

**THIS SUPPLEMENTARY CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

If you have sold or transferred all your shares in 成都普天電纜股份有限公司 (Chengdu PUTIAN Telecommunications Cable Company Limited\*), you should at once hand this supplementary circular and the accompanying revised form of proxy to the purchaser or transferee or to the bank, stockbroker or other licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**SUPPLEMENTARY CIRCULAR TO THE 2016 AGM IN RELATION TO**  
**(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO**  
**THE POTEVIO MASTER FRAMEWORK AGREEMENT**  
**AND**  
**(2) SUPPLEMENTARY NOTICE OF THE 2016 AGM**

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



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A letter from the Board (as defined herein) is set out on pages 4 to 15 of this Supplementary Circular. A letter from the Independent Board Committee (as defined herein) is set out on pages 16 to 17 of this Supplementary Circular. A letter from Gram Capital (as defined herein) containing its advice to the Independent Board Committee and the Independent Shareholders (as defined herein) is set out on pages 18 to 33 of this Supplementary Circular.

This Supplementary Circular must be read together with the circular of the Company dated 28 April 2017. A supplementary notice convening the 2016 AGM (or any adjournment thereof) of the Company to be held at 10:00 a.m. on Friday, 30 June 2017 at the conference room of the Company, No. 18 Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC is set out on pages 37 to 39 of this Supplementary Circular. The supplementary notice of the 2016 AGM shall be read together with the notice of the 2016 AGM dated 28 April 2017.

The revised proxy form for use at the 2016 AGM is enclosed and also published on the website of The Stock Exchange of Hong Kong Limited. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying revised proxy form in accordance with the instructions printed thereon. In case holders of H Shares, the revised proxy form shall be lodged with the Company's H Share registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; and in case of holders of Domestic Shares, the revised proxy form shall be lodged at the registered office of the Company in the PRC as soon as possible, but in any event, not less than 24 hours before the time scheduled for holding the 2016 AGM (or any adjournment thereof) or for taking the poll as soon as practicable. Completion and delivery of the revised proxy form will not preclude you from attending and voting in person at the 2016 AGM or any adjournment if you so desire.

\* For identification purposes only

16 June 2017

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## DEFINITIONS

*In this Supplementary Circular, the following expressions shall have the following meanings, unless the context requires otherwise:*

“2016 AGM”	the annual general meeting of the Company to be convened and held at 10:00 a.m. on Friday, 30 June 2017 at the conference room of the Company, No. 18 Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC
“Announcement”	the announcement dated 24 May 2017 issued by the Company in relation to, among other things, the Potevio Master Framework Agreement
“associate(s)”	has the meanings ascribed to it under the Listing Rules
“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 established in the PRC with limited liability and the controlling shareholder of the Company, 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 H Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions of the Group that are to be carried out with Potevio Group pursuant to the Potevio Master Framework Agreement
“controlling shareholder(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	disposal of 22.5% equity interest in Putian Fasten JV by the Company on 2 December 2016
“Disposal Agreement”	the equity transfer agreement dated 2 December 2016 entered into between the Company and 法爾勝集團有限公司 (Fasten Group Company Limited*) in relation to the transfer of 22.5% equity interest in Putian Fasten JV

## DEFINITIONS

“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
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity 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 Continuing Connected Transactions
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas-listed foreign shares of the nominal value of RMB1.00 each in the ordinary share capital of the Company which are listed on the Main Board of the Stock Exchange
“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 and a non-wholly owned subsidiary of China Potevio
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Honyar Group”	Hangzhou HONYAR Electrical and its subsidiaries, and is a group primarily engaged in the manufacture and sale of lighting materials for private, commercial and industrial applications
“Honyar Framework Distribution Agreement”	the agreement entered into between the Company and Hangzhou HONYAR Electrical on 29 April 2016, pursuant to which the Company has agreed to be the sole distributor of the electrical products, lighting products, piping products and smart products of Honyar Group in the southwest region of the PRC from 24 June 2016 to 31 December 2017
“Independent Board Committee”	an independent committee of the Board comprising Mr. Choy Sze Chung, Jojo, Mr. Lin Zulun and Mr. Xiao Xiaozhou (being all independent non-executive Directors) to advise the Independent Shareholders in respect of the Continuing Connected Transactions with Potevio Group
“Independent Shareholders”	Shareholders other than the Potevio Group
“Latest Practicable Date”	9 June 2017, being the latest practicable date prior to the printing of this supplementary circular for ascertaining certain information contained therein

## DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Potevio Master Framework 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 24 May 2017, pursuant to which (i) the Group has agreed to supply wire, cables, optical fibers, telecommunication components and parts to the Potevio Group based on the requirements and demands of the Potevio Group and (ii) Potevio Group has agreed to supply electrical products, lighting products, piping products and smart products to the Group based on the requirements and demands of the Group from 1 January 2018 to 31 December 2019
“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 circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Transactions”	the transactions of purchasing of electrical, lighting, piping and smart products from Potevio Group under the Potevio Master Framework Agreement
“Putian Fasten JV”	普天法爾勝光通信有限公司 (Putian Fasten Cable Telecommunication Co. Ltd*)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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
“substantial shareholder(s)”	has the meanings ascribed to it under the Listing Rules
“Supplementary Circular”	this Supplementary Circular dated 16 June 2017
“%”	per cent.

\* For identification purposes only

**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)

*Executive Directors:*

Mr. Zhang Xiaocheng (*Chairman*)  
Mr. Wang Micheng  
Ms. Liu Yun  
Mr. Han Shu  
Ms. Xu Liying  
Mr. Fan Xu

*Registered Office and Head Office:*

No. 18 Xinhang Road  
The West Park of Hi-tech  
Development Zone  
Chengdu  
Sichuan Province, 611731  
The PRC

*Independent Non-executive Directors:*

Mr. Choy Sze Chung, Jojo  
Mr. Lin Zulun  
Mr. Xiao Xiaozhou

*Principal place of business*

*in Hong Kong:*  
18/F, Tesbury Centre  
28 Queen's Road East  
Wanchai, Hong Kong

16 June 2017

*To the Shareholders*

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO THE POTEVIO MASTER  
FRAMEWORK AGREEMENT**

**INTRODUCTION**

Reference is made to the Announcement in relation to the Continuing Connected Transactions.

