the Company in a centralized manner. The warrantee shall provide the application for guarantee and attachments within the time required by the Finance Department. Before deciding to provide the guarantee, the Company shall get to know the operation and credit status of the warrantee and make detailed analysis with regard to the proceeds and risks in providing such guarantee, including but not limited to checking the following:

- (1) The warrantee is an enterprise legal person legally incorporated and duly existing and there is no circumstance where the warrantee is required to be terminated;
- (2) The operation, finance and credit status of the warrantee is good and the warrantee has stable cash flow or good prospects;
- (3) No creditor has ever required the Company to perform the joint and several responsibilities, if the Company used to provide a guarantee to the warrantee;
- (4) The warrantee has assets that can be mortgaged (pledged) and has the corresponding ability to provide a counter guarantee (except for the Company's subsidiaries);

- (5) The financial materials provided by the warrantee are true, complete and valid; and
- (6) There is no other legal risk.

Article 10

The application for guarantee provided by the warrantee shall at least contain the following:

- (1) Basic information of the warrantee;
- (2) Information of the principal debts to be guaranteed;
- (3) Type and duration of the guarantee;
- (4) Main terms and conditions of the guarantee agreement;
- (5) Schedule and sources of capital for repayment of the guaranteed debts by the warrantee; and
- (6) The counter guarantee plans.

Article 11

Relevant materials to be attached to the application for guarantee provided by the warrantee shall include:

- (1) A copy of the business license of the warrantee as an enterprise legal person;
- (2) Audited financial statements of the warrantee for the previous year and the most recent period;
- (3) The principal debt contract related to the guarantee;
- (4) The guarantee contract form provided by the creditor;
- (5) Statements indicating that there is no significant action, arbitration or administrative punishment, whether threatened or pending; and
- (6) Other materials as deemed necessary by the Finance Department of the Company.

Article 12 After accepting the application from the warrantee, the Finance Department shall promptly investigate the credit status of the warrantee, evaluate the risks in providing guarantees to such warrantee, the actual ability of the counter guarantee provider to provide guarantees and the enforceability of the counter guarantee, and further work out a written report and deliver the same to the secretary of the Board of Directors together with copies of the application for guarantee and the attachments thereof.

Article 13 Upon receipt of the written report, application for guarantee and other relevant materials from the Finance Department, the secretary of the Board of Directors shall review their compliance and the aggregate amount of external guarantees provided.

Article 14 In case the application for guarantee is found satisfactory after the compliance review, the secretary for the Board of Directors shall make arrangements to go through the process for approval by the Board of Directors or the General Meeting, in accordance with the Articles of Association, these Measures, listing rules of stock exchanges on which the Company's shares are listed and other relevant normative documents.

CHAPTER 4 CONSIDERATION AND APPROVAL

Article 15 The following external guarantees of the Company shall be subject to consideration and approval by the General Meeting:

- (1) Any guarantee granted after the total amount of external guarantees provided by the Company and the Subsidiaries exceeds 50% of the net assets most recently audited;
- (2) Guarantees of the amount aggregated over a period of twelve consecutive months exceeds 30% of the Company's total assets most recently audited;
- (3) Any guarantee where the amount provided by the Company to others within one year exceeds 30% of the Company's latest audited total assets;
- (4) Any guarantee provided for any warrantee with a debt to assets ratio of over 70%;
- (5) A single guarantee of the amount exceeds 10% of the net assets most recently audited;

- (6) Guarantees provided for Shareholders, the actual controller or their related parties; or
- (7) Other guarantees that are required by laws, regulations, normative documents, listing rules of stock exchanges on which the Company's shares are listed or the Articles of Association to be considered by the General Meeting.

The total amount of external guarantees provided by the Company and the Subsidiaries as stated above refers to the sum of the total amount of external guarantees provided by the Subsidiaries and the total amount of external guarantees provided by the Company, including those provided to the Subsidiaries.

Guarantees stated in Item (3) of this article that are considered by the General Meeting shall not be approved unless more than two thirds of the voting rights held by the Shareholders present at the General Meeting vote for the same.

When the General Meeting considers any guarantee stated in Item (6) of this article, the Shareholder concerned or the Shareholder controlled by the actual controller shall not vote on such guarantee and the guarantee shall not be approved unless more than a half of the voting rights held by the other Shareholders present at the meeting vote for it.

Article 16

Guarantees subject to consideration and approval by the General Meeting shall not be submitted to the General Meeting for consideration and approval unless being approved by the Board of Directors after consideration. When the General Meeting or the Board of Directors votes on the guarantees, the Shareholders or directors that have an interest therein shall avoid voting.

Article 17

All external guarantees other than those stated in Article 15 hereof shall be subject to consideration and approval by the Board of Directors. Guarantees subject to consideration and approval by the Board of Directors require not only the approval of more than a half of all the directors, but also the approval of more than two-thirds of the directors attending the meeting of the Board of Directors.

Article 18 To improve the efficiency of decision making, the General Meeting or the Board of Directors may, at the beginning of each year and within its approval authority, consider and determine a maximum amount of guarantees to be provided between the Company and the Subsidiaries or within the Subsidiaries in the year, and further authorize the Chairman of the Board of Directors or the President of the Company to make decisions on and deal with specific matters related to such guarantees within the said maximum amount. The aforesaid guarantees or transactions shall be carried out in compliance with requirements of applicable laws, regulations, listing rules of the stock exchanges on which the Company's shares are listed, the Articles of Association and other terms or rules on related party transactions or connected transactions.

Article 19 When considering the application for guarantee provided by a warrantee, the General Meeting or the Board of Directors shall act prudently and strictly control the risk of liability in providing external guarantees, carefully analyse the financial and operational status, industrial prospects and credit status of the warrantee, and make decisions prudently in accordance with laws. If necessary, external professional institutions may be engaged to evaluate the risks in providing external guarantees and such evaluation shall be used as the basis for decision making.

Article 20 The discussion held and voting made by the General Meeting or the Board of Directors with regard to guarantee-related matters shall be recorded by the secretary of the Board of Directors in detail.

CHAPTER 5 REVIEW AND CONCLUSION OF GUARANTEE CONTRACTS

Article 21 To provide external guarantees, guarantee contracts and counter guarantee contracts shall be executed by the Company in writing and such contracts shall be in compliance with the Civil Code and other applicable laws and regulations and the main terms and conditions thereof shall be clear without ambiguity.

Article 22 Before a guarantee contract is executed, the Finance Department of the Company and relevant departments and individuals must carefully review the relevant content of such contract. The guarantee contracts and counter guarantee contracts shall be reviewed by the legal personnel of the Company. If necessary, the guarantee contracts other than the standard form of contracts issued by banks shall be submitted to the law firm engaged by the Company for review or for issuance of a legal opinion. In case of any terms that are mandatory, have an obvious adverse impact on the interests of the Company or otherwise contain potential and unpredictable risks, the Company shall require the warrantee to modify the same or refuse to provide guarantees for such warrantee.

Article 23 When the Company accepts the mortgage or pledge for counter guarantee, the Finance Department and the legal personnel of the Company (or lawyers engaged by the Company) shall deal with relevant legal formalities, including specifically dealing with the formalities for registration of mortgage or pledge in a timely manner.

Article 24 The Chairman of the Board of Directors or a person authorized by the Company shall sign the guarantee contract on behalf of the Company subject to resolutions of the Board of Directors or the General Meeting. Without the approval and authorization of the General Meeting or the Board of Directors, nobody shall sign any guarantee contract on behalf of the Company or its branches.

Article 25 Where registration of guarantee is required by laws and regulations, the Company must complete the guarantee registration with relevant registration authority.

CHAPTER 6 DAILY MANAGEMENT

Article 26 The Finance Department of the Company shall be responsible for the daily management of external guarantees provided by the Company and centralized registration of matters related to the external guarantees provided by the Company and the subsidiaries controlled by the Company.

Article 27 The Finance Department shall properly keep and control all documents and materials related to external guarantees provided by the Company (including but not limited to applications for guarantees and the attachments thereof, the review opinions from the Finance Department, the secretary of the Board of Directors, other departments of the Company or the Board of Directors/General Meeting, and the guarantee contracts signed), sort out and check the same in a timely manner, check with banks or other relevant institutions on a regular basis, ensure the materials filed are complete, accurate and valid, pay attention to the validity of guarantees, prepare the fact sheet with regard to the Company's external guarantees on a regular basis with copies to the President of the Company and the secretary of the Board of Directors.

Article 28 In case any abnormal contracts that are not approved by the Board of Directors or General Meeting are identified by the Finance Department during management of the said documents, timely reports shall be submitted to the Board of Directors.

Article 29 Where an extension is granted for a debt after it becomes due and further guarantee is required from the Company, such further guarantee shall be deemed as a new guarantee to be provided and must be subject to the procedures for application, review and approval of guarantees in accordance with these Measures.

CHAPTER 7 RISK CONTROL

Article 30 The Company shall maintain an internal control over the external guarantees provided in a legal, prudent, mutually beneficial and safe manner, to strictly control the risks in providing guarantees.

Article 31 The Company shall investigate the operation and credit status of the warrantee and supervise the operational and financial conditions of the warrantee during the guarantee period for the purpose of risk control, specifically:

- (1) The Finance Department of the Company shall designate a person (hereinafter referred to as the “Designated Person”) to continuously monitor the warrantee, collect the financial materials and audit reports of the warrantee for the most recent period, analyse the financial status and solvency of the warrantee on a regular basis, pay attention to any changes in its production, operation, assets, liabilities, external guarantees provided to others, spin-off, consolidation or legal representative, keep relevant financial records and report to the Board of Directors on a regular basis;
- (2) In case the Designated Person finds that the operation of the warrantee deteriorates seriously or the warrantee incurs dissolution, spin-off or other significant events or circumstances that have or may have a material adverse impact on the solvency of the warrantee, the Designated Person shall report to the Board of Directors promptly. The Board of Directors is obligated to take effective measures to minimize the losses; and
- (3) The Finance Department shall evaluate the solvency of the warrantee in writing 15 days before the debts of the warrantee become due, and get to know the financial arrangements of the warrantee for repayment of the debts and the evidence thereof. Any issues identified shall be reported to the Board of Directors in a timely manner.

- Article 32** To provide a guarantee, the Company shall require the warrantee to provide a counter guarantee and the counter guarantee provider shall actually have the ability to provide such guarantee. The Company shall decide in a prudent manner the actual ability of the counter guarantee provider and the enforceability of the counter guarantee. In case the warrantee becomes in default and the creditor makes a claim against the Company, the Designated Person shall make a request to the Company for immediately initiating the counter guarantee recourse procedure.
- Article 33** In case the Company is a general surety, the Company shall not undertake suretyship liability towards the creditor before a dispute over the guarantee contract is tried or arbitrated and the obligations are not enforceable even after the debtor's assets have been seized according to laws.
- Article 34** If the creditor does not seek to enforce the creditor's rights after a People's Court accepts the debtor's bankruptcy case, the Designated Person shall make a request to the Company for participating in the distribution of the bankruptcy property and exercising the right of recourse in advance.

CHAPTER 8 INFORMATION DISCLOSURE

- Article 35** After resolutions on guarantee-related matters are passed by the Board of Directors or the General Meeting, the secretary of the Board of Directors shall submit relevant documents to the stock exchange and disclose relevant information via the designated media in a timely manner, in accordance with laws, regulations, listing rules of stock exchanges on which the Company's shares are listed and normative documents.
- Article 36** Information related to external guarantees to be disclosed shall include but not limited to resolutions of the Board of Directors or the General Meeting, total amount of external guarantees provided by the Company and the Subsidiaries as of the date when the disclosure is made and the total amount of guarantees provided by the Company for the Subsidiaries etc.
- Article 37** For any disclosed guarantees, the relevant responsible departments and persons shall notify the secretary of the Board of Directors promptly upon occurrence of any of the following cases, so that the Company can perform the obligation of information disclosure in a timely manner:
- (1) The warrantee fails to make repayment within fifteen working days after the debts become due; or
 - (2) The warrantee incurs bankruptcy, liquidation or other events that have a material impact on its solvency.

Article 38 The Financial Management Department of the Company shall provide the certified public accountant responsible for financial audit with the information of all external guarantees provided by the Company in an accurate manner according to regulations.

CHAPTER 9 LIABILITIES FOR BREACH

Article 39 All directors of the Company shall consider matters related to external guarantees provided by the Company in strict accordance with these Measures and relevant laws, regulations and normative documents.

Article 40 In case any director or senior officer of the Company provides guarantees for others by using the property of the Company without consent of the General Meeting or the Board of Directors and in violation of these Measures, the proceeds shall belong to the Company and any losses thus caused to the Company or Shareholders shall be compensated by such director or senior officer according to laws.

Upon occurrence of the said circumstance, the Company may file a lawsuit at a people's court against the director or senior officer concerned. The Company may impose punishment or remove such director or senior officer depending on the severity. In case the director or senior officer is suspected of any crimes, he/she shall be transferred to the judiciary authority and subject to criminal prosecution according to laws.

CHAPTER 10 SUPPLEMENTARY PROVISIONS

Article 41 Any matters not covered herein shall be dealt with in accordance with applicable national laws, regulations, normative documents and the Articles of Association. In case of any conflicts between these Measures and any future laws, regulations or normative documents of the state, the Articles of Association as modified by legal procedures or listing rules of stock exchanges on which the Company's shares are listed, the latter shall prevail and these Measures shall be modified accordingly in a prompt manner.

Article 42 These Measures shall be interpreted by the Board and shall not be amended unless the amendments are proposed by the Board and approved by the General Meeting after consideration.

Article 43 These Measures shall be passed at the General Meeting by way of ordinary resolution and come into force on the date thereof.

APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF RELATED PARTY TRANSACTIONS

1. PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF RELATED PARTY TRANSACTIONS

Details of the proposed amendments to the Administrative Measures of Related Party Transactions are set out below:

Contents Before Amendments	Contents After Amendments
CHAPTER 1 GENERAL PROVISIONS	CHAPTER 1 GENERAL PROVISIONS
<p>Article 1 In order to ensure that the related party transactions between Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as “the Company”) and related parties are in compliance with the principle of fairness, justness and openness, and ensure that related party transactions of the Company (referred to as “connected transaction” under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, similarly hereinafter) will not cause any damage to legal interests of the Company and non-related Shareholders, these Regulations, on the basis of practical situation of the Company, is hereby formulated in accordance with the Company Law of the People’s Republic of China, Listing Rules of Shanghai Stock Exchange (hereinafter referred to as “Listing Rules of SSE”), Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “Listing Rules of SEHK”) and the Articles of Association of the Company (hereinafter referred as “Articles of Association”).</p>	<p>Article 1 In order to ensure that the related party <u>and connected</u> transactions between Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as “the Company”) and <u>its</u> related parties <u>and connected persons</u> are in compliance with the principle of fairness, justness and openness, and ensure that related party transactions <u>and connected transactions</u> of the Company (referred to as “connected transaction” <u>as defined</u> under the Rules Governing the Listing of Securities on tThe Stock Exchange of Hong Kong Limited, similarly hereinafter) will not cause any damage to legal interests of the Company and non-related Shareholders, these Regulations, on the basis of practical situation of the Company, is hereby formulated in accordance with the Company Law of the People’s Republic of China, <u>the Securities Law of the People’s Republic of China, Listing Rules of Shanghai Stock Exchange (hereinafter referred to as “Listing Rules of SSE”), the Self-regulatory Guidelines No. 5 for Listed Companies of the Shanghai Stock Exchange — Transactions and Related Party Transactions,</u> Rules Governing the Listing of Securities on tThe Stock Exchange of Hong Kong Limited (hereinafter referred to as “Listing Rules of SEHK”), and the Articles of Association of the Company Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred <u>to</u> as “Articles of Association”).</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
<p>Article 2 The Company shall carry out the classified management for related party transactions, and shall perform the procedures for approval of related party transactions and information disclosure as required and in accordance with the scope of related persons and connected persons confirmed based on the Listing Rules of SSE and Listing Rules of SEHK, as well as other relevant laws and regulations.</p> <p>Where a transaction is carried on, the Company shall, in accordance with the Listing Rules of SSE and Listing Rules of SEHK, deliberate as the case may be, and shall, with the stricter provision as the criteria, judge whether the parties involved in the transaction are related persons or connected persons of the Company and whether the transaction constitutes the related party transactions, as well as applicable decision-making procedures and disclosure requirements.</p>	<p>Article 2 The Company shall carry out the classified management for related party transactions <u>and connected transactions</u>, and shall perform the procedures for approval of related party transactions and information disclosure as required and in accordance with the scope of related persons and connected persons confirmed based on the Listing Rules of SSE and Listing Rules of SEHK, as well as other relevant laws and regulations.</p> <p>Where a transaction is carried on, the Company shall, in accordance with the Listing Rules of SSE and Listing Rules of SEHK, deliberate as the case may be, and shall, with the stricter provision as the criteria, judge whether the parties involved in the transaction are related persons or connected persons of the Company and whether the transaction constitutes the related party transactions <u>or connected transactions</u>, as well as applicable decision-making procedures and disclosure requirements.</p>
<p>Article 3 A written agreement shall be entered into for the related party transactions between the Company and related persons/connected persons, and such written agreement shall be in the principle of equality, voluntariness, equal value exchange; the agreement contents shall be clear and specific.</p>	<p>Article 3 A written agreement shall be entered into for the related party/<u>connected</u> transactions between the Company and related persons/connected persons, and such written agreement shall be in the principle of equality, voluntariness, equal value exchange; the agreement contents shall be clear and specific.</p>
<p>Article 4 The related party transactions shall be in the principle of fairness, justness and openness, and the price hereof shall not, in principle, be higher or lower than an independent third party's market price or charging standard.</p>	<p>Article 4 The related party/<u>connected</u> transactions shall be in the principle of fairness, justness and openness, and the price hereof shall not, in principle, be higher or lower than an independent third party's market price or charging standard.</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
CHAPTER 2 RELATED PARTY TRANSACTIONS AND RELATED PERSON	CHAPTER 2 RELATED PARTY TRANSACTIONS AND RELATED PERSON
<p>Article 5 Related party transactions refer to transfer of resources or obligations between the Company and its subsidiaries (defined in the Listing Rules of SEHK), or holding subsidiaries and related persons/connected persons. In accordance with Listing Rules of SEHK, connected transaction refers to the transaction carried out with connected person and specified type of transaction carried out with the third party; such specified type of transaction can make related person obtain interests by means of equities involved in the transaction. Relevant transaction may be one-time or persistent.</p> <p>Such transaction shall include those of capital nature and income nature, whether it is carried out in day-to-day business of the Company or not. Unless otherwise is specified in the Listing Rules of SEHK, such transaction shall also include the following:</p> <p>(1) Purchase or sell assets, including the deem-to-be-sold items specified in the Listing Rules of SEHK;</p> <p>(2) Give, accept, exercise, transfer or terminate, choose not to exercise the right of choice, for the purpose of purchasing or selling assets or subscribe for securities; If the right of choice is terminated in accordance with the previously-signed agreement, and the termination involves no penalty, damages or other compensation paid by the Company, such termination shall not be deemed as a transaction;</p>	<p>Article 5 Related party transactions refer to <u>transactions involving the</u> transfer of resources or obligations between the Company and its subsidiaries (defined in the Listing Rules of SEHK), or holding subsidiaries and related persons/connected persons. In accordance with Listing Rules of SEHK, connected transaction refers to the transaction carried out with connected person and specified type of transaction carried out with the third party; such specified type of transaction can make related person obtain interests by means of equities involved in the transaction. Relevant transaction may be one-time or persistent; <u>and other entities under its control, and its related persons, including but not limited to the following:</u></p> <p>Such transaction shall include those of capital nature and income nature, whether it is carried out in day-to-day business of the Company or not. Unless otherwise is specified in the Listing Rules of SEHK, such transaction shall also include the following:</p> <p>(1) Purchase or sell assets, including the deem-to-be-sold items specified in the Listing Rules of SEHK;</p> <p>(2) Give, accept, exercise, transfer or terminate, choose not to exercise the right of choice, for the purpose of purchasing or selling assets or subscribe for securities; If the right of choice is terminated in accordance with the previously-signed agreement, and the termination involves no penalty, damages or other compensation paid by the Company, such termination shall not be deemed as a transaction;</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
(3) Enter into or terminate the finance lease or operating lease;	(3) Enter into or terminate the finance lease or operating lease;
(4) Provide or accept financial assistance, and such financial assistance includes granting the credit, making a loan or giving compensation guarantee, warranty or mortgage concerning such loan;	(4) Provide or accept financial assistance, and such financial assistance includes granting the credit, making a loan or giving compensation guarantee, warranty or mortgage concerning such loan;
(5) Sign an agreement or arrangement to establish a joint venture in any form or carry out joint venture arrangements in any other form;	(5) Sign an agreement or arrangement to establish a joint venture in any form or carry out joint venture arrangements in any other form;
(6) Issue new securities of the Company or its affiliated companies;	(6) Issue new securities of the Company or its affiliated companies;
(7) Make external investment (including entrusted wealth management and entrusted loan etc.);	(7) Make external investment (including entrusted wealth management and entrusted loan investments in subsidiaries, etc.);
(8) Provide guarantee;	(3) Provide financial assistance (including interest-bearing or interest-free loans, entrusted loans, etc.);
(9) Rent or rent out assets;	(8) Provide guarantee (including guarantees provided for controlling subsidiaries, etc.);
(10) Entrust or be entrusted with assets and business management;	(9) Lease in or lease out assets;
(11) Give or receive assets;	(10) Entrust or be entrusted with assets and business management;
(12) Restructure creditor's rights or debts;	(11) Give or receive assets;
(13) Transfer or acceptance of research and development projects;	(12) Restructure creditor's rights or debts;
(14) Sign the licensing agreement;	(9) Sign the licensing agreements;

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
(15) Purchase the raw materials, fuels and power;	(13) 10) Transfer or acceptance of research and development projects;
(16) Sell products and goods;	<u>(11) Waiver of rights (including waiver of pre-emptive rights, rights of first refusal in capital contribution, etc.);</u>
(17) Provide or accept labor services;	
(18) Entrust or be entrusted with sales;	(14) Sign the licensing agreement;
(19) Make joint investment with related parties;	(15) 12) Purchase the raw materials, fuels and power;
(20) Deposit in or provide loans to financial companies of the related persons;	(16) 13) Sell products and goods;
(21) Other potential transfer of resources or businesses by agreement;	(17) 14) Provide or accept labor services;
(22) Other matters deemed to be related party transactions in accordance with relevant provisions.	(18) 15) Entrust or be entrusted with sales;
	(19) 16) Make joint investment with related parties;
	(20) Deposit in or provide loans to financial companies of the related persons;
	(21) 17) Other potential transfer of resources or businesses by agreement;
	(22) 18) Other matters deemed to be constitute related party transactions in accordance with relevant provisions and as determined by the Shanghai Stock Exchange.
	<u>In accordance with Listing Rules of SEHK, connected transaction refers to the transaction carried out with connected person and specified type of transaction carried out with the third party; and such specified type of transaction may enable the connected person to derive a benefit through his/its interest in the entity(ies) involved in the transaction. Relevant transaction may be one-time or persistent. Such transaction shall include those of capital nature and income nature, whether it is carried out in day-to-day business of the Company or not.</u>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
<p>Article 6 Related persons of the Company shall include related legal person and related natural person, definition of which is subject to relevant provisions of the Listing Rules of SSE, as well as other laws and regulations. The definition of connected persons of the Company is subject to relevant provisions of Listing Rules of SEHK.</p>	<p>Article 6 Related persons of the Company shall include related legal person <u>(or other organization)</u> and related natural person, definition of which is subject to relevant provisions of the Listing Rules of SSE, as well as other laws and regulations. The definition of connected persons of the Company is subject to relevant provisions of Listing Rules of SEHK.</p>
<p>Article 7 Pursuant to relevant provisions by Shanghai Stock Exchange where the domestic shares are listed, legal person or other organizations involved in one of the following cases shall be deemed as related legal person of the Company:</p> <p>(1) Legal person or other organization directly or indirectly controls the Company;</p> <p>(2) Legal person or other organization (other than the Company and its holding subsidiaries) under direct or indirect control of the legal person referred to in the Item (1);</p> <p>(3) Legal person or other organization under direct or indirect control of the related natural person in the company listed in Article 9 herein, or legal person or other organization (other than the Company and its holding subsidiaries) where the related natural person serves as the director or senior manager;</p> <p>(4) Legal person or other organization holding over 5% shares of the Company;</p> <p>(5) Legal person or other organization considered by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), the Shanghai Stock Exchange or the Company, based on the principle of substance over form, to have special relationship with the Company, which may result in any shift of the Company’s interest towards it.</p>	<p>Article 7 Pursuant to relevant provisions by Shanghai Stock Exchange where the domestic shares are listed, legal person or other organizations involved in one of the following cases shall be deemed as related legal person <u>(or other organization)</u> of the Company:</p> <p>(1) Legal person <u>(or other organization)</u> directly or indirectly controls the Company;</p> <p>(2) Legal person <u>(or other organization)</u> (other than the Company and <u>its holding subsidiaries subsidiaries and other entities under its control</u>) under direct or indirect control of the legal person <u>(or other organization)</u> referred to in the Item (1);</p> <p>(3) Legal person <u>(or other organization)</u> under direct or indirect control of the related natural person in the company listed in Article 9 herein, or legal person <u>(or other organization)</u> (other than the Company and <u>its holding subsidiaries subsidiaries and other entities under its control</u>) where the related natural person serves as the director <u>(excluding independent directors who concurrently serve both parties) or senior manager senior management</u>;</p> <p>(4) Legal person <u>(or other organization)</u> holding over 5% shares of the Company <u>and its persons acting in concert</u>;</p> <p>(5) Legal person <u>(or other organization)</u> considered by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), the Shanghai Stock Exchange or the Company, based on the principle of substance over form, to have special relationship with the Company, which may result in <u>or have resulted in</u> any shift of the Company’s interest towards it.</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF RELATED PARTY TRANSACTIONS

Contents Before Amendments	Contents After Amendments
<p>Article 8 The Company and legal persons listed in the Article 7 (2) being controlled by the same state-owned asset management institutions shall not constitute a related relationship, except for the case where the legal representative, President or over half of the Directors of such legal persons serves also the Director, Supervisor or senior management of the Company.</p>	<p>Article 8 The Company and legal persons <u>(or other organizations)</u> listed in the Article 7 (2) being controlled by the same state-owned asset management institutions shall not constitute a related relationship, except for the case where the legal representative, <u>Chairman,</u> President or over half of the Directors of such legal persons serves also the Director, Supervisor or senior management of the Company.</p>
<p>Article 9 Pursuant to relevant provisions by Shanghai Stock Exchange where the domestic shares are listed, natural person involved in one of the following cases shall be deemed as related natural person of the Company:</p> <p>(1) Natural person directly or indirectly holding over 5% shares of the Company;</p> <p>(2) Director, Supervisor and senior manager of the Company;</p> <p>(3) Director, Supervisor and senior manager of the related legal person listed in subparagraph (1) of Article 7;</p> <p>(4) Family members bearing close relationship to the person referred to in Item (1) and (2) of this Article, including his/her spouse, parents, parents of his/her spouse, brothers and sisters and their spouses, children aged over 18 and their spouses, brothers and sisters of their spouses, as well as parents of children’s spouses;</p> <p>(5) Natural person considered by the CSRC, the Shanghai Stock Exchange or the Company, based on the principle of substance over form, to have special relationship with the Company, which may result in any shift of the Company’s interest towards him/her.</p>	<p>Article 9 Pursuant to relevant provisions by Shanghai Stock Exchange where the domestic shares are listed, natural person involved in one of the following cases shall be deemed as related natural person of the Company:</p> <p>(1) Natural person directly or indirectly holding over 5% shares of the Company;</p> <p>(2) Director, Supervisor and <u>senior manager senior management</u> of the Company;</p> <p>(3) Director, Supervisor and <u>senior manager senior management</u> of the related legal person listed in subparagraph (1) of Article 7 <u>legal person (or other organization) that directly or indirectly controls the Company;</u></p> <p>(4) Family members bearing close relationship to the person referred to in Item (1) and (2) of this Article, including his/her spouse, parents, parents of his/her spouse, brothers and sisters and their spouses, children aged over 18 and their spouses, brothers and sisters of their spouses, as well as parents of children’s spouses;</p> <p>(5) Natural person considered by the CSRC, the Shanghai Stock Exchange or the Company, based on the principle of substance over form, to have special relationship with the Company, which may result in <u>or have resulted in</u> any shift of the Company’s interest towards him/her.</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
<p>Article 10 Pursuant to relevant provisions by Shanghai Stock Exchange where the domestic shares are listed, legal person or other organization natural person involved in one of the following cases shall be deemed as related person of the Company:</p> <p>(1) Any legal person or natural person that will be involved in any one of the cases mentioned in Article 7 or Article 9 herein when the agreement or arrangements signed with the Company or related person of the Company come into force or in the next 12 months after such agreement or arrangements come into force;</p> <p>(2) Any legal person or natural person that has been involved in one of the cases mentioned in Article 7 or Article 9 in the past 12 months.</p>	<p>Article 10 Pursuant to relevant provisions by Shanghai Stock Exchange where the domestic shares are listed, legal person (or other organization) <u>or</u> natural person involved in one of the following cases shall be deemed as related person of the Company:<u>that has been involved in any of the circumstances set out in Article 7 or Article 9 hereof within the past 12 months, or will be involved in any of such circumstances within the 12 months following the effectiveness of any relevant agreement or arrangements, shall be deemed to be a related person of the Company.</u></p> <p>(1) Any legal person or natural person that will be involved in any one of the cases mentioned in Article 7 or Article 9 herein when the agreement or arrangements signed with the Company or related person of the Company come into force or in the next 12 months after such agreement or arrangements come into force;</p> <p>(2) Any legal person or natural person that has been involved in one of the cases mentioned in Article 7 or Article 9 in the past 12 months.</p>
<p>Newly added</p>	<p>Article 11 <u>Directors and senior management of the Company, Shareholders holding more than 5% of the Company’s shares and their persons acting in concert, and the de facto controller shall promptly submit to the Board of Directors a list of the Company’s related persons and a description of the related relationships, and the Company shall be responsible for maintaining proper registration and administration.</u></p> <p><u>Where there are any changes to the relevant related natural persons or related legal persons, the aforesaid reporting obligors shall promptly report such changes to the secretary to the Board of Directors, who shall update the list of related parties in a timely manner to ensure that such list remains true, accurate and complete.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF RELATED PARTY TRANSACTIONS

