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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO VOLUNTARY ANNOUNCEMENT ON PROPOSED ACQUISITION OF 59.1837% EQUITY INTEREST IN PLZ

References are made to (i) the announcement of the Company dated November 10, 2024 in relation to, among others, the proposed PLZ Transfer and Cutlite Acquisition as contemplated under the Framework Agreement (the "**FA Announcement**"), (ii) the announcement of the Company dated January 2, 2025 in relation to the amendment to the effective period of the Framework Agreement and (iii) the announcement of the Company dated March 28, 2025 in relation to the proposed PLZ Transfer as contemplated under the Share Purchase Agreement (the "**SPA Announcement**"). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the FA Announcement and the SPA Announcement.

This announcement is made to provide supplemental information in relation to the proposed Cutlite Acquisition contemplated under the Framework Agreement and the proposed PLZ Transfer contemplated under the Share Purchase Agreement.

EXPIRATION OF THE FRAMEWORK AGREEMENT AND POSTPONE OF THE CUTLITE ACQUISITION

The Framework Agreement expired on March 31, 2025. As the Company and El.En. had not reached agreement on the core terms of the specific acquisition agreement in relation to the proposed Cutlite Acquisition, after due consideration, the parties decided to temporarily postpone the Cutlite Acquisition. If there is any further progress or update on the Cutlite Acquisition, the Company will make prompt disclosure in compliance with relevant laws, regulations and the Listing Rules.

PRICE ADJUSTMENT MECHANISM

As disclosed in the SPA Announcement, in the event that PLZ fails to achieve any of the Performance Targets, Ot-Las shall, and El.En. shall cause Ot-Las to, refund to the Company an amount equivalent to 5% of the consideration paid by the Company for the PLZ Transfer contemplated under the Share Purchase Agreement (the "**Refund**"). The Refund is determined mainly taking into account the low equity value of PLZ agreed by the parties, uncertainties of the industry development and expected synergies of the Company's business and PLZ's business. Details are set forth below:

(i) the consideration of the proposed PLZ Transfer contemplated under the Share Purchase Agreement payable by the Company is RMB239,959,832 based on agreed value of the equities of PLZ, being RMB405,449,189, representing a price-to-sales ratio of 0.67 times in 2024 and a ratio of 1.19 times of PLZ's net assets as of December 31, 2024. Such multiples are significantly lower than those of comparable listed companies in the same industry;

(ii) the laser industry has a fast technological upgrade, fierce market competition, and high industrial volatility. Although PLZ has a focus on the high-power laser processing equipment industry and has certain R&D advantages and market share, its future business development also faces many uncertainties. For example, market demand may be affected by factors such as the macroeconomic environment and the development trends of downstream industries. In terms of technological innovation, if PLZ fails to keep up with the pace of industry development in a timely manner, its market share might shrink. In this industry background, it is difficult to accurately predict PLZ's future performance. The Refund is relatively low, which takes into account the uncertainty of the industrial laser industry and the market volatility, giving PLZ certain space to grow, so that it can better adapt to the new development strategy and market environment after the completion of the proposed PLZ Transfer contemplated under the Share Purchase Agreement, and achieve a smooth transition and long-term development; and

(iii) an important purpose of the proposed PLZ Transfer contemplated under the Share Purchase Agreement is to achieve synergy through the extended industry layout, driving the Company's long term development in the industrial laser industry layout. The Company has a wide range of business layouts in industries such as electricity, communications, new energy vehicles, while PLZ's products can be used in cutting, welding, new energy vehicles and other industries. After the completion of the proposed PLZ Transfer contemplated under the Share Purchase Agreement, both the Company and PLZ are expected to generate synergies in terms of market expansion, technology research and development, customer resource sharing, etc. Realization of these synergies requires time and fulfillment of process, and therefore, it is difficult to reflect all such synergies on the performance growth of PLZ in the short term. As such, having considered the synergies in the long term, the Company believes that setting a lower Performance Targets is commercially reasonable, which is more conducive to both parties focusing on collaborative development rather than the achievement of short-term performance goals.

FURTHER INFORMATION ON PLZ

Changes in industry background and market conditions

PLZ is principally engaged in the research and development, production and sales of high-power laser processing equipment, and the products are widely used in areas such as cutting, welding and new energy vehicles.

