

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

Potevio

中国普天

成都普天電纜股份有限公司

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED*

(a sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 1202)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE POTEVIO FRAMEWORK SALES AGREEMENT

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



References are made to the Announcement and the Circular regarding, among other matters, the Continuing Connected Transactions under the Potevio Framework Sales Agreement.

The Company expects that the purchase volume of the Potevio Group and actual transaction amount of the Continuing Connected Transactions under the Potevio Framework Sales Agreement will exceed the Existing Annual Caps. The Company hereby announces that on 29 April 2016, the Company and China PUTIAN Corporation entered into the Supplemental Agreement to revise the Existing Annual Caps to the Revised Annual Caps, subject to the Independent Shareholders' approval.

As at the date of this announcement, China PUTIAN Corporation* (中國普天信息產業集團公司) is the controlling shareholder of China Potevio, which in turn is the controlling shareholder of the Company holding 60% equity interest in the Company. Therefore, China Potevio and Potevio Group are considered connected persons of the Group and transactions contemplated under the Potevio Framework Sales Agreement (as supplemented by the Supplemental Agreement) constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules for the Revised Annual Caps on an annual basis is expected to exceed 5% and the annual consideration of the Continuing Connected Transactions is expected to exceed HK\$10,000,000, the transactions contemplated under the Potevio Framework Sales Agreement (as supplemented by the Supplemental Agreement) are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board has approved to submit the Supplemental Agreement to the Shareholders at the 2015 AGM to consider and, if thought fit, approve the transactions (including the Revised Annual Caps) contemplated thereunder. Potevio Group and its associates will abstain from voting on the resolutions to be proposed at the 2015 AGM in relation to the Supplemental Agreement.

An Independent Board Committee (comprising all three independent non-executive Directors) has been established to advise the Independent Shareholders as to whether the Supplemental Agreement and the transactions (including the Revised Annual Caps) contemplated thereunder are, in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable, in the interests of the Company and its Shareholders as a whole, and how to vote on the 2015 AGM regarding the Supplemental Agreement and the transactions (including the Revised Annual Cap) contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser by the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among other things, (i) further details of the Supplemental Agreement and the Revised Annual Caps; (ii) the advice from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee; and (iv) a supplementary notice of the 2015 AGM regarding the transactions contemplated under the Supplemental Agreement, is expected to be despatched to the Shareholders on or before 23 May 2016.

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE POTEVIO FRAMEWORK SALES AGREEMENT

References are made to the announcement of the Company dated 25 September 2015 (the “**Announcement**”) and the circular of the Company dated 12 October 2015 (the “**Circular**”) regarding, among other matters, the Continuing Connected Transactions under the Potevio Framework Sales Agreement.

The principal terms of the Potevio Framework Sales Agreement are as follows:

Date : 25 September 2015

Parties : The Company and 中國普天信息產業集團公司 (China PUTIAN Corporation*)

Subject matter : The Group shall supply wire, cables, optical fibers, telecommunication components and parts to Potevio Group based on the requirements and demands of Potevio Group from time to time during the tenure of the Potevio Framework Sales Agreement

Tenure : 1 January 2015 to 31 December 2017

Pricing basis and payment terms

The transactions under the Potevio Framework Sales Agreement will be conducted in the ordinary and usual course of business and on normal commercial terms and such terms and conditions shall be negotiated on an arm's length basis and will be no less favorable than those available from independent third parties of the Group.

The selling prices of the wire, cables, optical fibers, telecommunication components and parts sold by the Group to the Potevio Group are not fixed and to be determined in accordance with prevailing market prices that is comparable to the price offered by the Group to its other independent customers with similar transaction volume and to be agreed between the parties. To ensure the selling price and payment terms are not less favourable than the market standard, the Group will generally compare the average selling price of its products sold, the relevant payment terms offered to Potevio Group and the independent third parties of the Group or at least three relevant quotations obtained in the market on a monthly basis. The Group will review the selling price and payment terms offered of every transaction with Potevio Group to ensure all transactions with Potevio Group will comply with the terms of the Potevio Framework Sales Agreement.

The transactions contemplated under the Potevio Framework Sales Agreement including the Existing Annual Caps were approved by the Shareholders at the extraordinary general meeting of the Company on 12 November 2015.

REVISED ANNUAL CAPS

The Company expects that the purchase volume of the Potevio Group and actual transaction amounts of the Continuing Connected Transactions under the Potevio Framework Sales Agreement will exceed the Existing Annual Caps. The Company hereby announces that on 29 April 2016, the Company and Potevio Group entered into the Supplemental Agreement to revise the Existing Annual Caps to the Revised Annual Caps, subject to the Independent Shareholders' approval.

The principal terms of the Supplemental Agreement are as follows:

- Date : 29 April 2016
- Parties : The Company and 中國普天信息產業集團公司 (China PUTIAN Corporation*)
- Subject matter : The Company and 中國普天信息產業集團公司 (China PUTIAN Corporation*) have agreed to revise the Existing Annual Caps to the Revised Annual Caps under the Potevio Framework Sales Agreement, subject to the Independent Shareholders' approval. Save as amended by the Supplemental Agreement, all other terms of the Potevio Framework Sales Agreement shall remain unchanged.