Contents Before Amendments	Contents After Amendments
CHAPTER 3 AVOIDANCE SYSTEM	CHAPTER 3 AVOIDANCE SYSTEM
<p>Article 11 When the Board of the Company considers the related party transactions matters, the related directors shall avoid the voting, and shall not perform the voting right on behalf of other directors. Where the related directors fail to initiatively make the declaration and avoid, the directors with knowledge of such case shall require the related directors to avoid. The Board meeting may be held when more than half of the unrelated directors are attended, and the resolutions made by the Board shall be passed for more than half of unrelated directors. Where the number of unrelated directors who attended the Board meeting is less than three, the Company shall submit the transaction to the General Meeting of Shareholders for consideration.</p> <p>The related directors referred in the preceding paragraph include the following directors or the directors with one of the following situation:</p> <p>(1) The counterparty;</p> <p>(2) Employees of the counterparty, direct or indirect controller of the counterparty, or entities under direct or indirect control of the counterparty;</p> <p>(3) Direct or indirect controller(s) of the counterparty;</p> <p>(4) A close family member(s) of the counterparty or its direct or indirect controller (see the provisions of the subparagraph (4) of the Article 9 hereof for the specific scope);</p>	<p>Article 11Article 12 When the Board of the Company considers the related party transactions matters, the related directors shall avoid the voting, and shall not perform the voting right on behalf of other directors, <u>and their voting rights shall not be counted towards the total number of voting rights.</u> Where the related directors fail to initiatively make the declaration and avoid, the directors with knowledge of such case shall require the related directors to avoid. The Board meeting may be held when more than half of the unrelated directors are attended, and the resolutions made by the Board shall be passed for more than half of unrelated directors. Where the number of unrelated directors who attended the Board meeting is less than three, the Company shall submit the transaction to the General Meeting of Shareholders for consideration.</p> <p>The related directors referred in the preceding paragraph include the following directors or the directors with one of the following situation:</p> <p>(1) The<u>Being the</u> counterparty;</p> <p>(2) Employees of the counterparty, direct or indirect controller of the counterparty, or entities under direct or indirect control of the counterparty;</p> <p>(3) <u>Having direct</u>Direct or indirect controller(s) of<u>over</u> the counterparty;</p> <p>(4) <u>Being a</u>A close family member(s) of the counterparty or its direct or indirect controller (see the provisions of the subparagraph (4) of the Article 9 hereof for the specific scope);</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
<p>(5) A close family member(s) of the counterparty or the directors, supervisors and senior managers of its direct or indirect controller (see the provisions of subparagraph (4) of the Article 9 hereof for the specific scope);</p> <p>(6) Other directors whose independent business judgment may be affected as determined by the Company, the CSRC or the Shanghai Stock Exchange based on the principle of substance over form;</p> <p>(7) Other directors shall avoid the voting in accordance with the Listing Rules of SEHK.</p>	<p>(5) <u>Being a</u> A close family member(s) of the counterparty or the directors, supervisors and or senior managers <u>senior management of the counterparty</u> or its direct or indirect controller (see the provisions of subparagraph (4) of the Article 9 hereof for the specific scope);</p> <p>(6) Other directors whose independent business judgment may be affected as determined by the Company, the CSRC or the Shanghai Stock Exchange based on the principle of substance over form;</p> <p>(7) Other directors shall avoid the voting in accordance with the Listing Rules of SEHK.</p>
<p>Article 12 When the General Meeting of Shareholders considers the related party transactions matters, the following Shareholders shall avoid the voting:</p> <p>(1) The counterparty;</p> <p>(2) Director or indirect controller of the counterparty;</p> <p>(3) Entities under direct or indirect control of the counterparty;</p> <p>(4) Entities under direct or indirect control of the same legal person, other organization or natural person as the counterparty;</p> <p>(5) Any Shareholder whose voting right is restricted or affected due to any outstanding equity transfer agreements or other agreements between such Shareholder and the counterparty or its related person;</p> <p>(6) Shareholders considered by the CSRC or the Shanghai Stock Exchange that may cause any shift of Company's interest towards them;</p> <p>(7) Other Shareholders shall avoid the voting in accordance with the Listing Rules of SEHK.</p>	<p>Article 12 Article 13 When the General Meeting of Shareholders considers the related party transactions matters, the following Shareholders shall avoid the voting; <u>the related Shareholders shall abstain from voting and shall not exercise voting rights on behalf of other Shareholders.</u> <u>The related Shareholders referred to in the preceding paragraph include the following Shareholders or Shareholders with one of the following situation:</u></p> <p>(1) <u>Being</u> The counterparty;</p> <p>(2) <u>Having</u> Ø director or indirect controller of <u>over</u> the counterparty;</p> <p>(3) Entities under direct or indirect control of the counterparty;</p> <p>(4) Entities under direct or indirect control of the same legal person, other organization or natural person as the counterparty;</p> <p>(5) <u>Employees of the counterparty, direct or indirect controller of the counterparty, or entities under direct or indirect control of the counterparty;</u></p> <p>(6) <u>Being a close family member(s) of the counterparty or its direct or indirect controller;</u></p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
	<p>(57) Any Shareholder whose voting right is restricted or affected due to any outstanding equity transfer agreements or other agreements between such Shareholder and the counterparty or its related person;</p> <p>(68) Shareholders considered by the CSRC or the Shanghai Stock Exchange that may cause any shift of Company's interest towards them;</p> <p>(79) Other Shareholders shall avoid the voting in accordance with the Listing Rules of SEHK.</p>
<p>Article 13 For the related party transactions of which the related Shareholders fail to initiatively explain its relationship with such transactions and avoid the voting, or that the notice from the Board fails to explain such matters, other Shareholders may require the related Shareholder to make explanation and avoid the voting.</p>	<p>Article 13 Article 14 For the related <u>party/connected</u> transactions of which the related Shareholders fail to initiatively explain its relationship with such transactions and avoid the voting, or that the notice from the Board fails to explain such matters, other Shareholders may require the related Shareholder to make explanation and avoid the voting.</p>
<p>Article 14 After the General Meeting of Shareholders, where the related Shareholders is found voting on related party transactions matters, or there is controversy on whether the Shareholder shall avoid, other Shareholders shall be entitled to file a lawsuit on the relevant resolution in the court according to the provisions upon the Articles of Association.</p>	<p>Deleted</p>
<p>Article 15 The resolution of the General Meeting of Shareholders shall fully record the voting situations of the unrelated Shareholders.</p>	<p>Article 15 The resolution announcement of the General Meeting of Shareholders shall fully record <u>disclose</u> the voting situations of the unrelated <u>non-related/non-connected</u> Shareholders.</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
<p>CHAPTER 4 PROCEDURE OF RELATED PARTY TRANSACTIONS</p>	<p>CHAPTER 4 PROCEDURE OF RELATED PARTIES/<u>CONNECTED</u> TRANSACTIONS</p>
<p>Article 16 Pursuant to relevant provisions of Shanghai Stock Exchange where the domestic shares are listed, commencement of related party transactions between the Company and the related parties shall is subject to the following procedures:</p> <p>(1) The related party transactions between the Company and the related natural person, in amount of RMB300,000 to RMB3,000,000, shall be authorized by the Board and disclosed in a timely manner.</p> <p>The related party transactions of which amount is over RMB3,000,000 in the preceding clause shall be authorized by the General Meeting of Shareholders and disclosed in a timely manner.</p> <p>(2) The related party transactions between the Company and the related legal person, of which the amount is over RMB3,000,000 and the audited absolute value on net assets is over 0.5% in recent period, shall be authorized by the Board and disclosed in a timely manner.</p> <p>The related party transactions in the preceding paragraph, in amount of over RMB30,000,000, occupying over 5% of the audited absolute value on net asset of the Company in the latest period, shall be authorized by the General Meeting of Shareholders of the Company and disclosed in a timely manner.</p>	<p>Article 16 Pursuant to relevant provisions of <u>Listing Rules of SEHK</u>, the Company shall perform the declaration, announcement or Shareholder approval procedures related to the connected transaction.</p> <p>Pursuant to relevant provisions of Shanghai Stock Exchange where the domestic shares are listed, commencement of related party transactions between the Company and the related parties shall is subject to the following procedures:<u>save as otherwise provided in Article 19 hereof, where a related party transaction between the Company and its related persons meets any of the following thresholds, such transaction shall be subject to consideration by the Board of Directors after approval by more than half of all independent Directors, and shall be timely disclosed:</u></p> <p>(1) The related party transactions between the Company and the related natural person, in amount of RMB300,000 to RMB3,000,000, shall be authorized by the Board and disclosed in a timely manner with a transaction amount (including assumed debts and expenses) exceeding RMB300,000.</p> <p>The related party transactions of which amount is over RMB3,000,000 in the preceding clause shall be authorized by the General Meeting of Shareholders and disclosed in a timely manner.</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
	<p>(2) The related party parties transactions between the Company and the related legal person, of which the amount is over RMB3,000,000 and the audited absolute value on net assets is over 0.5% in recent period, shall be authorized by the Board and disclosed in a timely manner (or other organization) with a transaction amount (including assumed debts and expenses) exceeding RMB3 million and representing more than 0.5% of the absolute value of the Company's audited net assets in the most recent period.</p> <p>The related party transactions in the preceding paragraph, in amount of over RMB30,000,000, occupying over 5% of the audited absolute value on net asset of the Company in the latest period, shall be authorized by the General Meeting of Shareholders of the Company and disclosed in a timely manner.</p>
<p>Article 17 Pursuant to relevant provisions of Listing Rules of SEHK, the Company shall perform the declaration, announcement or Shareholder approval procedures related to the connected transaction.</p> <p>Pursuant to relevant provisions of Shanghai Stock Exchange where the domestic shares are listed, the Company shall appoint a securities service agency with relevant professional qualifications for practice in securities or futures related business to assess or audit the object for any significant related party transaction that is subject to approval of General Meeting of Shareholders, except for those relating to daily operations for the Company.</p> <p>The Company may appoint independent financial adviser to give its opinions on whether the significant related party transactions required to be approved by General Meeting of Shareholders are fair and reasonable to all Shareholders and issue an independent financial adviser report.</p>	<p>Article 17 Pursuant to relevant provisions of Listing Rules of SEHK, the Company shall perform the declaration, announcement or Shareholder approval procedures related to the connected transaction. Pursuant to relevant provisions of Shanghai Stock Exchange where the domestic shares are listed, the Company shall appoint a securities service agency with relevant professional qualifications for practice in securities or futures related business to assess or audit the object for any significant related party transaction that is subject to approval of General Meeting of Shareholders, except for those relating to daily operations for the Company <u>save as otherwise provided in Article 19 hereof, where a transaction between the Company and a related person involves a transaction amount (including assumed debts and expenses) exceeding RMB30 million and representing more than 5% of the absolute value of the Company's audited net assets in the most recent period, the Company shall engage an intermediary institution with the requisite qualifications to engage in securities and futures-related business to conduct an appraisal or audit of the transaction subject matter (except for related party transactions in the ordinary course of business), disclose the audit report or appraisal report in accordance with applicable rules, and submit such transaction to the General Meeting of Shareholders for consideration.</u></p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
	<p>The Company may appoint independent financial adviser to give its opinions on whether the significant related party transactions required to be approved by General Meeting of Shareholders are fair and reasonable to all Shareholders and issue an independent financial adviser report.</p> <p><u>Where the Company and a related person jointly invest to establish a company, and the Company's capital contribution meets the thresholds set out in the second paragraph, if all investors contribute in cash and determine their respective equity interests in proportion to their capital contributions, the requirement to submit such matter to the General Meeting of Shareholders for consideration may be exempted.</u></p> <p><u>Where a related party transaction of the Company does not meet the thresholds set out in the second paragraph, but the China Securities Regulatory Commission or the Shanghai Stock Exchange, based on the principle of prudence, requires so, or the Company, in accordance with its Articles of Association or other provisions, or on a voluntary basis, submits the matter to the General Meeting of Shareholders for consideration, the approval procedures, disclosure obligations, and requirements relating to audit or appraisal as set out in the second paragraph shall apply.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF RELATED PARTY TRANSACTIONS