As at the date of this Supplementary Circular, 中國普天信息產業集團公司 (China PUTIAN Corporation\*) 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 connected persons of the Company and transactions between the Group and each of China Potevio and Potevio Group constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Continuing Connected Transactions whose applicable

## LETTER FROM THE BOARD

percentage ratios that exceed 5% and the annual consideration of the Continuing Connected Transactions under the Potevio Master Framework Agreement is expected to exceed HK\$10,000,000 are subject to the reporting, annual review, announcement, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 24 May 2017, the Company entered into the Potevio Master Framework Agreement for a term of two years commencing from 1 January 2018, in respect of (i) the sale of certain wire, cables, optical fibers, telecommunication components and parts, from the Group to Potevio Group; and (ii) the purchase of electrical products, lighting products, piping products and smart products from Potevio Group.

The purpose of this Supplementary Circular is to provide you with information of, among other matters, (i) the information relating to the Continuing Connected Transactions, (ii) the advice from the Independent Board Committee to the Independent Shareholders in respect of the Continuing Connected Transactions, (iii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions, and (iv) a supplementary notice of the 2016 AGM to be convened for the Independent Shareholders to consider if thought fit, to approve the Continuing Connected Transactions.

### SALES TO THE POTEVIO GROUP

The principal terms of the sales to Potevio Group under the Potevio Master Framework Agreement are as follows:

- Date : 24 May 2017
- 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 Master Framework Agreement
- Tenure : 1 January 2018 to 31 December 2019
- Conditions precedent : (i) approval by the Independent Shareholders of the Company and the Stock Exchange; and
- (ii) in the event that the above conditions precedent cannot be fulfilled, the Potevio Master Framework Agreement will be terminated.

## LETTER FROM THE BOARD

### Pricing basis and payment terms

The sale transactions under the Potevio Master Framework Agreement will be conducted in 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 favourable than those available from independent third parties.

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 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 Master Framework Agreement.

### Annual caps and basis of determination

The table below sets out the existing annual caps, the historical amounts and the proposed annual caps of the sales to Potevio Group under the Potevio Master Framework Agreement:

	<b>Historical amounts for the years ended</b>		
	<b>31 December</b>		
	<i>(in RMB million)</i>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
The existing annual caps	150.0	350.0	325.0
The historical amounts	127.7	151.6	8.3 <i>Note</i>

*Note:* The historical amounts were for the 4 months ended 30 April 2017.

	<b>Proposed annual caps</b>	
	<b>for the years ending</b>	
	<b>31 December</b>	
	<i>(in RMB million)</i>	
	<b>2018</b>	<b>2019</b>
The proposed annual caps	170.0	200.0



## LETTER FROM THE BOARD

The proposed annual caps of the sales transactions under the Potevio Master Framework Agreement have been worked out with reference to the following factors:

- (i) the historical amount of relevant transaction with the Potevio Group from the year ended 31 December 2015 to 2016;
- (ii) the expected need of the Potevio Group for optical fiber, optical cable, feeder and ancillary products from the Group;
- (iii) the forecast production volume for optical fiber, optical cable, feeder and ancillary products of the Group;
- (iv) the expected price to be charged by the Group for optical fiber, optical cable, feeder and ancillary products; and
- (v) as for the Disposal in Putian Fasten JV, a company principally engaged in the manufacture of optical fiber, optical cable and ancillary products, its financial results had ceased to be consolidated into the Group's consolidated financial statements since 2 December 2016. The Disposal has resulted in the de-consolidation of financial information of Putian Fasten JV and has been taken into account in determining the annual caps. The proposed annual cap of the sales under the Potevio Master Framework Agreement for the year ending 31 December 2018 substantially decreased from the existing annual cap for the year ending 31 December 2017. Such decrease was due to the de-consolidation of financial information of Putian Fasten JV, as a result of the Disposal, the transaction amounts between Putian Fasten JV and Potevio Group will no longer constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The total operating revenue for the Group for the year ended 31 December 2016 was RMB1,332,288,885, of which prior to the Disposal, the total operating revenue of Putian Fasten JV was approximately RMB740,000,000 (approximately 55.5% of the Group's total operating revenue).

### **Reasons for and the benefit**

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, the subsidiaries and associates of Potevio Group have built a good working relationship with the regional telecommunications operators over the years. Therefore, by supplying the Group's products to Potevio Group, the Group is capable of selling its products to customers whom they would otherwise 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.

## LETTER FROM THE BOARD

### INTERNAL CONTROL MEASURES

In order to secure the Shareholders' interests and ensure the terms of the Potevio Master Framework Agreement and the sale transactions contemplated thereunder and the annual caps are on normal commercial terms or terms not more favourable than those available to independent third parties, the Company has adopted the following internal control measures:

- (i) all the orders under the Potevio Master Framework Agreement will be reviewed and approved by the legal and audit supervisory department of the Group to ensure the terms of the orders are in compliance with the Potevio Master Framework Agreement;
- (ii) the legal and audit supervisory department of the Group will review the price and payment terms of every transaction under the Potevio Master Framework Agreement by comparing the average price of its products and the relevant payment terms offered to Potevio Group and the independent third parties of the Group with at least three relevant quotations obtained in the market on a monthly basis;
- (iii) the Group will not sell any products under Potevio Master Framework Agreement if the selling price is less favourable than those offered to independent third parties;
- (iv) the finance department of the Group will monitor the annual caps on a monthly basis to ensure the annual caps will not be exceeded; and
- (v) the independent non-executive Directors and the external auditors of our Group will continue to review the transactions contemplated under the Potevio Master Framework Agreement and the annual caps annually.