From 2018 to 2021, laser cutting equipment replaced traditional processing methods and experienced a period of rapid growth; however, since 2022, affected by the contraction of demand in downstream industries such as real estate and heavy industry, the overall demand for domestic laser equipment market has declined significantly, and the industry's production capacity has gradually become oversupplied. Some small and medium-sized manufacturers have adopted a low-price competition strategy to maintain their business, resulting in a disordered industry price system. In recent years, the average price of products has dropped by more than 40%, and there is a phenomenon of sacrificing quality in exchange for cost compression.

PLZ has been positioning itself in the global mid-to-high-end laser equipment market and adheres to the brand premium strategy in the domestic market. Its product quality and technical standards are significantly higher than the industry average. However, affected by the disorderly competition in the industry and the increasing preference of customers for low-priced products, PLZ's revenue and profit derived from domestic market declined from 2022 to 2023, and its performance was under pressure for a period of time.

Fluctuations of operating conditions and results

In the context of the periodic imbalance between supply and demand in the domestic industrial laser equipment industry and low prices becoming the main method of competition, PLZ did not participate in the irrational price competition and maintained its brand positioning and product quality. As a result, its market share shrunk in the short term, and its revenue and profit were affected.

Since 2024, based on changes in the industry environment and its own strategic positioning, PLZ has taken the following measures to improve its operation performance: (i) PLZ has been actively optimizing its operating cost structure, strengthening supply chain management and production process efficiency, and at the same time, PLZ ensures sufficient investment on core R&D so as to lay the foundation for technology upgrades; (ii) PLZ has been focusing on developing markets in developed countries and achieved continuous growth in its revenue and profit derived from its overseas market; and (iii) PLZ has been accelerating the upgrade of its high-end products to automation, intelligence and three-dimensional five-axis laser equipment, and promote the adjustment of its product structure to have higher added-value.

Expansion of overseas market

The Company's core technology of laser equipment is independently controllable, and its R&D iteration speed is significantly better than that of its overseas peers. PLZ has established localized marketing and service network in major markets such as Europe and the United States, covering the entire process of customer demand response, delivery and after-sales.

In 2024, the Company's overseas orders increased by more than 80% on year-on-year basis with revenue of approximately RMB200 million, representing approximately 33% of the total revenue of PLZ for the same year and a stable gross profit margin of approximately 35%. In developed countries such as Europe, the United States, Japan and South Korea, the Company's products are positioned in the middle and high-end with world-leading core technical indicators. In addition, the Company has become the only designated cooperative brand for many international leading customers, and its brand premium and customer stickiness continue to strengthen.

After the completion of the proposed PLZ Transfer contemplated under the Share Purchase Agreement, (i) on the one hand, PLZ is expected to rely on the the Company's layout of upstream core components such as special optical fibers and industrial lasers to achieve synergy between technology and the entire industry chain and strengthen its advantages on low costs; and (ii) on the other hand, PLZ can also achieve synergy in customer expansion and strengthen overseas market layout through the Company's comprehensive overseas layout. In 2025, the overseas market is expected to become an important driving force for PLZ's business growth.

The global platform of the Company will further empower PLZ, including co-sharing the resources of the Company's overseas branches, reducing the marginal cost of market expansion; strengthening localized delivery capabilities, shortening the supply chain cycle, and improving customer satisfaction.

All the terms and conditions of the Share Purchase Agreement shall remain unchanged and in full force and effect and binding on the parties and save as otherwise disclosed above, all other information and content set out in the SPA Announcement remain unchanged and shall continue to be valid for all purposes.

There are uncertainties about whether the closing of the proposed PLZ Transfer contemplated under the Share Purchase Agreement will be processed as expected. As the closing will be subject to the various conditions, including approvals from or filings with relevant domestic and overseas administrative authorities, the closing may be subject to delay, alteration, suspension or termination.

The operating results of PLZ may be affected by various factors such as macroeconomic conditions, economic cycles, market competition, and hence there are uncertainties in the future operation of PLZ. As a result, actual operation results of the PLZ may not materialize as expected.

Shareholders and potential investors of the Company should therefore exercise caution when dealing in the shares or any other securities of the Company.

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, April 3, 2025

As at the date of this announcement, the Board comprises Mr. Zhuang Dan as executive director; Mr. Ma Jie, Mr. Philippe Claude Vanhille, Mr. Guo Tao, Mr. Pier Francesco Facchini, Mr. Lars Frederick Persson, Mr. Xiong Xiangfeng and Mr. Mei Yong as non-executive directors; Mr. Bingsheng Teng, Mr. Song Wei, Ms. Li Chang'ai and Mr. Tsang Hin Fun Anthony as independent non-executive directors.

* *For identification purposes only*