Contents Before Amendments	Contents After Amendments
<p>Article 18 On the premise of complying with relevant listing rules, the related party transactions beyond the scope of approval by the Board or General Meeting of Shareholders shall be approved by the President meeting of the Company; the person who has interests in such transactions shall avoid to vote. The supervisory board shall giving its explicit opinions on whether the related party transactions required to be approved by Board or General Meeting of Shareholders are fair and reasonable and whether or not the transaction may damage the legal interests of the Company and the non-related Shareholders.</p>	<p>Article 18 On the premise of complying with relevant listing rules, the related party transactions beyond the scope of approval by the Board or General Meeting of Shareholders shall be approved by the President meeting of the Company; the person who has interests in such transactions shall avoid to vote. The supervisory board shall giving its explicit opinions on whether the related party transactions required to be approved by Board or General Meeting of Shareholders are fair and reasonable and whether or not the transaction may damage the legal interests of the Company and the non-related Shareholders.</p>
<p>Article 19 In the event the Company provides guarantee for related person, irrespective of the amount hereof, it shall be submitted to the General Meeting of Shareholders for approval after being approved by the Board.</p> <p>In the event the Company provides guarantee for the Shareholders who hold less than 5% (excluding 5%) of company shares, such guarantee shall be executed in accordance with preceding paragraph. The related Shareholders shall avoid to vote in the General Meeting of Shareholders. The Company shall not directly or indirectly provide loan to its directors, supervisors and senior managers. Where the Company provides loans to its connected persons, it shall, in accordance with relevant provisions of Listing Rules of SEHK, make relevant declaration or announcement or go through relevant approval procedures.</p>	<p>Article 19 In the event the Company provides guarantee for related person, irrespective of the amount hereof, it shall be submitted to the General Meeting of Shareholders for approval after being approved by the Board. <u>such guarantees shall, in addition to being approved by more than half of all non-related Directors, also be subject to the approval of more than two-thirds of the non-related Directors present at the Board meeting, and shall be submitted to the General Meeting of Shareholders for consideration. Where the Company provides guarantees for its controlling Shareholder, de facto controller and their related persons (if any), the controlling Shareholder, de facto controller and their related persons shall provide counter-guarantees.</u></p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
	<p><u>Where, as a result of a transaction or related party transaction, the guaranteed party becomes a related person of the Company, the Company shall, at the same time as the implementation of such transaction or related party transaction, comply with the relevant approval procedures and information disclosure obligations in respect of any continuing related party guarantees.</u></p> <p><u>Where such related party guarantee matters as set out in the preceding paragraph are not approved by the Board of Directors or the General Meeting of Shareholders, the parties to the transaction shall adopt effective measures, such as early termination of the guarantee, to remedy the situation.</u></p> <p>In the event the Company provides guarantee for the Shareholders who hold less than 5% (excluding 5%) of company shares, such guarantee shall be executed in accordance with preceding paragraph. The related Shareholders shall avoid to vote in the General Meeting of Shareholders. The Company shall not directly or indirectly provide loan to its directors, supervisors and senior managers. Where the Company provides loans to its connected persons, it shall, in accordance with relevant provisions of Listing Rules of SEHK, make relevant declaration or announcement or go through relevant approval procedures.</p>
<p>Newly added</p>	<p><u>Article 20 Where the Company and a related person jointly invest to establish a company, the Company's capital contribution shall be deemed as the transaction amount, and Articles 16 and 17 hereof shall apply.</u></p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
Newly added	<p>Article 21 <u>Where a company, as a result of waiver of rights, gives rise to a related party transaction with its related persons, Articles 16 and 17 hereof shall apply in accordance with the following standards:</u></p> <p>(1) <u>Where the Company directly or indirectly waives its pre-emptive rights, rights to subscribe for capital contributions or other similar rights in respect of its controlling subsidiaries or other entities under its control, resulting in a change in the scope of its consolidated financial statements, the amount waived and the relevant financial indicators of such entity shall be subject to Articles 6.1.2 and 6.1.3 of the Listing Rules of the Shanghai Stock Exchange.</u></p> <p>(2) <u>Where the Company’s waiver of rights does not result in a change in the scope of its consolidated financial statements, but leads to a decrease in the proportion of equity interest held in such entity compared with the position had no such waiver occurred, the amount waived and the relevant financial indicators calculated based on the proportion of equity change shall be subject to Articles 6.1.2 and 6.1.3 of the Listing Rules of the Shanghai Stock Exchange.</u></p> <p>(3) <u>Where the Company partially waives its rights, the amounts and indicators set out in the preceding two paragraphs, together with the actual consideration for acquisition or capital contribution, shall also be subject to Articles 6.1.2 and 6.1.3 of the Listing Rules of the Shanghai Stock Exchange.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF RELATED PARTY TRANSACTIONS

Contents Before Amendments	Contents After Amendments
<p>Newly added</p>	<p><u>Article 22 Where the arrangements relating to a transaction between the Company and a related person involve conditional consideration that may be paid or received in the future and for which the amount is not fixed, the maximum expected amount shall be taken as the transaction amount, and Articles 16 and 17 hereof shall apply.</u></p>
<p>Article 20 Where the Company’s related party transactions involve matters such as “providing financial support”, “entrusting financial management”, the amount occurred shall be taken as calculation standards, and accumulative calculation shall be carried out for 12 consecutive months according to the type of transaction matters. If the results reach prescribed standards hereof, these Regulations shall be applied to relevant related party transactions. In case relevant obligations have been fulfilled according to these Regulations, the amount of the transaction will not be included in the accumulative calculation.</p>	<p>Article 20 <u>Article 23 Where the Company’s related party transactions involve matters such as “providing financial support”, “entrusting financial management”, the amount occurred shall be taken as calculation standards, and accumulative calculation shall be carried out for 12 consecutive months according to the type of transaction matters. If the results reach prescribed standards hereof, these Regulations shall be applied to relevant related party transactions. In case relevant obligations have been fulfilled according to these Regulations, the amount of the transaction will not be included in the accumulative calculation. Where the Company conducts entrusted wealth management with a related person, and where it is difficult to carry out the approval procedures and disclosure obligations for each individual investment due to transaction frequency and timeliness requirements, the scope of investment, investment quota and term may be reasonably estimated in advance, and such quota shall be taken as the basis for calculation, with Articles 16 and 17 hereof applying accordingly.</u></p> <p><u>The utilisation period of such quota shall not exceed 12 months, and at any point during such period, the transaction amount (including amounts reinvested from the returns on the aforesaid investments) shall not exceed the approved investment quota.</u></p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
Newly added	<p><u>Article 24 The Company shall not provide financial assistance to related persons as defined under the Listing Rules of the Shanghai Stock Exchange, except in circumstances where financial assistance is provided to a related associate company which is not controlled by the Company’s controlling Shareholder or de facto controller (if any), and where other Shareholders of such associate company provide financial assistance on the same terms in proportion to their respective capital contributions.</u></p> <p><u>Where the Company provides financial assistance to a related associate company as described in the preceding paragraph, such matter shall, in addition to being approved by more than half of all non-related Directors, also be approved by more than two-thirds of the non-related Directors present at the Board meeting, and shall be submitted to the General Meeting of Shareholders for consideration.</u></p>

APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF RELATED PARTY TRANSACTIONS

Contents Before Amendments	Contents After Amendments
<p>Article 21 In case the following related party transactions of the Company occur within 12 consecutive months, it shall be carried out according to applicable provisions of accumulative calculation principle:</p> <p>(1) Transaction conducted with the same related person;</p> <p>(2) Transaction conducted with different related person but of similar object matters.</p> <p>The same related person as stated above includes any entity that is under the direct or indirect control of the same entity with such related person, or controls or is controlled by such related person, or one of whose directors or senior officers serves as a director or senior officer of such related person. In case that the relevant obligations have been fulfilled pursuant to these Regulations, the transaction in question shall no longer be included in the accumulative calculation.</p>	<p>Article 21Article 25 In case the following related party transactions of the Company occur within 12 consecutive months, it shall be carried out according to applicable provisions of <u>Articles 16 and 17 hereof in accordance with the accumulative calculation principle:</u></p> <p>(1) Transaction conducted with the same related person;</p> <p>(2) Transaction conducted with different related person but of similar object matters<u>involving related subject matters under the same category of transactions.</u></p> <p>The same related person as stated above includes any entity that is under the direct or indirect control of the same entity with such related person, or controls or is controlled by such related person, or one of whose directors or senior officers serves as a director or senior officer of such related person. In case that the relevant obligations have been fulfilled pursuant to these Regulations, the transaction in question shall no longer be included in the accumulative calculation <u>other related persons that are under the control of the same entity as such related person, or that have mutual equity control relationships with such related person.</u></p> <p><u>Where, pursuant to this Article, the cumulative amount within a consecutive 12-month period reaches the disclosure thresholds or Shareholder approval thresholds prescribed under the Listing Rules of the Shanghai Stock Exchange and the Regulations, Article 6.1.16 of the Listing Rules of the Shanghai Stock Exchange shall apply.</u></p> <p><u>Where the relevant approval and disclosure obligations have already been fulfilled in accordance with the Listing Rules of the Shanghai Stock Exchange, such transactions shall no longer be included in the scope of cumulative calculation.</u></p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
<p>Article 22 Subject to provisions of relevant listing rules, for related party transactions between the Company and its related persons/connected persons in respect of daily operation, approval procedure for such transactions shall comply with following provisions:</p> <p>(1) As for daily related party transactions that conducted for the first time, the Company shall enter into a written agreement with related persons/connected persons and submit the agreement to the Board or the General Meeting of Shareholders for consideration based on the transaction amount under the agreement. If the agreement does not prescribe any specific transaction amount, it shall be submitted to General Meeting of Shareholders for consideration.</p> <p>(2) Where, in the course of performance of any agreement of daily related party transactions approved by the Board or the General Meeting of the Company, the main terms and conditions of the agreement have no material changes, the Company shall disclose the actual performance of such agreement in its regular reports in accordance with relevant regulations and state whether the provisions of the agreement are complied with; where the main terms and conditions of the agreement have material changes in the course of performance or the agreement needs to be renewed upon the expiration thereof, the Company shall submit the revised or renewed agreement to the Board or the General Meeting for consideration based on the transaction amount under the agreement. If the agreement does not prescribe any specific transaction amount, it shall be submitted to General Meeting of Shareholders for consideration.</p>	<p>Article 22Article 26 Subject to provisions of relevant listing rules, for related party transactions between the Company and its related persons/connected persons in respect of daily operation, approval procedure <u>and disclosure requirements</u> for such transactions shall comply with following provisions:</p> <p>(1) As for daily related party transactions that conducted for the first time, the Company shall enter into a written agreement with related persons/connected persons and submit the agreement to the Board or the General Meeting of Shareholders for consideration based on the transaction amount under the agreement. If the agreement does not prescribe any specific transaction amount, it shall be submitted to General Meeting of Shareholders for consideration.</p> <p>(2) Where, in the course of performance of any agreement of daily related party transactions approved by the Board or the General Meeting of the Company, the main terms and conditions of the agreement have no material changes, the Company shall disclose the actual performance of such agreement in its <u>regular reports annual report and interim report</u> in accordance with relevant regulations and state whether the provisions of the agreement are complied with; where the main terms and conditions of the agreement have material changes in the course of performance or the agreement needs to be renewed upon the expiration thereof, the Company shall submit the revised or renewed agreement to the Board or the General Meeting for consideration based on the transaction amount under the agreement. If the agreement does not prescribe any specific transaction amount, it shall be submitted to General Meeting of Shareholders for consideration.</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
<p>(3) If the Company conducts a considerable amount of daily related party transactions each year and, as a result, it needs to enter into new agreements frequently and is hardly able to submit each agreement to the Board or the General Meeting for consideration as prescribed in Item (1) of this article, the Company may, prior to its disclosure of the annual report for the previous year, reasonably estimate the aggregate amount of daily related party transactions to be conducted in the current year, submit the estimated aggregate amount to the Board or the General Meeting for consideration based on the standards stated herein, and make relevant disclosure. The Company shall disclose in its annual and interim reports all the daily related party transactions that fall within the estimated aggregate amount, and submit any actual daily related party transactions in excess of the estimated aggregate amount to the Board or the General Meeting for re-consideration based on the excess amount and the standards stated herein, and make relevant disclosure.</p>	<p><u>(2) Where a daily related party transaction occurs for the first time, the Company shall, based on the total transaction amount involved under the agreement, complete the relevant approval procedures and make timely disclosure; where the agreement does not specify a total transaction amount, it shall be submitted to the General Meeting of Shareholders for consideration. Where material changes occur to the principal terms of the agreement during its performance, or where the agreement is to be renewed upon expiry, such matters shall be handled in accordance with the foregoing provisions of this paragraph.</u></p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
	<p>(3) If the Company conducts a considerable amount of daily related party transactions each year and, as a result, it needs to enter into new agreements frequently and is hardly able to submit each agreement to the Board or the General Meeting for consideration as prescribed in Item (1) of this article, the Company may, prior to its disclosure of the annual report for the previous year, reasonably estimate the aggregate amount of daily related party transactions to be conducted in the current year, submit the estimated aggregate amount to the Board or the General Meeting for consideration based on the standards stated herein, and make relevant disclosure. The Company shall disclose in its annual and interim reports all the daily related party transactions that fall within the estimated aggregate amount, and submit any actual daily related party transactions in excess of the estimated aggregate amount to the Board or the General Meeting for re-consideration based on the excess amount and the standards stated herein, and make relevant disclosure.<u>The Company may reasonably estimate the amount of daily related party transactions for the relevant year by category, and shall complete the relevant approval procedures and make disclosure accordingly. Where the actual amount exceeds the estimated amount, the Company shall re-perform the relevant approval procedures and disclosure obligations in respect of the excess portion.</u></p> <p>(4) The Company's annual report and interim report shall disclose, on a categorized basis, the actual performance of daily related party transactions.</p> <p>(5) Where a daily related party transaction agreement entered into between the Company and a related person has a term exceeding three years, the Company shall, every three years, re-perform the relevant approval procedures and disclosure obligations in accordance with the Listing Rules of the Shanghai Stock Exchange and the provisions hereof.</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF RELATED PARTY TRANSACTIONS

Contents Before Amendments	Contents After Amendments
<p>Article 24 Subject to any related listing rules, for the following related party transactions between the Company and its related persons/connected persons, the Company may be exempt from the performing relevant duties as required for a related party transaction:</p> <p>(1) One party obtains dividends, bonuses or remuneration in accordance with the resolutions of the General Meeting of the other party;</p> <p>(2) One party subscribes in cash for the shares, corporate bonds or enterprise bonds, convertible corporate bonds or other derivatives publicly offered by the other party;</p> <p>(3) One party, as a member of the underwriting syndicate, underwrites the shares, corporate bonds or enterprise bonds, convertible corporate bonds or other derivatives publicly offered by the other party;</p> <p>(4) Other transactions recognized by the related regulations.</p> <p>Where there is inconsistency between Listing Rules of SSE and Listing Rules of SEHK on the aforesaid exemption, the Company shall comply with the stricter rules and perform relevant consideration and disclosure requirements thereof.</p>	<p>Article 24Article 28 Subject to any related listing rules, for the following related party transactions between the Company and its related persons/connected persons, the Company may be exempt from the performing relevant duties as required for a related party transaction:</p> <p>(1) One party obtains dividends, bonuses or remuneration in accordance with the resolutions of the General Meeting of the other party;<u>Transactions in which the Company unilaterally obtains benefits without paying consideration or assuming any obligations, including receipt of donated cash assets, debt forgiveness, and receipt of guarantees or financial assistance free of charge;</u></p> <p>(2) One party subscribes in cash for the shares, corporate bonds or enterprise bonds, convertible corporate bonds or other derivatives publicly offered by the other party;<u>Where a related person provides funds to the Company at an interest rate not higher than the Loan Prime Rate and the Company is not required to provide any guarantee;</u></p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
	<p>(3) One party, as a member of the underwriting syndicate, underwrites the shares, corporate bonds or enterprise bonds, convertible corporate bonds or other derivatives publicly offered by the other party; Where one party subscribes in cash for shares, convertible corporate bonds or other derivatives publicly issued by the other party to unspecified investors, or publicly issued corporate bonds (including enterprise bonds);</p> <p>(4) Other transactions recognized by the related regulations. Where one party, as a member of an underwriting syndicate, underwrites shares, convertible corporate bonds or other derivatives publicly issued by the other party to unspecified investors, or publicly issued corporate bonds (including enterprise bonds);</p> <p>(5) Where one party receives dividends, profits or remuneration pursuant to resolutions of the General Meeting of Shareholders of the other party;</p> <p>(6) Where one party participates in the other party's public tenders, auctions or similar processes, except where fair market pricing cannot be formed through such tendering or auction processes;</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
	<p>(7) <u>Where the Company provides products and services to related natural persons as specified in items (ii) to (iv) of Article 9 hereof under the same trading conditions as those applicable to non-related persons;</u></p> <p>(8) <u>Where the pricing of the related party transaction is stipulated by the State;</u></p> <p>(9) <u>Other circumstances as recognized by the Shanghai Stock Exchange.</u></p> <p><u>This Article shall also apply to connected persons and connected transactions under the Listing Rules of SEHK, and unless otherwise provided under the Listing Rules of SEHK, the Company shall comply with the relevant provisions of the Listing Rules of SEHK.</u></p> <p>Where there is inconsistency between Listing Rules of SSE and Listing Rules of SEHK on the aforesaid exemption, the Company shall comply with the stricter rules and perform relevant consideration and disclosure requirements thereof.</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
CHAPTER 5 INTERNAL CONTROL RELATED PARTY TRANSACTIONS	CHAPTER 5 INTERNAL CONTROL RELATED PARTY TRANSACTIONS
<p>Article 25 Shareholders, directors, supervisors or senior managers with over 5% of shares in the Company shall promptly declare any change of relevant related natural person or legal person to secretary of the Board. Secretary of the Board shall update the list of related person timely to ensure that the list is real, accurate and complete.</p> <p>When the subsidiaries (as defined by Listing Rules of SEHK) or the holding subsidiaries of the Company conduct any transaction, the relevant person in charge shall refer to the list of related person and consider whether it constitutes related party transactions carefully. If it constitutes related party transactions, it shall be regarded as behavior of the Company and the procedure of consideration and approval shall be performed according to these Regulations.</p>	<p>Article 25—Shareholders, directors, supervisors or senior managers with over 5% of shares in the Company shall promptly declare any change of relevant related natural person or legal person to secretary of the Board. Secretary of the Board shall update the list of related person timely to ensure that the list is real, accurate and complete.</p> <p>Article 29 <u>When the subsidiaries (as defined by Listing Rules of SEHK) or, the holding subsidiaries of the Company and other entities under its control</u> conduct any transaction, the relevant person in charge shall refer to the list of related person and consider whether it constitutes related party transactions carefully. If it constitutes related party transactions, it shall be regarded as behavior of the Company and the procedure of consideration and approval shall be performed according to these Regulations.</p>
<p>Article 26 Where related party transactions are subject to pre-approval by Independent Directors, relevant personnel shall, through the secretary of the Board, submit relevant materials to Independent Directors at the first time. Independent Directors can engage agency to provide specific report as their basis of judgement.</p>	Deleted