### PURCHASE FROM THE POTEVIO GROUP

The principal terms of the purchase from the Potevio Group under the Potevio Master Framework Agreement are as follows:

Date	:	24 May 2017
Parties	:	The Company and 中國普天信息產業集團公司 (China PUTIAN Corporation*)
Subject matter	:	Potevio Group shall supply electrical products, lighting products, piping products and smart products to the Group based on the requirements and demands of the Group from time to time during the tenure of the Potevio Master Framework Agreement
Tenure	:	1 January 2018 to 31 December 2019

## LETTER FROM THE BOARD

- Conditions precedent : (i) approval by the Independent Shareholders of the Group and the Stock Exchange; and
- (ii) in the event that the above conditions precedent cannot be fulfilled, the Potevio Master Framework Agreement will be terminated.

### Pricing basis and payment terms

The Purchase Transactions under the Potevio Master Framework Agreement will be conducted in 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 to independent third parties. The Purchase Transactions will be conducted in the ordinary and usual course of business as the purchased products from the Potevio Group will be combined with the Company's own products to form a combination that will be beneficial for customers.

The purchase prices of the electrical products, lighting products, piping products and smart products sold to the Group by Potevio Group are not fixed and to be determined in accordance with prevailing market prices that is comparable to the price offered to the Group by its other independent supplier with similar transaction volume and to be agreed between the parties. To ensure the buying price and payment terms are not less favourable than the market standard, the Group will generally compare the average purchase price of its products purchased, the relevant payment terms offered by Potevio Group and the independent third parties or at least three relevant quotations obtained in the market on a monthly basis. The Group will review the purchase 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 Master Framework Agreement.

### Annual caps and basis of determination

The table below sets out the existing annual caps under the Honyar Framework Distribution Agreement for the years ended 31 December 2016 and 2017, the historical amounts and the proposed annual caps of the purchase from Potevio Group under the Potevio Master Framework Agreement:

	Historical amounts for the years ended		
	31 December		
	<i>(in RMB million)</i>		
	2015	2016	2017
The existing annual caps	N/A	40.0	90.0
The historical amounts	N/A	24.1	7.9 <i>Note</i>

## LETTER FROM THE BOARD

**Proposed annual caps  
for the years ending  
31 December  
(in RMB million)**

	<b>2018</b>	<b>2019</b>
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The proposed annual caps	140.0	160.0
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*Note:* The historical amounts were for the 4 months ended 30 April 2017.

The proposed annual caps of the Purchase Transactions under the Potevio Master Framework Agreement have been worked out with reference to the following factors:

- (i) the historical amount of the relevant sales of Potevio Group for the year ended 31 December 2016 and 2017;
- (ii) the expected need for electrical products, lighting products, piping products and smart products from the Company will increase significantly due to the promotion of domestic infrastructure in the southwest region of the PRC; and
- (iii) a buffer for any unanticipated fluctuations in forecast.

The substantial increase in annual caps as compared to the historical amounts was due to the fact that (i) the market share of purchased products may increase; (ii) the cooperation between China Potevio and the local government of Chengdu and (iii) the demand on electrical, lighting, pipeline and smart industrial products to be used in projects in Chengdu, which include the new Chengdu Tianfu International Airport, rail transit, urban pipe network lighting transformation, smart city in the Chengdu region, resulting in the possible increasing demand for the purchased products from the Group. The Group will participate by cooperation agreement so that there will be a need to purchase the electrical, lighting, pipeline and smart industrial products.

By holding 51% of its equity interest, China Potevio is a controlling shareholder of Hangzhou HONYAR Electrical. Therefore, the Group and Potevio Group have included the transactions originally under the Honyar Framework Distribution Agreement into the Potevio Master Framework Agreement as the Purchase Transactions for the two years ending 31 December 2019.

### **Reasons for and the benefit**

As Potevio Group is a leader in providing electrical products, lighting products, piping products and smart products in the PRC, the Group intends to purchase from Potevio Group and resell its products as the reseller of Potevio Group in the southwest region of the PRC. Potevio Group is committed to designing and manufacturing innovative photoelectrical products and technologies, and as such the Group benefits from the potential expansion of client base and product variety by purchasing from and distributing for Potevio Group. Furthermore, as the demand of certain electrical products, lighting products, piping products and smart products in the PRC is

## LETTER FROM THE BOARD

higher than the supply available, the purchase of certain electrical products, lighting products, piping products and smart products from Potevio Group, whom has established an extensive domestic distribution network, can ensure stable supply of certain electrical products, lighting products, piping products and smart products to the Group. The purchased products from Potevio Group will be combined with the Group's own products to form a combination, whereby the purchased products will be sold together with the products manufactured by the Group to form a customized portfolio of products to its customers, allowing its customers to have a better customer experience. As the Potevio Group is primarily based in the Southeast China, by engaging the Group as its reseller in the southwest region of the PRC, Potevio Group will benefit from the reduction of delivery costs and warehouse management costs, improvement of delivery time and potential increase of sales of the relevant products made by the customers whom Potevio Group would have difficulty in accessing directly due to the geographical restrictions and/or through the effort of the experience sales team of the Group.

### INTERNAL CONTROL MEASURES

In order to secure the Shareholders' interests and ensure the terms of the Potevio Master Framework Agreement and the Purchase Transactions contemplated thereunder and the annual caps are on normal commercial terms or terms not more favourable than those available to independent third parties, the Company has adopted the following internal control measures:

- (i) all the orders under the Potevio Master Framework Agreement will be reviewed and approved by the legal and audit supervisory department of the Group to ensure the terms of the orders are in compliance with the Potevio Master Framework Agreement;
- (ii) the legal and audit supervisory department of the Group will review the price and payment terms of every transaction under the Potevio Master Framework Agreement by comparing the average price of its products and the relevant payment terms offered to Potevio Group and the independent third parties of the Group with at least three relevant quotations obtained in the market on a monthly basis;
- (iii) the Group will not buy any products under Potevio Master Framework Agreement if the buying price is less favourable than those offered by independent third parties;
- (iv) the finance department of the Group will monitor the annual caps on a monthly basis to ensure the annual caps will not be exceeded; and
- (v) the independent non-executive Directors and the external auditors of our Group will continue to review the transactions contemplated under the Potevio Master Framework Agreement and the annual caps annually.