The Existing Annual Caps and the Revised Annual Caps for the two years ending 31 December 2016 and 2017 respectively are set out in the table below:

For the year ending 31 December 2016 <i>(in RMB million)</i>		For the year ending 31 December 2017 <i>(in RMB million)</i>	
2016 Existing Annual Cap	2016 Revised Annual Cap	2017 Existing Annual Cap	2017 Revised Annual Cap
<u>149.5</u>	<u>350.0</u>	<u>171.9</u>	<u>325.0</u>

The Revised Annual Caps are determined with reference to the following factors:

- (i) the historical amount of relevant transactions with the Potevio Group from 1 January 2016 to the Latest Practicable Date;
- (ii) the estimated demand of the Potevio Group for optical fiber, optical cable and ancillary products from the Group will increase significantly due to the successful tendering for private sector contracts by the Potevio Group;
- (iii) the forecast average market price of optical fiber, optical cable and ancillary products for the remaining period of 2016 and the year of 2017 will remain stable; and
- (iv) a buffer for any unanticipated fluctuations in forecast.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice of Independent Financial Adviser to the Company's Independent Board Committee and the Independent Shareholders) are of the view that the basis of determining the Revised Annual Caps are fair and reasonable.

Reasons for and Benefits of Revision of the Annual Caps

Potevio Group is a central stated-owned enterprise in the PRC comprising multiple subsidiaries and associates which service regional major telecommunications operators by supplying a full suite of fixed and mobile communication products and services. As a result, these subsidiaries and associates of the Potevio Group have built a good working relationship with the regional telecommunications operators over the years.

As disclosed in the Circular, by supplying the Group's products to Potevio Group, the Group is capable of selling its products to customers whom it would have difficulty in accessing directly due to the high requirements to become eligible to submit tenders for large-scale supplying contracts. The Group can also enhance the image of its products by expanding its customer base to include major telecommunications operators.

The Directors have been carefully monitoring the historical transacted amount and estimated demand of Potevio Group regarding the Continuing Connected Transactions. As Potevio Group had successfully tendered for a number of private sector contracts, the Directors expect the market demand in 2016 and 2017 respectively for the optical fiber, optical cable and ancillary products distributed by Potevio Group to exceed the expectation of the Company and the Group expects to supply more relevant products to satisfy such demand. Based on the historical transaction amount of the relevant transactions under the Potevio Framework Sales Agreement and the anticipated continuing growth in products supplied by Potevio Group, the Directors are of the view that the aggregate value of the Continuing Connected Transactions for the years ending 31 December 2016 and 2017 respectively would exceed the Existing Annual Caps. The Directors therefore propose to revise the Existing Annual Caps to the Revised Annual Caps.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice of the Independent Financial Adviser to the Company's Independent Board Committee and the Independent Shareholders) consider that Supplemental Agreement and the transactions (including the Revised Annual Caps) contemplated thereunder are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole. The Directors have determined that the Revised Annual Caps for the aggregate value of the Continuing Connected Transactions to Potevio Group from the Group pursuant to the Potevio Framework Sales Agreement (as supplemented by the Supplemental Agreement) are fair and reasonable.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China PUTIAN Corporation (中國普天信息產業集團公司) is the controlling shareholder of China Potevio, who in turn is the controlling shareholder of the Company holding 60% equity interest in the Company. Therefore, China Potevio and Potevio Group are considered connected persons of the Group and transactions contemplated under the Potevio Framework Sales Agreement (as supplemented by the Supplemental Agreement) constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules for the Revised Annual Caps are expected to exceed 5% and the annual consideration is expected to exceed HK\$10,000,000, the transactions contemplated under the Potevio Framework Sales Agreement (as supplemented by the Supplemental Agreement) are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to conflicts of interests, Mr. Zhang Xiaocheng who is a director of subsidiaries in Potevio Group, namely Eastern Communications Co., Ltd. (東方通信股份有限公司) and Shanghai Potevio Co., Ltd. (上海普天郵通科技股份有限公司), Mr. Wang Micheng who is a director of subsidiaries in Potevio Group, namely Hangzhou HONYAR Electrical Co., Ltd. (杭州鴻雁電器有限公司) and Putian Intelligent Lighting Research Institute Co., Ltd. (普天智能照明研究院有限公司). Mr. Wang Feng who is a director of China PUTIAN Corporation and a director of subsidiaries of Potevio Group, namely Houma Putian Communications Cable Co., Ltd. (侯馬普天通信電纜有限公司), Eastern Communications Co., Ltd. (東方通信股份有限公司), Great Dragon Information Technology (Group) Co., Ltd. (巨龍資訊技術有限責任公司) and Jinde Town Putian Technology Co., Ltd. (景德鎮普天科技有限公司), Mr. Han Shu who is a director of a subsidiary of Potevio Group, namely Nanjing Putian Telecommunications Co., Ltd. (南京普天通信股份有限公司), Ms. Xu Liying who holds the position of Deputy Manager of the Finance Department of China Potevio, and Mr. Fan Xu who holds the position of equity investment and financing manager of investment and financing development department of China Potevio, have abstained from voting on the relevant Board resolutions approving the Revised Annual Caps for the Supplemental Agreement. Save as disclosed above, no other Director has abstained from voting on the Board resolution approving the Revised Annual Caps under the Supplemental Agreement.