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
<p>Article 27 The Company shall perform the following responsibilities when considering related party transactions matters:</p> <p>(1) Acquire detail information of the transaction object, including status of operation, profitability and whether exist any defects of rights, such as mortgage, attachment and legal dispute, such as lawsuit and arbitration, etc.</p> <p>(2) Acquire detail information of the counterparty, such as integrity record, credit status, performing ability and select the counterparty diligently.</p> <p>(3) Confirm transaction price according to sufficient pricing basis.</p> <p>(4) Appoint service agency to audit or assess transaction object according to relevant requirements or when the Company thinks it is necessary.</p> <p>The Company shall not consider nor make decision on related party transactions matters with unclear condition of transaction object, unconfirmed transaction price and unclear counterparty.</p>	<p>Article 27Article 30 The Company shall perform the following responsibilities when considering related <u>party/connected</u> transactions matters:</p> <p>(1) Acquire detail information of the transaction object, including status of operation, profitability and whether exist any defects of rights, such as mortgage, attachment and legal dispute, such as lawsuit and arbitration, etc.</p> <p>(2) Acquire detail information of the counterparty, such as integrity record, credit status, performing ability and select the counterparty diligently.</p> <p>(3) Confirm transaction price according to sufficient pricing basis.</p> <p>(4) Appoint service agency to audit or assess transaction object according to relevant requirements or when the Company thinks it is necessary.</p> <p>The Company shall not consider nor make decision on related <u>party/connected</u> transactions matters with unclear condition of transaction object, unconfirmed transaction price and unclear counterparty.</p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Contents Before Amendments	Contents After Amendments
CHAPTER 6 SUPPLEMENTARY PROVISIONS	CHAPTER 6 SUPPLEMENTARY PROVISIONS
<p>Article 30 These Regulations shall be passed at the General Meeting by way of ordinary resolution and come into force on the date thereof, while the Articles in respect of domestic listing of the Company's Shares shall only be implemented from the date of such listing.</p>	<p>Article 30Article 33 These Regulations shall be passed at the General Meeting by way of ordinary resolution and come into force on the date thereof, while the Articles in respect of domestic listing of the Company's Shares shall only be implemented from the date of such listing. <u>take effect upon consideration and approval by the Board of Directors.</u></p>
<p>Article 31 These Regulations shall be interpreted by the Board and shall not be amended unless the amendments are proposed by the Board and approved by the General Meeting after consideration.</p>	<p>Article 31Article 34 These Regulations shall be interpreted by the Board and shall not be amended unless the amendments are proposed by the Board and approved by the <u>General Meeting after consideration of Directors of the Company.</u></p>

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

**2. FULL TEXT OF THE ADMINISTRATIVE MEASURES OF RELATED PARTY
TRANSACTIONS**

The full text of the Administrative Measures of Related Party Transactions is set out below:

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to ensure that the related party and connected transactions between Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as “the Company”) and its related parties and connected persons are in compliance with the principle of fairness, justness and openness, and ensure that related party transactions and connected transactions of the Company (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) will not cause any damage to legal interests of the Company and non-related Shareholders, these Regulations, on the basis of practical situation of the Company, is hereby formulated in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, Listing Rules of Shanghai Stock Exchange (hereinafter referred to as “Listing Rules of SSE”), the Self-regulatory Guidelines No. 5 for Listed Companies of the Shanghai Stock Exchange — Transactions and Related Party Transactions, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Listing Rules of SEHK”), and the Articles of Association of Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as “Articles of Association”).

Article 2 The Company shall carry out the classified management for related party transactions and connected transactions, and shall perform the procedures for approval of related party transactions and information disclosure as required and in accordance with the scope of related persons and connected persons confirmed based on the Listing Rules of SSE and Listing Rules of SEHK, as well as other relevant laws and regulations.

Where a transaction is carried on, the Company shall, in accordance with the Listing Rules of SSE and Listing Rules of SEHK, deliberate as the case may be, and shall, with the stricter provision as the criteria, judge whether the parties involved in the transaction are related persons or connected persons of the Company and whether the transaction constitutes the related party transactions or connected transactions, as well as applicable decision-making procedures and disclosure requirements.

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Article 3 A written agreement shall be entered into for the related party/connected transactions between the Company and related persons/connected persons, and such written agreement shall be in the principle of equality, voluntariness, equal value exchange; the agreement contents shall be clear and specific.

Article 4 The related party/connected transactions shall be in the principle of fairness, justness and openness, and the price hereof shall not, in principle, be higher or lower than an independent third party's market price or charging standard.

CHAPTER 2 RELATED PARTY TRANSACTIONS AND RELATED PERSON

Article 5 Related party transactions refer to transactions involving the transfer of resources or obligations between the Company, its subsidiaries and other entities under its control, and its related persons, including but not limited to the following:

- (1) Purchase or sell assets;
- (2) Make external investment (including entrusted wealth management and investments in subsidiaries, etc.);
- (3) Provide financial assistance (including interest-bearing or interest-free loans, entrusted loans, etc.);
- (4) Provide guarantee (including guarantees provided for subsidiaries, etc.);
- (5) Lease in or lease out assets;
- (6) Entrust or be entrusted with assets and business management;
- (7) Give or receive assets;
- (8) Restructure creditor's rights or debts;
- (9) Sign the licensing agreements;
- (10) Transfer or acceptance of research and development projects;
- (11) Waiver of rights (including waiver of pre-emptive rights, rights of first refusal in capital contribution, etc.);
- (12) Purchase the raw materials, fuels and power;

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

- (13) Sell products and goods;
- (14) Provide or accept labor services;
- (15) Entrust or be entrusted with sales;
- (16) Make joint investment with related parties;
- (17) Other potential transfer of resources or businesses by agreement;
- (18) Other matters deemed to constitute related party transactions in accordance with relevant provisions and as determined by the Shanghai Stock Exchange.

In accordance with Listing Rules of SEHK, connected transaction refers to the transaction carried out with connected person and specified type of transaction carried out with the third party; and such specified type of transaction may enable the connected person to derive a benefit through his/its interest in the entity(ies) involved in the transaction. Relevant transaction may be one-time or persistent. Such transaction shall include those of capital nature and income nature, whether it is carried out in day-to-day business of the Company or not.

Article 6 Related persons of the Company shall include related legal person (or other organization) and related natural person, definition of which is subject to relevant provisions of the Listing Rules of SSE, as well as other laws and regulations. The definition of connected persons of the Company is subject to relevant provisions of Listing Rules of SEHK.

Article 7 Pursuant to relevant provisions by Shanghai Stock Exchange where the domestic shares are listed, legal person or other organizations involved in one of the following cases shall be deemed as related legal person (or other organization) of the Company:

- (1) Legal person (or other organization) directly or indirectly controls the Company;
- (2) Legal person (or other organization) (other than the Company, its subsidiaries and other entities under its control) under direct or indirect control of the legal person (or other organization) referred to in the Item (1);

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

- (3) Legal person (or other organization) under direct or indirect control of the related natural person in the company listed in Article 9 herein, or legal person (or other organization) (other than the Company, its subsidiaries and other entities under its control) where the related natural person serves as the director (excluding independent directors who concurrently serve both parties) or senior management;
- (4) Legal person (or other organization) holding over 5% shares of the Company and its persons acting in concert;
- (5) Legal person (or other organization) considered by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), the Shanghai Stock Exchange or the Company, based on the principle of substance over form, to have special relationship with the Company, which may result in or have resulted in any shift of the Company’s interest towards it.

Article 8 The Company and legal persons (or other organizations) listed in the Article 7(2) being controlled by the same state-owned asset management institutions shall not constitute a related relationship, except for the case where the legal representative, Chairman, President or over half of the Directors of such legal persons serves also the Director or senior management of the Company.

Article 9 Pursuant to relevant provisions by Shanghai Stock Exchange where the domestic shares are listed, natural person involved in one of the following cases shall be deemed as related natural person of the Company:

- (1) Natural person directly or indirectly holding over 5% shares of the Company;
- (2) Director and senior management of the Company;
- (3) Director, Supervisor and senior management of the legal person (or other organization) that directly or indirectly controls the Company;
- (4) Family members bearing close relationship to the person referred to in Item (1) and (2) of this Article, including his/her spouse, parents, parents of his/her spouse, brothers and sisters and their spouses, children aged over 18 and their spouses, brothers and sisters of their spouses, as well as parents of children’s spouses;
- (5) Natural person considered by the CSRC, the Shanghai Stock Exchange or the Company, based on the principle of substance over form, to have special relationship with the Company, which may result in or have resulted in any shift of the Company’s interest towards him/her.

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Article 10 Pursuant to relevant provisions by Shanghai Stock Exchange where the domestic shares are listed, legal person (or other organization) or natural person that has been involved in any of the circumstances set out in Article 7 or Article 9 hereof within the past 12 months, or will be involved in any of such circumstances within the 12 months following the effectiveness of any relevant agreement or arrangements, shall be deemed to be a related person of the Company.

Article 11 Directors and senior management of the Company, Shareholders holding more than 5% of the Company's shares and their persons acting in concert, and the de facto controller shall promptly submit to the Board of Directors a list of the Company's related persons and a description of the related relationships, and the Company shall be responsible for maintaining proper registration and administration.

Where there are any changes to the relevant related natural persons or related legal persons, the aforesaid reporting obligors shall promptly report such changes to the secretary to the Board of Directors, who shall update the list of related parties in a timely manner to ensure that such list remains true, accurate and complete.

CHAPTER 3 AVOIDANCE SYSTEM

Article 12 When the Board of the Company considers the related party transactions matters, the related directors shall avoid the voting, and shall not perform the voting right on behalf of other directors, and their voting rights shall not be counted towards the total number of voting rights. Where the related directors fail to initiatively make the declaration and avoid, the directors with knowledge of such case shall require the related directors to avoid. The Board meeting may be held when more than half of the unrelated directors are attended, and the resolutions made by the Board shall be passed for more than half of unrelated directors. Where the number of unrelated directors who attended the Board meeting is less than three, the Company shall submit the transaction to the General Meeting of Shareholders for consideration.

The related directors referred in the preceding paragraph include the following directors or the directors with one of the following situation:

- (1) Being the counterparty;
- (2) Employees of the counterparty, direct or indirect controller of the counterparty, or entities under direct or indirect control of the counterparty;
- (3) Having direct or indirect control over the counterparty;

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

- (4) Being a close family member(s) of the counterparty or its direct or indirect controller (see the provisions of the subparagraph (4) of the Article 9 hereof for the specific scope);
- (5) Being a close family member(s) of the directors, or senior management of the counterparty or its direct or indirect controller (see the provisions of subparagraph (4) of the Article 9 hereof for the specific scope);
- (6) Other directors whose independent business judgment may be affected as determined by the Company, the CSRC or the Shanghai Stock Exchange based on the principle of substance over form;
- (7) Other directors shall avoid the voting in accordance with the Listing Rules of SEHK.

Article 13 When the General Meeting of Shareholders considers the related party transactions matters, the related Shareholders shall abstain from voting and shall not exercise voting rights on behalf of other Shareholders. The related Shareholders referred to in the preceding paragraph include the following Shareholders or Shareholders with one of the following situation:

- (1) Being the counterparty;
- (2) Having direct or indirect control over the counterparty;
- (3) Entities under direct or indirect control of the counterparty;
- (4) Entities under direct or indirect control of the same legal person, other organization or natural person as the counterparty;
- (5) Employees of the counterparty, direct or indirect controller of the counterparty, or entities under direct or indirect control of the counterparty;
- (6) Being a close family member(s) of the counterparty or its direct or indirect controller;
- (7) Any Shareholder whose voting right is restricted or affected due to any outstanding equity transfer agreements or other agreements between such Shareholder and the counterparty or its related person;
- (8) Shareholders considered by the CSRC or the Shanghai Stock Exchange that may cause any shift of Company's interest towards them;
- (9) Other Shareholders shall avoid the voting in accordance with the Listing Rules of SEHK.

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Article 14 For the related party/connected transactions of which the related Shareholders fail to initiatively explain its relationship with such transactions and avoid the voting, or that the notice from the Board fails to explain such matters, other Shareholders may require the related Shareholder to make explanation and avoid the voting.

Article 15 The announcement of the General Meeting of Shareholders shall fully disclose the voting situations of the non-related/non-connected Shareholders.

CHAPTER 4 PROCEDURE OF RELATED PARTY/CONNECTED TRANSACTIONS

Article 16 Pursuant to relevant provisions of Listing Rules of SEHK, the Company shall perform the declaration, announcement or Shareholder approval procedures related to the connected transaction.