## LETTER FROM THE BOARD

### LISTING RULES IMPLICATIONS

中國普天信息產業集團公司 (China PUTIAN Corporation\*) 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 connected persons of the Group and transactions between the Group and each of China Potevio and Potevio Group constitute connected transactions of the Company. As at the date of this Supplementary Circular, 中國普天信息產業集團公司 (China PUTIAN Corporation\*) 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, The Continuing Connected Transactions with Potevio Group whose applicable percentage ratios that exceed 5% and the annual consideration of the Continuing Connected Transactions under each of the Potevio Master Framework Agreement is expected to exceed HK\$10,000,000 are subject to the reporting, annual review, announcement, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to conflict 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. Han Shu who is a director of a subsidiary in Potevio Group, namely Nanjing Putian Telecommunications Co., Ltd. (南京普天通信股份有限公司), Ms. Liu Yun who is a director of subsidiaries in Potevio Group, namely Shanghai Putian Kechuang Electronics Co., Ltd. (上海普天科創電子有限公司), Puxing Mobile Tech Company Limited (普興移動通訊設備有限公司), Hangzhou HONYAR Electrical Co., Ltd. (杭州鴻雁電器有限公司) and Putian Logistics Technology Co., Ltd (普天物流技術有限公司), Ms. Xu Liying who is a supervisor of subsidiaries in Potevio Group, namely Beijing Putian Taili Telecommunications Technology Co., Ltd. (北京普天太力通信科技有限公司), Beijing Capital Co., Ltd (北京首信股份有限公司) and Hangzhou HONYAR Electrical Co., Ltd (杭州鴻雁電器有限公司) and Mr. Fan Xu who is a director of subsidiaries in Potevio Group, namely Beijing PUTIAN Investment Management Company Limited (北京普天聯創投資管理有限公司) and China Potevio PolyPay Co., Ltd. (普天銀通支付有限公司) have abstained from voting on the Board resolution approving the Continuing Connected Transactions with Potevio Group. Save as disclosed above, no other Director has abstained from voting on the Board resolution approving the Continuing Connected Transactions and the Board has resolved to approve the Continuing Connected Transactions.

The independent non-executive Directors come to agree with the views expressed by the Board that the Continuing Connected Transactions are entered into 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.

In accordance with the Listing Rules, any Shareholder with a material interest in the Continuing Connected Transactions and its associates are required to abstain from voting at the 2016 AGM. China Potevio, a controlling shareholder holding 60% of the equity interest of the

## **LETTER FROM THE BOARD**

Company and their respective associates are required to abstain from voting on the resolution relating to the approval of the transactions contemplated under the Potevio Master Framework Agreement and the respective transactions contemplated thereunder at the 2016 AGM.

### **GENERAL**

The Group is principally engaged in the technological research and development of wires and cables, optic fibers and optical cables, specialised cable materials, irradiation processing, cable accessories, specialised equipment, instruments, and devices and equipment for different kinds of information industrial products (except categories restricted or prohibited by the State Council of the PRC); product manufacturing, sales and service.

China Potevio and 中國普天信息產業集團公司 (China PUTIAN Corporation\*) are central state-owned enterprises primarily engaged in the manufacture, trading and research and services in relevant technology of information telecommunication products; the scope of business includes information communications, photoelectricity, industrial information, e-finance and new energy property bases.

An Independent Board Committee (comprising all three independent non-executive Directors) has been established to advise the Independent Shareholders as to whether the Continuing Connected Transactions 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 the Shareholders as a whole, and how to vote on the 2016 AGM regarding the Potevio Master Framework Agreement and the transactions contemplated thereunder. Gram Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **2016 AGM**

A supplementary notice convening the 2016 AGM is set out on pages 37 to 39 of this Supplementary Circular. Ordinary resolutions in respect of approving the transactions contemplated under the Potevio Master Framework Agreement will be proposed. China Potevio, a controlling shareholder holding 60% of the equity interest of the Company and their respective associates are required to abstain from voting on the resolution relating to the approval of the transactions contemplated under the Potevio Master Framework Agreement and the respective transactions contemplated thereunder at the 2016 AGM. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save as disclosed above, no other Shareholders are required to abstain from voting in connection with the resolution of approving the transactions contemplated under the Potevio Master Framework Agreement at the 2016 AGM pursuant to Rule 14A.36 of the Listing Rules.

## LETTER FROM THE BOARD

The form of proxy which relates to the resolutions set out in the Notice of 2016 AGM and is despatched along with the Circular of the Company dated 28 April 2017 (the “**Original Proxy Form**”) does not include the new resolution 1h set out in the supplementary notice. Accordingly, a revised form of proxy (“**Revised Proxy Form**”) is prepared by the Company and is enclosed herein.

- (i) Shareholders who are entitled to attend and vote at the 2016 AGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a Shareholder.
- (ii) In order to be valid, the Revised Proxy Form must be deposited by hand or post, for holders of H Shares of the Company, to the H Share registrar of the Company, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong and, for holders of Domestic Shares of the Company, to the registered office of the Company not less than 24 hours before the time for holding the 2016 AGM (or any adjournment thereof) or for taking the poll. If the Revised Proxy Form is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the Revised Proxy Form. Completion and return of the Revised Proxy Form will not preclude Shareholders from attending and voting in person at the 2016 AGM or any adjourned meetings should they so wish.
- (iii) For Shareholders who have lodged the Original Proxy Form to the share registrar of the Company or the registered office of the Company, please be reminded that:
  - (a) Where a Shareholder has not returned the Revised Proxy Form to the share registrar of the Company or the registered office of the Company, the Original Proxy Form (if completed correctly) shall be deemed a valid form of proxy returned by such Shareholder. The proxy appointed by the Shareholder in such manner shall be entitled to vote or abstain from voting at his/her discretion on any resolutions properly and duly put to the 2016 AGM other than those instructed in the Original Proxy Form, including the new resolution 1h set out in this supplementary notice.
  - (b) Where a Shareholder has returned the Revised Proxy Form to the share registrar of the Company or the registered office of the Company 24 hours before the time scheduled for holding the 2016 AGM, the Original Proxy Form returned shall be revoked and substituted by the Revised Proxy Form and the Revised Proxy Form (if completed correctly) shall be deemed a valid form of proxy returned by such Shareholder.
  - (c) Where a Shareholder has returned the Revised Proxy Form to the share registrar of the Company or the registered office of the Company less than 24 hours before the time scheduled for holding the 2016 AGM, the Revised Proxy Form shall be deemed invalid and the Original Proxy Form returned by such Shareholder shall also be revoked. The votes of the proxy purported to be appointed by the invalid or revoked proxy form (whether the Original Proxy Form or the Revised Proxy Form)



