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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)

**CONNECTED TRANSACTION IN RELATION TO
THE EQUIPMENT TRANSFER AGREEMENT**

On 30 December 2016, the Company entered into the Equipment Transfer Agreement with Potevio Intelligence & Lighting Institute in respect of the sale of 121 sets of spare equipment including 115 sets of spare equipment for the production and testing of telecommunications cables and six sets of spare equipment for office use.

As at the date of this announcement, Potevio Intelligence & Lighting Institute is a wholly-owned subsidiary of Hangzhou HONYAR Electrical. China Potevio is the controlling shareholder of Hangzhou HONYAR Electrical holding 51% equity interest in Hangzhou HONYAR Electrical, and is also the controlling shareholder of the Company holding 60% equity interest in the Company. Therefore, Potevio Intelligence & Lighting Institute is a connected person of the Group and the transaction contemplated under the Equipment Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) Potevio Intelligence & Lighting Institute is a connected person of the Company; (ii) the applicable ratios under the Listing Rules in relation to the transaction contemplated under the Equipment Transfer Agreement are more than 0.1% but less than 5%; the Equipment Transfer Agreement and the transaction contemplated thereunder is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements, pursuant to Rule 14A.76 of the Listing Rules.

* For identification purposes only

BACKGROUND

On 30 December 2016, the Company entered into the Equipment Transfer Agreement with Potevio Intelligence & Lighting Institute in respect of the sale of 121 sets of spare equipment.

The principal terms of the Equipment Transfer Agreement are as follows:

Date	:	30 December 2016
Parties	:	the Company (as the seller) and Potevio Intelligence & Lighting Institute (as the purchaser)
Subject matter	:	the Company shall supply 121 sets of spare equipment including 115 sets of spare equipment for the production and testing of telecommunications cables and six sets of spare equipment for office use to Potevio Intelligence & Lighting Institute on 10 January 2017
Consideration	:	RMB7,906,650.54

Pricing basis and payment terms

The Connected Transaction is conducted in the ordinary and usual course of business and on normal commercial terms and such terms and conditions were negotiated on an arm's length basis and are no less favourable than those available from independent third parties of the Company and its connected persons.

The selling price of the 121 sets of spare equipment to Potevio Intelligence & Lighting Institute by the Company is fixed at RMB7,906,650.54, which was determined in accordance with prevailing market prices that is comparable to the price offered by the Company to its other independent customers and agreed between the parties with reference to the valuation report dated 10 November 2016 as issued by Zhongshuizhiyuan Assets Appraisal.

Potevio Intelligence & Lighting Institute shall pay 30% of the total consideration to the Company within 10 days after the delivery of the equipment. Upon satisfactory inspection, Potevio Intelligence & Lighting Institute shall, within one month of such inspection, pay another 30% of the total consideration to the Company. One year after the equipment are put into use, Potevio Intelligence & Lighting Institute shall pay the remaining 40% of the total consideration to the Company.

REASONS FOR AND BENEFITS OF THE TRANSACTION

In light of the adjustments on product structure of the Company, the production of certain old products (such as plastic telephone cables and switching cables) has been suspended. The 121 sets of equipment had been idle at the Company for a long period and are no longer suitable for the Company, Potevio Intelligence & Lighting Institute happened to require the said equipment for its research and operation. By selling the spare equipment to Potevio Intelligence & Lighting Institute, the Company would be able to generate a net gain of

RMB4,143,151.17, being the difference between the consideration of the Equipment Transfer Agreement and the net book value of the spare equipment, and recover part of the initial cost of those equipment.

The Directors (including the independent non-executive Directors) are of the view that the Equipment Transfer Agreement has been reached upon arm's length negotiation between the Company and Potevio Intelligence & Lighting Institute and the Equipment Transfer Agreement is on normal commercial terms which are fair and are reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Potevio Intelligence & Lighting Institute is a wholly-owned subsidiary of Hangzhou HONYAR Electrical. China Potevio is the controlling shareholder of Hangzhou HONYAR Electrical holding 51% equity interest in Hangzhou HONYAR Electrical, and is also the controlling shareholder of the Company holding 60% equity interest in the Company. Therefore, Potevio Intelligence & Lighting Institute is a connected person of the Group and the transaction contemplated under the Equipment Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) Potevio Intelligence & Lighting Institute is a connected person of the Company; (ii) the applicable ratios under the Listing Rules in relation to the transaction contemplated under the Equipment Transfer Agreement are more than 0.1% but less than 5%; the Equipment Transfer Agreement and the transaction contemplated thereunder is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice, and Shareholders' approval requirements, pursuant to Rule 14A.76 of the Listing Rules.

Due to conflict of interests, Mr. Zhang Xiaocheng who is the vice president of China Potevio and the general manager of the human resources department of China PUTIAN Corporation, Mr. Wang Micheng who is the general manager of a subsidiary in Potevio Group, namely Hangzhou HONYAR Electrical, Mr. Han Shu who is the general manager of the business department of China Potevio, Ms. Xu Liying who is the deputy general manager of the finance department of China Potevio, Mr. Fan Xu who is the deputy general manager of the strategic investment and financing management department of China Potevio, and the vice chairman of a subsidiary of Potevio Group, namely Beijing PUTIAN Investment Management Company Limited* (北京普天聯創投資管理有限公司), have abstained from voting on the relevant Board resolution approving the Equipment Transfer Agreement and the transaction contemplated thereunder. Save as disclosed above, no other Director has abstained from voting on the Board resolution approving the Equipment Transfer Agreement and the transaction contemplated thereunder.

GENERAL

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

Potevio Intelligence & Lighting Institute is a company primarily engaged in the research and development of lighting products, lighting engineering, intelligence products, intelligence engineering electronic products, system integration, embedded software, and technical research and development, consultation and service on application software in the PRC.

DEFINITIONS

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

“Board”	the board of Directors
“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 company incorporated in the PRC with limited liability, whose H Shares are listed on the main board of the Stock Exchange (stock code: 1202)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Connected Transaction”	the connected transaction that occurred between the Company and Potevio Intelligence & Lighting Institute pursuant to the Equipment Transfer Agreement
“controlling shareholder”	has the meaning ascribed thereto in 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 RMB1.00 each, which are subscribed for and paid up in RMB
“Equipment Transfer Agreement”	the agreement entered into between the Company and Potevio Intelligence & Lighting Institute on 30 December 2016, pursuant to which the Company has agreed to supply 121 sets of spare equipment to Potevio Intelligence & Lighting Institute on 10 January 2017
“Group”	the Company and its subsidiaries

“H Share(s)”	the H share(s) of RMB1.00 each in the capital of the Company
“Hangzhou HONYAR Electrical”	杭州鴻雁電器有限公司 (Hangzhou HONYAR Electrical Co., Limited*), a company incorporated in the PRC with limited liability, a non-wholly-owned subsidiary of China Potevio and the holding company of Potevio Intelligence & Lighting Institute
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Potevio Group”	中國普天信息產業集團公司 (China PUTIAN Corporation*) and its subsidiaries but excluding the Group
“Potevio Intelligence & Lighting Institute”	普天智能照明研究院有限公司 (Potevio Intelligence & Lighting Institute Co., Ltd.*), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of Hangzhou HONYAR Electrical
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Zhongshuizhiyuan Assets Appraisal”	Zhongshuizhiyuan Assets Appraisal Co., Ltd. (中水致遠資產評估有限公司), an independent valuer qualified in the PRC
“%”	per cent.

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

Chengdu, the PRC, 30 December 2016

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. Xiao Xiaozhou
Mr. Lin Zulun

* *For identification purposes only*