Pursuant to relevant provisions of Shanghai Stock Exchange where the domestic shares are listed, save as otherwise provided in Article 19 hereof, where a related party transaction between the Company and its related persons meets any of the following thresholds, such transaction shall be subject to consideration by the Board of Directors after approval by more than half of all independent Directors, and shall be timely disclosed:

- (1) The related party transactions between the Company and the related natural person with a transaction amount (including assumed debts and expenses) exceeding RMB300,000.
- (2) The related party transactions between the Company and the related legal person (or other organization) with a transaction amount (including assumed debts and expenses) exceeding RMB3 million and representing more than 0.5% of the absolute value of the Company's audited net assets in the most recent period.

Article 17 Pursuant to relevant provisions of Shanghai Stock Exchange where the domestic shares are listed, save as otherwise provided in Article 19 hereof, where a transaction between the Company and a related person involves a transaction amount (including assumed debts and expenses) exceeding RMB30 million and representing more than 5% of the absolute value of the Company's audited net assets in the most recent period, the Company shall engage an intermediary institution with the requisite qualifications to engage in securities and futures-related business to conduct an appraisal or audit of the transaction subject matter (except for related party transactions in the ordinary course of business), disclose the audit report or appraisal report in accordance with applicable rules, and submit such transaction to the General Meeting of Shareholders for consideration.

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Where the Company and a related person jointly invest to establish a company, and the Company's capital contribution meets the thresholds set out in the preceding paragraph, if all investors contribute in cash and determine their respective equity interests in proportion to their capital contributions, the requirement to submit such matter to the General Meeting of Shareholders for consideration may be exempted.

Where a related party transaction of the Company does not meet the thresholds set out in the preceding paragraph, but the China Securities Regulatory Commission or the Shanghai Stock Exchange, based on the principle of prudence, requires so, or the Company, in accordance with its Articles of Association or other provisions, or on a voluntary basis, submits the matter to the General Meeting of Shareholders for consideration, the approval procedures, disclosure obligations, and requirements relating to audit or appraisal as set out in the preceding paragraph shall apply.

Article 18 On the premise of complying with relevant listing rules, the related party transactions beyond the scope of approval by the Board or General Meeting of Shareholders shall be approved by the President meeting of the Company; the person who has interests in such transactions shall avoid to vote.

Article 19 In the event the Company provides guarantee for related person, such guarantees shall, in addition to being approved by more than half of all non-related Directors, also be subject to the approval of more than two-thirds of the non-related Directors present at the Board meeting, and shall be submitted to the General Meeting of Shareholders for consideration. Where the Company provides guarantees for its controlling Shareholder, de facto controller and their related persons (if any), the controlling Shareholder, de facto controller and their related persons shall provide counter-guarantees.

Where, as a result of a transaction or related party transaction, the guaranteed party becomes a related person of the Company, the Company shall, at the same time as the implementation of such transaction or related party transaction, comply with the relevant approval procedures and information disclosure obligations in respect of any continuing related party guarantees.

Where such related party guarantee matters as set out in the preceding paragraph are not approved by the Board of Directors or the General Meeting of Shareholders, the parties to the transaction shall adopt effective measures, such as early termination of the guarantee, to remedy the situation.

Where the Company provides loans to its connected persons, it shall, in accordance with relevant provisions of Listing Rules of SEHK, make relevant declaration or announcement or go through relevant approval procedures.

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Article 20 Where the Company and a related person jointly invest to establish a company, the Company's capital contribution shall be deemed as the transaction amount, and Articles 16 and 17 hereof shall apply.

Article 21 Where a company, as a result of waiver of rights, gives rise to a related party transaction with its related persons, Articles 16 and 17 hereof shall apply in accordance with the following standards:

- (1) Where the Company directly or indirectly waives its pre-emptive rights, rights to subscribe for capital contributions or other similar rights in respect of its controlling subsidiaries or other entities under its control, resulting in a change in the scope of its consolidated financial statements, the amount waived and the relevant financial indicators of such entity shall be subject to Articles 6.1.2 and 6.1.3 of the Listing Rules of the Shanghai Stock Exchange.
- (2) Where the Company's waiver of rights does not result in a change in the scope of its consolidated financial statements, but leads to a decrease in the proportion of equity interest held in such entity compared with the position had no such waiver occurred, the amount waived and the relevant financial indicators calculated based on the proportion of equity change shall be subject to Articles 6.1.2 and 6.1.3 of the Listing Rules of the Shanghai Stock Exchange.
- (3) Where the Company partially waives its rights, the amounts and indicators set out in the preceding two paragraphs, together with the actual consideration for acquisition or capital contribution, shall also be subject to Articles 6.1.2 and 6.1.3 of the Listing Rules of the Shanghai Stock Exchange.

Article 22 Where the arrangements relating to a transaction between the Company and a related person involve conditional consideration that may be paid or received in the future and for which the amount is not fixed, the maximum expected amount shall be taken as the transaction amount, and Articles 16 and 17 hereof shall apply.

Article 23 Where the Company conducts entrusted wealth management with a related person, and where it is difficult to carry out the approval procedures and disclosure obligations for each individual investment due to transaction frequency and timeliness requirements, the scope of investment, investment quota and term may be reasonably estimated in advance, and such quota shall be taken as the basis for calculation, with Articles 16 and 17 hereof applying accordingly.

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

The utilisation period of such quota shall not exceed 12 months, and at any point during such period, the transaction amount (including amounts reinvested from the returns on the aforesaid investments) shall not exceed the approved investment quota.

Article 24 The Company shall not provide financial assistance to related persons as defined under the Listing Rules of the Shanghai Stock Exchange, except in circumstances where financial assistance is provided to a related associate company which is not controlled by the Company's controlling Shareholder or de facto controller (if any), and where other Shareholders of such associate company provide financial assistance on the same terms in proportion to their respective capital contributions.

Where the Company provides financial assistance to a related associate company as described in the preceding paragraph, such matter shall, in addition to being approved by more than half of all non-related Directors, also be approved by more than two-thirds of the non-related Directors present at the Board meeting, and shall be submitted to the General Meeting of Shareholders for consideration.

Article 25 In case the following related party transactions of the Company occur within 12 consecutive months, it shall be carried out according to applicable provisions of Articles 16 and 17 hereof in accordance with the accumulative calculation principle:

- (1) Transaction conducted with the same related person;
- (2) Transaction conducted with different related person but involving related subject matters under the same category of transactions.

The same related person as stated above includes other related persons that are under the control of the same entity as such related person, or that have mutual equity control relationships with such related person.

Where, pursuant to this Article, the cumulative amount within a consecutive 12-month period reaches the disclosure thresholds or Shareholder approval thresholds prescribed under the Listing Rules of the Shanghai Stock Exchange and the Regulations, Article 6.1.16 of the Listing Rules of the Shanghai Stock Exchange shall apply.

Where the relevant approval and disclosure obligations have already been fulfilled in accordance with the Listing Rules of the Shanghai Stock Exchange, such transactions shall no longer be included in the scope of cumulative calculation.

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Article 26 Subject to provisions of relevant listing rules, for related party transactions between the Company and its related persons/connected persons in respect of daily operation, approval procedure and disclosure requirements for such transactions shall comply with following provisions:

- (1) Where, in the course of performance of any agreement of daily related party transactions approved by the Board or the General Meeting of the Company, the main terms and conditions of the agreement have no material changes, the Company shall disclose the actual performance of such agreement in its annual report and interim report in accordance with relevant regulations and state whether the provisions of the agreement are complied with; where the main terms and conditions of the agreement have material changes in the course of performance or the agreement needs to be renewed upon the expiration thereof, the Company shall submit the revised or renewed agreement to the Board or the General Meeting for consideration based on the transaction amount under the agreement. If the agreement does not prescribe any specific transaction amount, it shall be submitted to General Meeting of Shareholders for consideration.
- (2) Where a daily related party transaction occurs for the first time, the Company shall, based on the total transaction amount involved under the agreement, complete the relevant approval procedures and make timely disclosure; where the agreement does not specify a total transaction amount, it shall be submitted to the General Meeting of Shareholders for consideration. Where material changes occur to the principal terms of the agreement during its performance, or where the agreement is to be renewed upon expiry, such matters shall be handled in accordance with the foregoing provisions of this paragraph.
- (3) The Company may reasonably estimate the amount of daily related party transactions for the relevant year by category, and shall complete the relevant approval procedures and make disclosure accordingly. Where the actual amount exceeds the estimated amount, the Company shall re-perform the relevant approval procedures and disclosure obligations in respect of the excess portion.
- (4) The Company's annual report and interim report shall disclose, on a categorized basis, the actual performance of daily related party transactions.
- (5) Where a daily related party transaction agreement entered into between the Company and a related person has a term exceeding three years, the Company shall, every three years, re-perform the relevant approval procedures and disclosure obligations in accordance with the Listing Rules of the Shanghai Stock Exchange and the provisions hereof.

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

Article 27 Daily related party transactions agreement shall at least include price, pricing principle and basis, total transaction volume or its determination method, payment and other main clauses.

Article 28 Subject to any related listing rules, for the following related party transactions between the Company and its related persons, the Company may be exempt from the performing relevant duties as required for a related party transaction:

- (1) Transactions in which the Company unilaterally obtains benefits without paying consideration or assuming any obligations, including receipt of donated cash assets, debt forgiveness, and receipt of guarantees or financial assistance free of charge;
- (2) Where a related person provides funds to the Company at an interest rate not higher than the Loan Prime Rate and the Company is not required to provide any guarantee;
- (3) Where one party subscribes in cash for shares, convertible corporate bonds or other derivatives publicly issued by the other party to unspecified investors, or publicly issued corporate bonds (including enterprise bonds);
- (4) Where one party, as a member of an underwriting syndicate, underwrites shares, convertible corporate bonds or other derivatives publicly issued by the other party to unspecified investors, or publicly issued corporate bonds (including enterprise bonds);
- (5) Where one party receives dividends, profits or remuneration pursuant to resolutions of the General Meeting of Shareholders of the other party;
- (6) Where one party participates in the other party's public tenders, auctions or similar processes, except where fair market pricing cannot be formed through such tendering or auction processes;
- (7) Where the Company provides products and services to related natural persons as specified in items (ii) to (iv) of Article 9 hereof under the same trading conditions as those applicable to non-related persons;
- (8) Where the pricing of the related party transaction is stipulated by the State;
- (9) Other circumstances as recognized by the Shanghai Stock Exchange.

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

This Article shall also apply to connected persons and connected transactions under the Listing Rules of SEHK, and unless otherwise provided under the Listing Rules of SEHK, the Company shall comply with the relevant provisions of the Listing Rules of SEHK.

Where there is inconsistency between Listing Rules of SSE and Listing Rules of SEHK on the aforesaid exemption, the Company shall comply with the stricter rules and perform relevant consideration and disclosure requirements thereof.

CHAPTER 5 INTERNAL CONTROL RELATED PARTY TRANSACTIONS

Article 29 When the subsidiaries (as defined by Listing Rules of SEHK), the subsidiaries of the Company and other entities under its control conduct any transaction, the relevant person in charge shall refer to the list of related person and consider whether it constitutes related party transactions carefully. If it constitutes related party transactions, it shall be regarded as behavior of the Company and the procedure of consideration and approval shall be performed according to these Regulations.

Article 30 The Company shall perform the following responsibilities when considering related party/connected transactions matters:

- (1) Acquire detail information of the transaction object, including status of operation, profitability and whether exist any defects of rights, such as mortgage, attachment and legal dispute, such as lawsuit and arbitration, etc.
- (2) Acquire detail information of the counterparty, such as integrity record, credit status, performing ability and select the counterparty diligently.
- (3) Confirm transaction price according to sufficient pricing basis.
- (4) Appoint service agency to audit or assess transaction object according to relevant requirements or when the Company thinks it is necessary.

The Company shall not consider nor make decision on related party/connected transactions matters with unclear condition of transaction object, unconfirmed transaction price and unclear counterparty.

**APPENDIX VII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF RELATED PARTY TRANSACTIONS**

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 31 The term “over” shall include the given figure and “excess” shall not when used herein.

Article 32 Any matters not covered herein and any conflicts between these Regulations and any applicable laws, regulations, Listing Rules of SSE, Listing Rules of SEHK or the Articles of Association shall be dealt with in accordance with applicable laws, regulations, Listing Rules, and the Articles of Association.

Article 33 These Regulations shall take effect upon consideration and approval by the Board of Directors.

Article 34 These Regulations shall be interpreted by the Board of Directors of the Company.

APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

1. PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

Details of the proposed amendments to the Administrative Measures of External Investments are set out below:

Existing Articles	Proposed Amendments
CHAPTER 1 GENERAL PROVISIONS	CHAPTER 1 GENERAL PROVISIONS
<p>Article 1 These regulations (hereinafter referred to as these “Regulations”) are hereby formulated to regulate the procedures of Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Company”) for making decisions on external investment, to ensure the decisions are made in a scientific, proper and transparent manner, to improve the efficiency of capital operation of the Company and to protect the interests of the Company and Shareholders, in accordance with the Company Law of the People’s Republic of China and other laws, regulations and normative documents, while taking into consideration of the Articles of Association of Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Articles of Association”).</p>	<p>Article 1 These regulations (hereinafter referred to as these “Regulations”) are hereby formulated to regulate the procedures of Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Company”) for making decisions on external investment, to ensure the decisions are made in a scientific, proper and transparent manner, to improve the efficiency of capital operation of the Company and to protect the interests of the Company and Shareholders, in accordance with the Company Law of the People’s Republic of China, <u>the Securities Law of the People’s Republic of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</u> and other laws, regulations and normative documents, while taking into consideration of the Articles of Association of Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Articles of Association”).</p>
<p>Article 2 For the purpose of these Regulations, external investment by the Company refers to all kinds of investment made by the Company by using a certain amount of monetary capital, equity or evaluated physical or intangible assets, in order to obtain proceeds in the future, including equity investment, trustee investment, entrusted loans, financial assets held for investment and trading, and financial assets available for sale etc.</p>	<p>Article 2 For the purpose of these Regulations, external investment by the Company refers to all kinds of investment made by the Company by using a certain amount of monetary capital, equity or evaluated physical or intangible assets, in order to obtain proceeds in the future, including equity investment, trustee <u>investmentwealth management</u>, entrusted loans, financial assets held for investment and trading, and financial assets available for sale etc.</p>

APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

Existing Articles	Proposed Amendments
CHAPTER 2 DECISION-MAKING PROCEDURES	CHAPTER 2 DECISION-MAKING PROCEDURES
<p>Article 4 The Company’s approval authority regarding any external investment is as follow:</p> <p>(I) The external investment made by the Company meeting any of the following standards shall be submitted to the General Meeting for its consideration after approved by the Board of Directors and disclosed in a timely manner:</p> <p>(1) The total assets (the higher of the book value and assessed value, if both exist, shall be used as the basis for calculation) involved in the transaction account for more than 50% of the total audited assets of the Company for the most recent period;</p> <p>(2) The amount (including the debts and expenses incurred) of the transaction accounts for more than 50% of the Company’s audited net assets for the most recent period with the absolute amount exceeding RMB50 million;</p> <p>(3) Profit derived from the transaction accounts for more than 50% of the audited net profit of the Company for the most recent financial year, with the absolute amount of the profit exceeding RMB5 million;</p>	<p>Article 4 The Company’s approval authority regarding any external investment is as follow:</p> <p>(I) The external investment made by the Company meeting any of the following standards shall be submitted to the General Meeting for its consideration after approved by the Board of Directors and disclosed in a timely manner:</p> <p>(1) The total assets (the higher of the book value and assessed value, if both exist, shall be used as the basis for calculation) involved in the transaction account for more than 50% of the total audited assets of the Company for the most recent period;</p> <p>(2) <u>The net assets (the higher of the book value and assessed value, if both exist, shall be used as the basis for calculation) involved in the subject matter of the transaction (e.g. equity interests) account for more than 50% of the Company’s audited net assets for the most recent period, with the absolute amount exceeding RMB50 million;</u></p> <p>(2) (3) The amount (including the debts and expenses incurred) of the transaction accounts for more than 50% of the Company’s audited net assets for the most recent period, with the absolute amount exceeding RMB50 million;</p>

APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

Existing Articles	Proposed Amendments
<p>(4) Operating income related to the subject matter of the transaction (e.g. equity interests) for the most recent financial year accounts for more than 50% of the audited operating income of the Company for the same period, with the absolute amount of the income exceeding RMB50 million;</p> <p>(5) Net profit related to the subject matter of the transaction (e.g. equity interests) for the most recent financial year accounts for more than 50% of the audited net profit of the Company for the same period, with the absolute amount of the net profit exceeding RMB5 million;</p> <p>(6) Other investment that is required to be subject to the consideration by the General Meeting by laws, regulations, normative documents, rules of stock exchange(s) or the Articles of Association.</p> <p>(II) The external investment made by the Company meeting following standards shall be approved by the Board and disclosed in a timely manner:</p> <p>(1) The total assets (the higher of the book value and assessed value, if both exist, shall be used as the basis for calculation) involved in the transaction account for more than 10% of the total audited assets of the for the most recent period;</p> <p>(2) The amount (including the debts and expenses incurred) of the transaction accounts for more than 10% of the Company's audited net assets for the most recent period with the absolute amount exceeding RMB10 million;</p>	<p>(34) Profit derived from the transaction accounts for more than 50% of the audited net profit of the Company for the most recent financial year, with the absolute amount of the profit exceeding RMB5 million;</p> <p>(45) Operating income related to the subject matter of the transaction (e.g. equity interests) for the most recent financial year accounts for more than 50% of the audited operating income of the Company for the same period, with the absolute amount of the income exceeding RMB50 million;</p> <p>(56) Net profit related to the subject matter of the transaction (e.g. equity interests) for the most recent financial year accounts for more than 50% of the audited net profit of the Company for the same period, with the absolute amount of the net profit exceeding RMB5 million;</p> <p>(67) Other investment that is required to be subject to the consideration by the General Meeting by laws, regulations, normative documents, rules of stock exchange(s) or the Articles of Association.</p> <p>(II) The external investment made by the Company meeting following standards shall be approved by the <u>Board of Directors</u> and disclosed in a timely manner:</p> <p>(1) The total assets (the higher of the book value and assessed value, if both exist, shall be used as the basis for calculation) involved in the transaction account for more than 10% of the total audited assets of the <u>Company</u> for the most recent period;</p> <p><u>(2) The net assets (the higher of the book value and assessed value, if both exist, shall be used as the basis for calculation) involved in the subject matter of the transaction (e.g. equity interests) account for more than 10% of the Company's audited net assets for the most recent period, with the absolute amount exceeding RMB10 million;</u></p>

APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

Existing Articles	Proposed Amendments
<p>(3) Profit derived from the transaction accounts for more than 10% of the audited net profit of the Company for the most recent financial year, with the absolute amount of the profit exceeding RMB1 million;</p> <p>(4) Operating income related to the subject matter of the transaction (e.g. equity interests) for the most recent financial year accounts for more than 10% of the audited operating income of the Company for the same period, with the absolute amount of the income exceeding RMB10 million;</p> <p>(5) Net profit related to the subject matter of the transaction (e.g. equity interests) for the most recent financial year accounts for more than 10% of the audited net profit of the Company for the same period, with the absolute amount of the net profit exceeding RMB1 million;</p> <p>(6) Other investment that is required to be subject to the consideration by the General Meeting by laws, regulations, normative documents, rules of stock exchange(s) or the Articles of Association.</p> <p>(III) Other investments, the transaction amount of which does not meet the standards for the approval of the General Meeting and the Board shall be subject to the approval of the Company's management.</p>	<p>(23) The amount (including the debts and expenses incurred) of the transaction accounts for more than 10% of the Company's audited net assets for the most recent period, with the absolute amount exceeding RMB10 million;</p> <p>(34) Profit derived from the transaction accounts for more than 10% of the audited net profit of the Company for the most recent financial year, with the absolute amount of the profit exceeding RMB1 million;</p> <p>(45) Operating income related to the subject matter of the transaction (e.g. equity interests) for the most recent financial year accounts for more than 10% of the audited operating income of the Company for the same period, with the absolute amount of the income exceeding RMB10 million;</p> <p>(56) Net profit related to the subject matter of the transaction (e.g. equity interests) for the most recent financial year accounts for more than 10% of the audited net profit of the Company for the same period, with the absolute amount of the net profit exceeding RMB1 million;</p> <p>(67) Other investment that is required to be subject to the consideration by the <u>General Meeting Board of Directors</u> by laws, regulations, normative documents, rules of stock exchange(s) or the Articles of Association.</p> <p>(III) Other investments, the transaction amount of which does not meet the standards <u>for the prescribed under these regulations for submission to and approval of</u> by the General Meeting and the Board of Directors, shall be subject to the approval of the Company's management.</p> <p><u>If the data involved in the aforementioned indicators is negative, its absolute value shall be used for calculation.</u></p>

APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

Existing Articles	Proposed Amendments
<p>Article 5 Securities investment, trustee investment or derivatives investment to be made by the Company shall be subject to consideration and approval by the Board of Directors or the General Meeting of the Company and such approval authority shall not be delegated to any individual director or the management of the Company.</p>	<p>Deleted</p>
<p>Article 6 Where the subject matter of any significant business or investment transaction that is to be submitted to the General Meeting for consideration is equity, the Company shall engage an accounting firm with the qualifications for practice in securities or futures-related business to audit the financial accounting reports of the subject matter for the most recent year and period, and the period between the base date for audit and the date of the General Meeting where the transaction is to be considered shall not exceed 6 months; where the subject matter is an asset other than equity, the Company shall engage an asset appraisal institution with the qualifications for practice in securities or futures-related business to appraise the asset and the period between the base date for appraisal and the date of the General Meeting where the transaction is to be considered shall not exceed 1 year.</p> <p>For significant business or investment transactions other than those required to be submitted to the General Meeting for consideration, the Company shall also engage a relevant accounting firm or asset appraisal institution for audit or appraisal according to the preceding paragraph, if deemed necessary by the stock exchanges on which the Company's shares are listed.</p>	<p>Article 6Article 5 Where the subject matter of any significant business or investment transaction that is to be submitted to the General Meeting for consideration is equity, the Company shall engage an accounting firm with the qualifications for practice in securities or futures-related business to audit the financial accounting reports of the subject matter for the most recent year and period, and the period between the base date for audit and the date of the General Meeting where the transaction is to be considered shall not exceed 6 months; where the subject matter is an asset other than equity, the Company shall engage an asset appraisal institution with the qualifications for practice in securities or futures-related business to appraise the asset and the period between the base date for appraisal and the date of the General Meeting where the transaction is to be considered shall not exceed 1 year.</p> <p>For significant business or investment transactions other than those required to be submitted to the General Meeting for consideration, the Company shall also engage a relevant accounting firm or asset appraisal institution for audit or appraisal according to the preceding paragraph, if deemed necessary by the stock exchanges on which the Company's shares are listed.</p>

APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

Existing Articles	Proposed Amendments
CHAPTER 3 IMPLEMENTATION OF DECISIONS	CHAPTER 3 IMPLEMENTATION OF DECISIONS
<p>Article 11 The departments and relevant personnel of the Company shall ensure the implementation of decisions related to significant business or investment projects as follows:</p> <p>(1) According to the relevant resolutions of the General Meeting or the Board of Directors, the Chairman of the Board of Directors or a person authorized shall sign relevant documents or agreements.</p> <p>(2) The department that puts forward the business or investment proposal shall be responsible for the implementation of the significant business or investment decisions made after consideration and it shall prepare practical and specific implementation plans, steps and measures for the significant business or investment projects according to the decisions made by the General Meeting or the Board of Directors.</p>	<p>Article 11Article 10 The departments and relevant personnel of the Company shall ensure the implementation of decisions related to significant business <u>and or</u> investment projects as follows:</p> <p>(1) According to the relevant resolutions of the General Meeting or the Board of Directors, the Chairman of the Board of Directors or a person authorized shall sign relevant documents or agreements.</p> <p>(2) The department that puts forward the business or investment proposal shall be responsible for the implementation of the significant business <u>and or</u> investment decisions made after consideration and it shall prepare practical and specific implementation plans, steps and measures for the significant business <u>and or</u> investment projects according to the decisions made by the General Meeting or the Board of Directors.</p>

APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

Existing Articles	Proposed Amendments
<p>(3) The department that puts forward the business or investment proposal shall establish a project team to be in charge of the implementation of the project and sign a project responsibility contract with the project manager (or responsible person). The project manager (or responsible person) shall provide regular written update on the progress of the project to the finance department of the Company and accept audit with regard to income and expenses.</p> <p>(4) The Financial Controller of the Company shall prepare supporting capital plans and allocate the capital in a proper manner in accordance with the project implementation plans, steps and measures prepared by the relevant implementation department, to make for smooth implementation of the project decisions.</p> <p>(5) The Strategy Committee of the Board of Directors shall supervise the implementation of the project and shall report to the Board of Directors in a timely manner in case anything abnormal is found.</p> <p>(6) The Supervisors Committee shall supervise the whole process of the project within its authority and may directly report to the General Meeting if it deems necessary.</p>	<p>(3) The department that puts forward the business and<u>or</u> investment proposal shall establish a project team to be in charge of the implementation of the <u>investment</u> project and sign a project responsibility contract with the project manager (or responsible person). The project manager (or responsible person) shall provide regular written update on the progress of the project to the <u>F</u>inance <u>D</u>epartment of the Company and accept audit with regard to income and expenses.</p> <p>(4) The Financial Controller of the Company shall prepare supporting capital plans and allocate the capital in a proper manner in accordance with the project implementation plans, steps and measures prepared by the relevant implementation department, to make for smooth implementation of the project decisions.</p> <p>(5) The Strategy Committee of the Board of Directors <u>of the Company</u> shall supervise the implementation of the project and shall report to the Board of Directors in a timely manner in case anything abnormal is found.</p> <p>(6) The Supervisors Committee shall supervise the whole process of the project within its authority and may directly report to the General Meeting if it deems necessary.</p>

APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

Existing Articles	Proposed Amendments
<p>(7) For fixed asset (including basic construction and technical revamp) investment projects, open bidding shall be carried out in accordance with the relevant national regulations and experts shall be selected to strictly evaluate the bidders and their bids; written contracts shall be executed with the winning bidder and the Company shall cause relevant departments or designated personnel to assist the project supervision company in the follow-up of the management and supervision of the project and provide a regular update on the project; upon completion of the project, the Company shall have relevant departments to carry out inspection in strict accordance with the national regulations and the provisions of the construction contract for the project and audit the final accounts of the project.</p> <p>(8) Upon completion of the significant business or investment project, the project team shall submit the investment settlement report, completion acceptance report and other settlement documents for the project to the Finance Department and make an application for review and settlement. Such documents shall be further submitted to the President for consideration and approval after being reviewed by the Finance Department. The investment settlement and implementation information approved after consideration shall be reported by the President to the Board of Directors or up to the General Meeting, depending on the approval authority related to the investment project, and shall be delivered to the Finance Department for filing.</p>	<p>(76) For fixed asset (including basic construction and technical revamp) investment projects, open bidding shall be carried out in accordance with the relevant national regulations and experts shall be selected to strictly evaluate the bidders and their bids; written contracts shall be executed with the winning bidder and the Company shall cause relevant departments or designated personnel to assist the project supervision company in the follow-up of the management and supervision of the project and provide a regular update on the project; upon completion of the project, the Company shall have relevant departments to carry out inspection in strict accordance with the national regulations and the provisions of the construction contract for the project and audit the final accounts of the project.</p> <p>(87) Upon completion of the significant business <u>and/or</u> investment project, the project team shall submit the investment settlement report, completion acceptance report and other settlement documents for the project to the Finance Department and make an application for review and settlement. Such documents shall be further submitted to the President for consideration and approval after being reviewed by the Finance Department. The investment settlement and implementation information approved after consideration shall be reported by the President to the Board of Directors or up to the General Meeting, depending on the approval authority related to the investment project, and shall be delivered to the Finance Department for filing.</p>

APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

Existing Articles	Proposed Amendments
CHAPTER 5 SUPPLEMENTARY PROVISIONS	CHAPTER 5 SUPPLEMENTARY PROVISIONS
<p>Article 16 These Regulations shall be interpreted by the Board and shall not be amended unless the amendments are proposed by the Board and approved by the General Meeting after consideration.</p>	<p>Article 16 Article 15 These Regulations shall be interpreted by the Board of <u>Directors</u> and shall not be amended unless the amendments are proposed by the Board of <u>Directors</u> and approved by the General Meeting after consideration.</p>
<p>Article 17 These Regulations shall be passed at the General Meeting by way of ordinary resolution and come into force on the date thereof, while the Articles in respect of domestic listing of the Company's Shares shall only be implemented from the date of such listing.</p>	<p>Article 17 Article 16 These Regulations shall be passed at the General Meeting by way of ordinary resolution and come into force on the date thereof, while the Articles in respect of domestic listing of the Company's Shares shall only be implemented from the date of such listing.</p>

APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

2. FULL TEXT OF THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

The full text of the Administrative Measures of External Investments is set out below:

CHAPTER 1 GENERAL PROVISIONS

Article 1 These regulations (hereinafter referred to as these “Regulations”) are hereby formulated to regulate the procedures of Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Company”) for making decisions on external investment, to ensure the decisions are made in a scientific, proper and transparent manner, to improve the efficiency of capital operation of the Company and to protect the interests of the Company and Shareholders, in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other laws, regulations and normative documents, while taking into consideration of the Articles of Association of Yangtze Optical Fibre and Cable Joint Stock Limited Company (hereinafter referred to as the “Articles of Association”).