## LETTER FROM THE BOARD

will not be counted in the votes in respect of the resolutions proposed. Accordingly, Shareholders are advised not to return the Revised Proxy Form after the deadline. In the event that such Shareholder wishes to vote at the meeting, he/she shall attend and vote at the meeting in person.

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee (comprising all the existing independent non-executive Directors) set out from pages 16 to 17 of this Supplementary Circular which contains its recommendation to the Independent Shareholders in relation to the transactions contemplated under the Potevio Master Framework Agreement. Your attention is also drawn to the letter of advice from Gram Capital set out from pages 18 to 33 of this Supplementary Circular which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Potevio Master Framework Agreement and the principal factors and reasons taken into account in arriving at its recommendation.

The Independent Board Committee, having taken into account the principal reasons and factors considered by and the advice of Gram Capital set out in its letter of advice on pages 18 to 33 of this Supplementary Circular, is in the opinion that the transactions contemplated under the Potevio Master Framework Agreement, are in the ordinary and usual course of business of the Group, on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the resolution to be proposed at the 2016 AGM to approve the Potevio Master Framework Agreement and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the section headed “General Information” to this Supplementary Circular.

Yours faithfully,

For and on behalf of the Board

**Chengdu PUTIAN Telecommunications Cable Company Limited\***

**Zhang Xiaocheng**

*Chairman*

\* For identification purposes only

**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)

16 June 2017

*To the Independent Shareholders*

Dear Sirs or Madam,

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
THE POTEVIO MASTER FRAMEWORK AGREEMENT**

We refer to the supplementary circular dated 16 June 2017 issued by the Company (the “**Supplementary Circular**”) of which this letter forms part. Terms defined in the Supplementary Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Potevio Master Framework Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the same. Gram Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 15 of the Supplementary Circular and the letter from Gram Capital which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Potevio Master Framework Agreement and the transactions contemplated thereunder as set out on pages 18 to 33 of the Supplementary Circular.

Having considered the terms of the Potevio Master Framework Agreement and the principal reasons and factors considered by and the advice of Gram Capital in relation thereto as set out on pages 18 to 33 of the Supplementary Circular, we are of the opinion that the Potevio Master Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company, fair and reasonable, on normal commercial terms so far as the Independent Shareholders are concerned and are in the best interest of the Company and the Shareholders as a whole.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

We therefore recommend that the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the 2016 AGM to approve the Potevio Master Framework Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Mr. Choy Sze Chung Jojo Mr. Lin Zulun Mr. Xiao Xiaozhou**

*Independent Non-executive Directors*

## LETTER FROM GRAM CAPITAL

*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Potevio Master Framework Agreement and the transactions contemplated thereunder for the purpose of inclusion in this supplemental circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

16 June 2017

*To: The independent board committee and the independent shareholders  
of Chengdu PUTIAN Telecommunications Cable Company Limited\**

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE POTEVIO MASTER FRAMEWORK AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Potevio Master Framework Agreement, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the supplemental circular dated 16 June 2017 issued by the Company to the Shareholders (the “**Supplemental Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Supplemental Circular unless the context requires otherwise.

On 24 May 2017, the Company entered into the Potevio Master Framework Agreement for a term of two years commencing from 1 January 2018, in respect of (i) the sale of certain wire, cables, optical fibers, telecommunication components and parts, from the Group to Potevio Group (the “**Sale Transaction**”); and (ii) the purchase of electrical products, lighting products, pipeline products and smart products from Potevio Group (the “**Purchase Transaction**”).

With reference to the Board Letter, Potevio Group is a connected person of the Group and transactions contemplated under the Potevio Master Framework Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, annual review, announcement, and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## **LETTER FROM GRAM CAPITAL**

The Independent Board Committee comprising Mr. Choy Sze Chung, Jojo, Mr. Xiao Xiaozhou and Mr. Lin Zulun (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Potevio Master Framework Agreement is on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Sale Transaction and the Purchase Transaction are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Potevio Master Framework Agreement and the transactions contemplated thereunder at the AGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **INDEPENDENCE**

During the past two years immediately preceding the Latest Practicable Date, Mr. Graham Lam was the person signing off the opinion letter from the independent financial adviser contained in the circular dated 26 May 2016 in respect of the (i) revision of annual caps for the continuing connected transactions; and (ii) continuing connected transactions for the Company. Notwithstanding the aforesaid past engagement, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Group, China Potevio or any other parties that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Besides that, apart from the advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Supplemental Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Supplemental Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Supplemental Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied

## LETTER FROM GRAM CAPITAL

understanding with anyone concerning the Potevio Master Framework Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Supplemental Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Supplemental Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement as contained in the Supplemental Circular or the Supplemental Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Supplemental Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, China Potevio or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the entering into of the Potevio Master Framework Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Potevio Master Framework Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

#### **Information on the Group**

With reference to the Board Letter, the Group is principally engaged in the technological research and development of wires and cables, optic fibers and optical cables, specialised cable materials, irradiation processing, cable accessories, specialised equipment, instruments, and devices and equipment for different kinds of information industrial products (except categories restricted or prohibited by the State Council of the PRC); product manufacturing, sales and service.

## LETTER FROM GRAM CAPITAL

With reference to the annual report of the Company for the year ended 31 December 2016, the Company will focus on strengthening the optical telecommunication business, refining the energy transmission cable business and developing the smart electrical equipment cable business for the expansion of the Company. Revitalizing idle assets and leveraging the resources of being a state-owned and listed enterprise, the Company aims to expand its development and profitability. At the same time, the Company will continue to intensify reforms, to better information building, to reform appraisal mechanism, to improve efficiency of internal management, to strengthen budget implementation monitoring, to ensure the Company operates healthily and achieve the targets and missions for 2017.