SHAREHOLDERS' GENERAL MEETING AND APPROVAL

The Board has approved to submit the Supplemental Agreement to the Shareholders at the 2015 AGM to consider and, if thought fit, approve the transactions (including the Revised Annual Caps) contemplated thereunder. Potevio Group and its associates will abstain from voting on the resolutions to be proposed at the 2015 AGM in relation to the Supplemental Agreement.

An Independent Board Committee (comprising all three independent non-executive Directors) has been established to advise the Independent Shareholders as to whether the Supplemental Agreement and the transactions (including the Revised Annual Caps) contemplated thereunder are in the ordinary and usual course of business of the Group, fair and reasonable on normal commercial terms and in the interests of the Company and its Shareholders as a whole, and how to vote on the 2015 AGM regarding the Supplemental Agreement and the transactions (including the Revised Annual Cap) contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser by the Company to advise the Independent Board Committee and the Shareholders in this respect.

A circular containing, among other things, (i) further details of the Supplemental Agreement and the Revised Annual Caps; (ii) the advice from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee; and (iv) a supplementary notice of the 2015 AGM regarding the transactions contemplated under the Supplemental Agreement, is expected to be despatched to the Shareholders on or before 23 May 2016.

GENERAL

The Group is principally engaged in the manufacture and sale of various types of telecommunication cables, optical fibers and cable joining sleeves.

China Potevio and China PUTIAN Corporation are central state-owned enterprises primarily engaged in the manufacture and trading of and research and services in relevant technologies relating to information telecommunication products, with the scope of business including information communications, photoelectricity, industrial information, e-finance and new energy property bases.

DEFINITIONS

“2015 AGM”	the annual general meeting of the Company to be convened and held on Friday, 24 June 2016 at the conference room of the Company, No. 18 Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC for the purpose of considering and, if thought fit, approving the Revised Annual Caps for the Supplemental Agreement
“Board”	the board of Directors of the Company
“China Potevio”	中國普天信息產業股份有限公司 (China Potevio Company Limited*), a company incorporated in the PRC with limited liability and the controlling shareholder of the Company, and whom is a central state-owned enterprise and a wholly-owned subsidiary of 中國普天信息產業集團公司 (China PUTIAN Corporation)
“Company”	成都普天電纜股份有限公司 (Chengdu PUTIAN Telecommunications Cable Company Limited*), a sino-foreign joint stock company incorporated in the PRC with limited liability, whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions of the Group that occurred with Potevio Group pursuant to the Potevio Framework Sales Agreement
“controlling shareholder(s)”	has the meanings ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares of the capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Existing Annual Caps”	the annual caps of the sale of certain wires, cables, optical fibers, telecommunication components and parts from the Group to Potevio Group under the Potevio Framework Sales Agreement of RMB149.5 million and RMB171.9 million for the year ending 31 December 2016 and 2017, respectively
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement and the Revised Annual Caps;
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas-listed foreign shares in the ordinary share capital of the Company, with a RMB denominated par value of RMB1.00 each
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising Mr. Choy Sze Chung, Jojo, Mr. Xiao Xiaozhou and Mr. Lin Zulun (being all independent non-executive Directors)
“Independent Shareholders”	Shareholders other than Potevio Group
“Latest Practicable Date”	27 April 2016, being the latest practicable date prior to the publication of this announcement for ascertaining certain information in this announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Potevio Framework Sales Agreement”	the agreement entered into between the Company and 中國普天信息產業集團公司 (China PUTIAN Corporation*) on 25 September 2015, pursuant to which the Company has agreed to supply wire, cables, optical fibers, telecommunication components and parts to Potevio Group based on the requirements and demands of Potevio Group from time to time from 1 January 2015 to 31 December 2017

“Potevio Group”	中國普天信息產業集團公司 (China PUTIAN Corporation*) and its subsidiaries but excluding the Group
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Revised Annual Caps”	the proposed revised annual caps of the sale of certain wires, cables, optical fibers, telecommunication components and parts from the Group to Potevio Group under the Potevio Framework Sales Agreement of RMB350.0 million and RMB325.0 million for the year ending 31 December 2016 and 2017, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the agreement entered into between the Company and 中國普天信息產業 (China PUTIAN Corporation*) on 29 April 2016 to revise the Existing Annual Caps to the Revised Annual Caps
“%”	per cent.

By order of the Board
Chengdu PUTIAN Telecommunications Cable Company Limited*
Zhang Xiaocheng
Chairman

Chengdu, the PRC, 29 April 2016

* *For identification purposes only*

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Zhang Xiaocheng (*Chairman*)

Mr. Wang Micheng

Mr. Wang Feng

Mr. Han Shu

Ms. Xu Liying

Mr. Fan Xu

Independent non-executive Directors:

Mr. Choy Sze Chung, Jojo

Mr. Lin Zulun

Mr. Xiao Xiaozhou