Article 2 For the purpose of these Regulations, external investment by the Company refers to all kinds of investment made by the Company by using a certain amount of monetary capital, equity or evaluated physical or intangible assets, in order to obtain proceeds in the future, including equity investment, trustee wealth management, entrusted loans, financial assets held for investment and trading, and financial assets available for sale etc.

Article 3 These Regulations are applicable to the business and investment activities of the subsidiaries wholly-owned or held by the Company (hereinafter referred to as the “Subsidiaries”).

In the event that the business or investment activities of a company in which the Company has an interest may have a significant impact on the transaction prices of the Company’s shares or its derivatives, the Company shall refer to the regulations herein.

**APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF EXTERNAL INVESTMENTS**

CHAPTER 2 DECISION-MAKING PROCEDURES

Article 4 The Company's approval authority regarding any external investment is as follow:

- (I) The external investment made by the Company meeting any of the following standards shall be submitted to the General Meeting for its consideration after approved by the Board of Directors and disclosed in a timely manner:
- (1) The total assets (the higher of the book value and assessed value, if both exist, shall be used as the basis for calculation) involved in the transaction account for more than 50% of the total audited assets of the Company for the most recent period;
 - (2) The net assets (the higher of the book value and assessed value, if both exist, shall be used as the basis for calculation) involved in the subject matter of the transaction (e.g. equity interests) account for more than 50% of the Company's audited net assets for the most recent period, with the absolute amount exceeding RMB50 million;
 - (3) The amount (including the debts and expenses incurred) of the transaction accounts for more than 50% of the Company's audited net assets for the most recent period, with the absolute amount exceeding RMB50 million;
 - (4) Profit derived from the transaction accounts for more than 50% of the audited net profit of the Company for the most recent financial year, with the absolute amount of the profit exceeding RMB5 million;
 - (5) Operating income related to the subject matter of the transaction (e.g. equity interests) for the most recent financial year accounts for more than 50% of the audited operating income of the Company for the same period, with the absolute amount of the income exceeding RMB50 million;
 - (6) Net profit related to the subject matter of the transaction (e.g. equity interests) for the most recent financial year accounts for more than 50% of the audited net profit of the Company for the same period, with the absolute amount of the net profit exceeding RMB5 million;

**APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF EXTERNAL INVESTMENTS**

- (7) Other investment that is required to be subject to the consideration by the General Meeting by laws, regulations, normative documents, rules of stock exchange(s) or the Articles of Association.
- (II) The external investment made by the Company meeting following standards shall be approved by the Board of Directors and disclosed in a timely manner:
- (1) The total assets (the higher of the book value and assessed value, if both exist, shall be used as the basis for calculation) involved in the transaction account for more than 10% of the total audited assets of the Company for the most recent period;
 - (2) The net assets (the higher of the book value and assessed value, if both exist, shall be used as the basis for calculation) involved in the subject matter of the transaction (e.g. equity interests) account for more than 10% of the Company's audited net assets for the most recent period, with the absolute amount exceeding RMB10 million;
 - (3) The amount (including the debts and expenses incurred) of the transaction accounts for more than 10% of the Company's audited net assets for the most recent period, with the absolute amount exceeding RMB10 million;
 - (4) Profit derived from the transaction accounts for more than 10% of the audited net profit of the Company for the most recent financial year, with the absolute amount of the profit exceeding RMB1 million;
 - (5) Operating income related to the subject matter of the transaction (e.g. equity interests) for the most recent financial year accounts for more than 10% of the audited operating income of the Company for the same period, with the absolute amount of the income exceeding RMB10 million;
 - (6) Net profit related to the subject matter of the transaction (e.g. equity interests) for the most recent financial year accounts for more than 10% of the audited net profit of the Company for the same period, with the absolute amount of the net profit exceeding RMB1 million;

**APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF EXTERNAL INVESTMENTS**

(7) Other investment that is required to be subject to the consideration by the Board of Directors by laws, regulations, normative documents, rules of stock exchange(s) or the Articles of Association.

(III) Other investments, the transaction amount of which does not meet the standards prescribed under these regulations for submission to and approval by the General Meeting and the Board of Directors, shall be subject to the approval of the Company's management.

If the data involved in the aforementioned indicators is negative, its absolute value shall be used for calculation.

Article 5

Where the subject matter of any significant business or investment transaction that is to be submitted to the General Meeting for consideration is equity, the Company shall engage an accounting firm with the qualifications for practice in securities or futures-related business to audit the financial accounting reports of the subject matter for the most recent year and period, and the period between the base date for audit and the date of the General Meeting where the transaction is to be considered shall not exceed 6 months; where the subject matter is an asset other than equity, the Company shall engage an asset appraisal institution with the qualifications for practice in securities or futures-related business to appraise the asset and the period between the base date for appraisal and the date of the General Meeting where the transaction is to be considered shall not exceed 1 year.

For significant business or investment transactions other than those required to be submitted to the General Meeting for consideration, the Company shall also engage a relevant accounting firm or asset appraisal institution for audit or appraisal according to the preceding paragraph, if deemed necessary by the stock exchanges on which the Company's shares are listed.

Article 6

In case of significant external investment projects, the Company shall make arrangements for relevant experts and professionals to evaluate the feasibility thereof.

APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

Article 7 The Company shall perform the obligations of information disclosure with regard to significant business or investment matters in accordance with relevant laws, regulations and normative documents.

Article 8 Where a business or investment transaction of the Company involves related party transactions and the Administrative Regulations of the Related Party Transactions of the Company have different provisions, provisions of the Administrative Regulations of the Related Party Transactions shall govern.

Article 9 The business or investment transactions between the Company and the Subsidiaries included in the consolidated financial statements or otherwise within such Subsidiaries are exempt from the disclosure and the performance of the relevant procedures stated herein, unless otherwise required by the China Securities Regulatory Commission or the stock exchanges on which the Company's shares are listed.

CHAPTER 3 IMPLEMENTATION OF DECISIONS

Article 10 The departments and relevant personnel of the Company shall ensure the implementation of decisions related to significant business and investment projects as follows:

- (1) According to the relevant resolutions of the General Meeting or the Board of Directors, the Chairman of the Board of Directors or a person authorized shall sign relevant documents or agreements.
- (2) The department that puts forward the business or investment proposal shall be responsible for the implementation of the significant business and investment decisions made after consideration and it shall prepare practical and specific implementation plans, steps and measures for the significant business and investment projects according to the decisions made by the General Meeting or the Board of Directors.
- (3) The department that puts forward the business and investment proposal shall establish a project team to be in charge of the implementation of the investment project and sign a project responsibility contract with the project manager (or responsible person). The project manager (or responsible person) shall provide regular written update on the progress of the project to the Finance Department of the Company and accept audit with regard to income and expenses.

**APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE
MEASURES OF EXTERNAL INVESTMENTS**

- (4) The Financial Controller of the Company shall prepare supporting capital plans and allocate the capital in a proper manner in accordance with the project implementation plans, steps and measures prepared by the relevant implementation department, to make for smooth implementation of the project decisions.
- (5) The Strategy Committee of the Board of Directors of the Company shall supervise the implementation of the project and shall report to the Board of Directors in a timely manner in case anything abnormal is found.
- (6) For fixed asset (including basic construction and technical revamp) investment projects, open bidding shall be carried out in accordance with the relevant national regulations and experts shall be selected to strictly evaluate the bidders and their bids; written contracts shall be executed with the winning bidder and the Company shall cause relevant departments or designated personnel to assist the project supervision company in the follow-up of the management and supervision of the project and provide a regular update on the project; upon completion of the project, the Company shall have relevant departments to carry out inspection in strict accordance with the national regulations and the provisions of the construction contract for the project and audit the final accounts of the project.
- (7) Upon completion of the significant business and investment project, the project team shall submit the investment settlement report, completion acceptance report and other settlement documents for the project to the Finance Department and make an application for review and settlement. Such documents shall be further submitted to the President for consideration and approval after being reviewed by the Finance Department. The investment settlement and implementation information approved after consideration shall be reported by the President to the Board of Directors or up to the General Meeting, depending on the approval authority related to the investment project, and shall be delivered to the Finance Department for filing.

APPENDIX VIII PROPOSED AMENDMENTS TO THE ADMINISTRATIVE MEASURES OF EXTERNAL INVESTMENTS

CHAPTER 4 INTERNAL CONTROL

Article 11 The Company shall maintain the internal control over significant external investment in a legal, prudent, safe and efficient manner, to control the investment risks and emphasize investment returns.

Article 12 To make trustee wealth management, the Company shall select a trustee from qualified and professional financial management institutions with sound credit status, financial conditions, strong profitability, and no bad credibility records, and shall further enter into a written contract with such trustee, specifically setting out the amount, duration, investment instruments, the rights, obligations and legal responsibilities of both parties with regard to the trustee wealth management.

Article 13 The Board of Directors shall designate a dedicated person to follow up the progress and safety conditions of the trustee wealth management funds. Anything abnormal shall be reported in a timely manner, so that the Board of Directors can take immediate and effective measures to withdraw the money to avoid or reduce losses of the Company.

CHAPTER 5 SUPPLEMENTARY PROVISIONS

Article 14 Any matters not covered herein shall be dealt with in accordance with applicable national laws, regulations, normative documents, listing rules of the stock exchanges on which the Company's shares are listed and the Articles of Association. In case of any conflicts between these Regulations and any future laws, regulations, normative documents, listing rules of the stock exchanges on which the Company's shares are listed or the Articles of Association as modified by legal procedures, the latter shall prevail and these Regulations shall be modified accordingly in a prompt manner.

Article 15 These Regulations shall be interpreted by the Board of Directors and shall not be amended unless the amendments are proposed by the Board of Directors and approved by the General Meeting after consideration.

Article 16 These Regulations shall be passed at the General Meeting by way of ordinary resolution and come into force on the date thereof.

NOTICE OF ANNUAL GENERAL MEETING



Yangtze Optical Fibre and Cable Joint Stock Limited Company*

長飛光纖光纜股份有限公司

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

(Stock Code: 6869)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM” or the “Meeting”) of Yangtze Optical Fibre and Cable Joint Stock Limited Company* (the “Company”) will be held on Tuesday, June 30, 2026 at 2:00 p.m. at Multi-functional Meeting Room, 2/F, YOFC Headquarters Building, No. 65 Guanggu Chuangye Street, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC, for the purpose of considering and if thought fit, passing the following resolutions. In this notice, unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Company’s circular dated June 5, 2026 (the “Circular”).

ORDINARY RESOLUTIONS

1. To consider and approve the report of the Board for the year 2025;
2. To consider and approve the 2025 annual report of the Company;
3. To consider and approve the proposed profit distribution plan for the year 2025;
4. To consider and approve the re-appointment of KPMG Huazhen LLP as independent auditors of the Company for the year 2026;
5. To consider and approve the purchase of liability insurance for the Directors and senior management for the year 2026;
6. To consider and approve the 2026 annual external guarantee amount as set out in Appendix I to the Circular, and that the board of directors of the Company or such person as authorized by the board of directors of the Company, be authorized to handle the specific matters in relation to the external guarantee, including adjusting specific guarantee amount and signing relevant legal documents in accordance with actual business needs within the limit of the 2026 annual external guarantee amount contemplated under this proposal;
7. To consider and approve the 2026 asset pool business to be carried out by the Company and its subsidiaries as set out in Appendix II to the Circular;

NOTICE OF ANNUAL GENERAL MEETING

8. To consider and approve the proposal on the 2026 engagement in foreign exchange and raw material hedging business as set out in Appendix III to the Circular;
9. To consider and approve the proposed adoption of the management rules of remuneration for directors and senior management of the Company as set out in Appendix IV to the Circular;
10. To consider and approve the proposal on the 2026 remuneration plan for directors of the Company;
11. To consider and approve the proposed amendments to the administrative measures of use of proceeds of the Company as set out in Appendix V to the Circular;
12. To consider and approve the proposed amendments to the administrative measures on provision of external guarantees of the Company as set out in Appendix VI to the Circular;
13. To consider and approve the proposed amendments to the administrative measures of related party transactions of the Company as set out in Appendix VII to the Circular; and
14. To consider and approve the proposed amendments to the administrative measures of external investments of the Company as set out in Appendix VIII to the Circular.

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, June 5, 2026

Notes:

(1) Circular

Details of the above proposals and resolutions to be considered at the AGM are set out in the Circular. Unless otherwise defined in this notice, capitalized terms used in this notice shall have the same meanings as those defined in the Circular.

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

Holders of H shares of the Company (“**H Shares**”) are advised that the register of members of the Company will be closed from Thursday, June 25, 2026 to Tuesday, June 30, 2026 (both days inclusive). Holders of H Shares whose names appear on the register of members of the Company maintained in Hong Kong at close of business on Tuesday, June 30, 2026 are entitled to attend the AGM. Holders of H Shares who wish to attend the AGM but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, June 24, 2026.

NOTICE OF ANNUAL GENERAL MEETING

(3) Closure of register of members and entitlement to the proposed dividend

To ascertain the entitlement to the proposed dividend, holders of H Shares are advised that the register of members of the Company will be closed from Tuesday, July 7, 2026 to Thursday, July 9, 2026 (both days inclusive). Holders of H Shares whose names appear on the register of members of the Company maintained in Hong Kong at close of business on Thursday, July 9, 2026 are entitled to the proposed dividend of the Company (subject to approval of the Shareholders). In order to qualify for the proposed dividend, holders of H Shares who have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, July 6, 2026.

(4) Proxy

Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder of the Company. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorized in writing. If the shareholder is a corporate body, the proxy form must be either executed under its common seal or under the hand of its director(s) or duly authorized attorney(s). If the proxy form is signed by an attorney of the shareholder, the power of attorney authorizing that attorney to sign or other authorization documents must be notarised. To be valid, the proxy form together with the power of attorney or other authorization document (if any) must be lodged at the H Share registrar of the Company by the holder of H Shares by hand or by post not less than 24 hours before the time fixed for holding the AGM (i.e. not later than 2:00 p.m. on Monday, June 29, 2026) or any adjournment thereof (as the case may be).

Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the AGM if he so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked. The H Share registrar of the Company is Tricor Investor Services Limited, whose address is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(5) Joint holder of shares

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

(6) Voting by poll

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

(7) Other issues

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

The AGM starts at 2:00 p.m.

Registration for admission to the AGM will take place from 1:30 p.m. to 2:00 p.m.. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this announcement, the Board comprises Mr. Zhuang Dan as executive director; Mr. Ma Jie, Mr. Guan Jingzhi, Mr. Lars Frederick Persson, Mr. Pier Francesco Facchini, Mr. Hamavand Rayomand Shroff, Mr. Qiu Xiangping and Mr. Mei Yong as non-executive directors; and Mr. Bingsheng Teng, Mr. Song Wei, Ms. Li Chang'ai and Mr. Tsang Hin Fun Anthony as independent non-executive directors.

* For identification purpose only