### **Information on Potevio Group**

With reference to the Board Letter, 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, Potevio Group's subsidiaries and associates have built a good working relationship with the regional telecommunications operators over the years.

### **THE POTEVIO MASTER FRAMEWORK AGREEMENT**

#### **A. The Sale Transaction**

##### *Reasons for and the benefit of the Sale Transaction*

With reference to the Board Letter, by supplying the Group's products to Potevio Group, the Group is capable of selling its products to customers whom they would otherwise 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.

According to the Board Letter, the Sale Transaction is conducted in the ordinary and usual course of business of the Company. As also confirmed by the Directors, the Sale Transaction is conducted on a frequent and regular basis. Therefore, the Directors consider that it would be (i) impracticable to negotiate for numerous agreements with Potevio Group; and (ii) costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules. Accordingly, the Directors are of the view that the Sale Transaction will be beneficial to the Company and the Shareholders as a whole.

## LETTER FROM GRAM CAPITAL

In view of the above as well as that the Sale Transaction will provide a source of revenue to the Group, we concur with the Directors that the Sale Transaction is in the interests of the Company and the Shareholders as a whole.

### *Principle terms of the Sale Transaction*

The principal terms of the Sale Transaction under the Potevio Master Framework Agreement are as follows:

Date:	24 May 2017
Parties:	The Company and Potevio Group
Subject matter:	The Group shall supply wire, cables, optical fibers, telecommunication components and parts (collectively, the “ <b>Sale Products</b> ”) to Potevio Group based on the requirements and demands of Potevio Group from time to time during the tenure of the Potevio Master Framework Agreement
Tenure:	1 January 2018 to 31 December 2019

### *Pricing basis and payment terms*

With reference to the Board Letter, the Sale Transaction under the Potevio Master Framework Agreement will be conducted in 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.

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 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 ensure all transactions with Potevio Group will comply with the terms of the Potevio Master Framework Agreement.

To ensure the fair pricing for the Sale Transaction, the Company adopted a series of internal control procedures. Details of the procedures are set out under the section headed “Internal control measures” of the Board Letter.



## LETTER FROM GRAM CAPITAL

In light of that (i) the Group’s legal and audit supervisory department will compare the average selling price of products to be and the relevant payment terms offered to the Potevio Group and the independent third parties on a monthly basis with at least three relevant quotations obtained; (ii) the investment management department of the Company will monitor the transactions amount of the Sale Transaction on a monthly basis to ensure the proposed annual caps will not be exceeded; (iii) the Company will not sell any products under the Potevio Master Framework Agreement if the price is less favourable than that those offered by independent third parties; (vi) independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions; and (v) auditors of the Company will perform evaluation and review on the internal control measures of the Company and review transactions contemplated under the Potevio Master Framework Agreement annually, we consider that the effective implementation of the internal control measures would help to ensure fair pricing of the transactions contemplated under the Potevio Master Framework Agreement according to the pricing policies.

With reference to Rule 14A.56 of the Listing Rules, among other things, the auditors of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the listed issuer’s group if the transactions involve the provision of goods or services by the listed issuer’s group. We obtained the letter from the Company’s auditors, showing their confirmation that, among other things, nothing has come to their attention that causes them to believe that the Sales Transaction was not, in all material respects, in accordance with the pricing policies of Group.

In light of the aforesaid requirement of the internal control procedures as well as the confirmation letter from Company’s auditors, we do not doubt the effectiveness of the implementation of the internal control procedures for the existing Sales Transaction.

### *Existing and proposed annual caps of Sale Transaction*

According to the Board Letter, the existing annual caps and the proposed annual caps for the two years ending 31 December 2018 and 2019 (the “**Sale Caps**”) respectively are set out as follows:

	<b>For the year ended 31 December 2015 <i>(in RMB million)</i></b>	<b>For the year ended 31 December 2016 <i>(in RMB million)</i></b>	<b>For the year ending 31 December 2017 <i>(in RMB million)</i></b>
Existing annual caps	150	350	325
Historical transaction amounts	127.7	151.6	8.3
			<i>(Note)</i>

<b>LETTER FROM GRAM CAPITAL</b>
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	<b>For the year ending 31 December 2018 <i>(in RMB million)</i></b>	<b>For the year ending 31 December 2019 <i>(in RMB million)</i></b>
Proposed annual caps	170	200

*Note:* The historical amounts were for the four months ended 30 April 2017.

With reference to the Board Letter, the proposed annual caps of the Sale Transaction under the Potevio Master Framework Agreement are determined with reference to the following factors:

- (i) the historical amount of relevant transaction with the Potevio Group from the year ended 31 December 2015 to 2016;
- (ii) the expected need of the Potevio Group for optical fiber, optical cable and ancillary products from the Group;
- (iii) the forecast production volume for optical fiber, optical cable and ancillary products of the Group;
- (iv) the expected price to be charged by the Group for optical fiber, optical cable, feeder and ancillary products; and
- (v) The de-consolidation of financial information of Putian Fasten JV (being a company principally engaged in the manufacture of optical fiber, optical cable and ancillary products) as the result of the disposal of certain equity interest of Putian Fasten JV by the Company (i.e. the Disposal).

According to the above table, we noted that the Sale Cap for the year ending 31 December 2018 represented a substantial decrease as compared to the existing cap for the year ending 31 December 2017. For this reason, we enquired into the Directors and noted that such decrease was due to the de-consolidation of financial information of Putian Fasten JV as the result of the disposal of certain equity interest of Putian Fasten JV by the Company (i.e. the Disposal).

With reference to the circular of the Company dated 20 March 2017 in relation to the disposal of the 22.5% equity interest in Putian Fasten JV (the “**Disposal Circular**”), Putian Fasten JV will cease to be the Company’s subsidiary following the completion of the disposal. Accordingly, the transactions amount between Putian Fasten JV and Potevio Group will no longer constitute continuing connected transactions of the Group.

## LETTER FROM GRAM CAPITAL

With reference to the Disposal Circular, the completion of the aforesaid transfer of equity interest shall take place upon the granting of the new business license to Putian Fasten JV by the relevant PRC authority, which is expected to be on or before 31 December 2017. As at the Latest Practicable Date, the completion of the aforesaid transfer of equity interest had not taken place.

However, the Directors, after seeking advice from the PRC legal adviser and auditor to the Company, advised us that due to the fact that the transaction certificate in relation to the disposal of the 22.5% equity interest in Putian Fasten JV has been issued by the China Beijing Equity Exchange on 7 December 2016 and the Consideration was transferred to the Company and settled on 13 December 2016, Putian Fasten JV had ceased to be a subsidiary of the Company and the financial results of Putian Fasten JV had ceased to be consolidated into the consolidated financial statements of the Group.

To assess the fairness and reasonableness of the Sale Caps for the two years ending 31 December 2019, we have obtained and reviewed a list (the “**Sale List**”) for the determination of the Sale Caps for the two years ending 31 December 2019, showing (i) category of products to be provided by the Group to Potevio Group in 2018 and 2019; and (ii) the estimated demand of Potevio Group for each category of products, for which the proposed annual caps are to cater.

According to the Sale List, the Company expects that the estimated demand on feed line (饋線) and jumpwire (饋線跳線) is 15,000 km for 2018.

As mentioned above, by supplying the Group’s products to Potevio Group, the Group is capable of selling its products to customers whom they would otherwise have difficulty in accessing directly due to the high requirements to become eligible to submit tenders for large scale supplying contracts.

As advised by the Directors, based on the public information, China Mobile Limited (stock code: 941, “**China Mobile**”) is principally engaged in providing mobile telecommunications and related services. With reference to the 2016 annual report of China Mobile, China Mobile will leverage its advantages in 4G to reinforce its transmission network and upgrade it in a coordinated manner that supports its business transformation. While China Mobile accelerated the transition to a cloud-based NFV/SDN network, it will step up its efforts to conduct research and tests on 5G technology. China Mobile will also construct its application infrastructure to encompass areas such as cloud computing, big data, the Internet of Things, industrial Internet and content delivery networks. To the best of the Directors’ knowledge, (i) optical fiber, (ii) feed line (饋線); and (iii) jumpwire (饋線跳線) are materials to expand mobile telecommunications related projects. Accordingly, the Directors assumed that China Mobile would also conduct tender for purchase of the aforesaid materials.

For our due diligence purpose, we have searched over internet and found three notices for the results of tendering as published on the website of 中國移動採購與招標網 (China Mobile Purchase and Tendering Website\*, <http://b2b.10086.cn>) dated 30 October 2015, 31

## LETTER FROM GRAM CAPITAL

December 2015 and 31 December 2015 respectively, showing the name lists of successful tendering on, among other things (i) optical fiber, (ii) feed line (饋線); and (iii) jumpwire (饋線跳線). According to the notices for the results of tendering on optical fiber, China Potevio won 3.31% shares of the tender. According to the relevant tender notice dated 21 August 2015, the demand on optical fiber by China Mobile Communication Co., Ltd. (“**China Mobile Communication**”, being a wholly-owned subsidiary of China Mobile according to China Mobile’s 2016 annual report) in 2015–2016 was approximately 88.745 million kilometers (calculated by length of core cable (芯長)) or approximately 3.0701 million kilometers (as calculated by length of cable (皮長)).

With reference to tendering notice dated 18 November 2015, the demand on jumpwire by China Mobile Communication in 2016–2017 was approximately 1.8 million pieces with a range of 2 meters to 5 meters. According to the notice for the results of the aforesaid tendering, China Potevio was selected as the sixth candidate of successful bidder.

With reference to tendering notice dated 18 November 2015, the demand on feed line by China Mobile Communication in 2016–2017 was approximately 300,000 km for 2017. According to the notice for the results of the aforesaid tendering China Potevio was selected as the eighth candidate of successful bidder.

Pursuant to the estimated demand and estimated sale amount above, the Company anticipates that the transaction amount to be approximately RMB120 million in 2018.

In addition, we understood from the Directors that Potevio Group is participating in a tendering process of a project regarding the supply of optical cable for 2017/2018. The Company, after discussing with China Potevio, estimated the demand for optical cable for 2018. Upon our request, we obtained the tendering document (招標文件) from the Company and noted that (i) estimated demand for optical cable for 2018, representing approximately 2% of optical cable for the aforesaid project; and (ii) estimated unit selling price of optical cable. Upon our further request, the Directors provided certain invoices, showing the market price of similar optical cable. We noted that the estimated unit selling price of optical cable is in line with the selling price as required in the tender document and market price. The estimated amount on optical cable is approximately RMB50 million.

Based on the above factors, we consider that the Sale Cap for the year ending 31 December 2018 to be fair and reasonable.

We further noted from the Sale List that the Sale Cap for the year ending 31 December 2019 represented an increase of approximately 18% as compared to the Sale Cap for the year ending 31 December 2018 (the “**Sale Cap Increase**”).

Having considered that (i) the historical transaction amounts for the year ended 31 December 2016 represented an increase of approximately 19% as compared to that for the previous year; and (ii) the annualized transaction amounts (excluding products provided by

## LETTER FROM GRAM CAPITAL

Putian Fasten JV) for the year ending 31 December 2017 represented an increase of approximately 26% as compared to those for the year ended 31 December 2016, we consider that the Sale Cap Increase to be acceptable.

In light of the above, we consider that the Sale Cap for the year ending 31 December 2019 to be fair and reasonable.

Shareholders should note that as the Sale Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2019, and they do not represent forecasts of revenue/income/cost to be incurred from the transactions contemplated under the Potevio Master Framework Agreement. Consequently, we express no opinion as to how closely the actual revenue/income to be incurred from the transactions contemplated under the Potevio Master Framework Agreement will correspond with the Sale Caps.

### **B. Purchase Transaction**

#### *Reasons for and the benefit of Purchase Transaction*

With reference to the Board Letter, as Potevio Group is a leader in providing electrical products, lighting products, piping products and smart products in the PRC, the Group intends to purchase from Potevio Group and resell its products as the reseller of Potevio Group in the southwest region of the PRC. Potevio Group is committed to designing and manufacturing innovative photoelectrical products and technologies, and as such the Group benefits from the potential expansion of client base, which may lead to an increase in demand of Company's products, and product variety by purchasing from and distributing for Potevio Group. Furthermore, as the demand of certain electrical products, lighting products, piping products and smart products in the PRC is higher than the supply available, the purchase of certain electrical products, lighting products, piping products and smart products from Potevio Group, whom has established an extensive domestic distribution network, can ensure stable supply of certain electrical products, lighting products, piping products and smart products to the Group. The Purchase Products (as defined below) will be sold together with the products manufactured by the Company to form a customized portfolio of products to its customers, allowing its customers to have a better customer experience.

In addition, the Company, which is situated in the southwest region of China, to act as reseller of Potevio Group can not only result in transportation costs savings of Potevio Group (i.e. less transportation cost will be incurred by delivering bulk Purchase Products to the Group's warehouse in Chengdu as compared to directly delivering Purchase Products to different clients in southwest region of China in several times), but also expand revenue source of the Group. For our due diligence purpose, we discussed with the Directors in this regard and further noted that the Company has one warehouse with site area of approximately 6,000 square meters in Chengdu.

## LETTER FROM GRAM CAPITAL

According to the Board Letter, the Purchase Transaction is conducted in the ordinary and usual course of business of the Company. As also confirmed by the Directors, the Purchase Transaction is conducted on a frequent and regular basis. Therefore, the Directors consider that it would be (i) impracticable to negotiate for numerous agreements with Potevio Group; and (ii) costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules. Accordingly, the Directors are of the view that the Purchase Transaction will be beneficial to the Company and the Shareholders as a whole.

In view of the above as well as that the Purchase Transaction allows the Group to have a stable supplier for the supply of Purchase Products (as defined below), we concur with the Directors that the Purchase Transaction is in the interests of the Company and the Shareholders as a whole.

### *Principle terms of the Purchase Transaction*

The principal terms of the Purchase Transaction under the Potevio Master Framework Agreement are as follows:

Date:	24 May 2017
Parties:	The Company and Potevio Group
Subject matter:	Potevio Group shall supply electrical products, lighting products, piping products and smart products (collectively, the “ <b>Purchase Products</b> ”) to the Group based on the requirements and demands of the Group from time to time during the tenure of the Potevio Master Framework Agreement
Tenure:	1 January 2018 to 31 December 2019

### *Pricing basis and payment terms*

With reference to the Board Letter, the purchase transactions under the Potevio Master Framework Agreement will be conducted in 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 to independent third parties.

To ensure the fair pricing for the Purchase Transaction, the Company adopted a series of internal control procedures. Details of the procedures are set out under the section headed “Internal control measures” of the Board Letter.

## LETTER FROM GRAM CAPITAL

In light of that (i) the legal and audit supervisory department of the Group will compare the average purchase price of its products purchased from and the relevant payment terms offered by the Potevio Group and the independent third parties on a monthly basis with at least three relevant quotations obtained; (ii) the investment management department of the Company will monitor the transactions amount of the Purchase Transaction on a monthly basis to ensure the proposed annual caps will not be exceeded; (iii) the Company will not purchase any product under the Potevio Master Framework Agreement if the price is less favourable than that those offered by independent third parties; (iv) independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions; and (v) auditors of the Company will perform evaluation and review on the internal control measures of the Company and review transactions contemplated under the Potevio Master Framework Agreement annually, we consider that the effective implementation of the internal control measures would help to ensure fair pricing of the transactions contemplated under the Potevio Master Framework Agreement according to the pricing policies.

For our due diligence purpose, we requested the Company to provide three individual contracts/invoices entered into between (i) the Group and Potevio Group; and (ii) the Potevio Group and independent third parties regarding the sale of similar commodities by the Potevio Group. As per our request, the Company provided the aforesaid individual contracts to us. We noted from the aforesaid contracts that the selling price of the products offered by Potevio Group to the Group is not higher than those offered to independent third parties.

In light of the aforesaid requirement of the internal control procedures as well as our findings as mentioned above, we do not doubt the effectiveness of the implementation of the internal control procedures for the existing Purchase Transaction.

### *Existing and proposed annual caps of Purchase Transaction*

According to the Board Letter, the existing annual caps and the proposed annual caps for the two years ending 31 December 2018 and 2019 (the “**Purchase Caps**”) respectively are set out as follows:

	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2016</b>	<b>For the year ending 31 December 2017</b>
	<i>(in RMB million)</i>	<i>(in RMB million)</i>	<i>(in RMB million)</i>
Existing annual caps	N/A	40	90
Historical transaction amounts	N/A	24.1	7.9
			<i>(Note)</i>

## LETTER FROM GRAM CAPITAL

	<b>For the year ending 31 December 2018</b>	<b>For the year ending 31 December 2019</b>
	<i>(in RMB million)</i>	<i>(in RMB million)</i>
Proposed annual caps	140	160

*Note:* The historical amounts were for the four months ended 30 April 2017.

With reference to the Board Letter, the proposed annual caps of the Purchase Transaction under the Potevio Master Framework Agreement are determined with reference to the following factors:

- (i) the historical amount of the relevant sales of Potevio Group for the year ended 31 December 2016 and 2017;
- (ii) the expected need for electrical products, lighting products, piping products and smart products from the Company will increase significantly due to the promotion of domestic infrastructure in the southwest region of the PRC; and
- (iii) a buffer for any unanticipated fluctuations in forecast.

With reference to the above table, the proposed annual cap for the year ending 31 December 2018 represents a substantial increase as compared to the historical transactions amount for the year ended 31 December 2016. For our due diligence purpose, we have enquired the Directors in this regards and understood from the Directors that such increase were determined with reference to (i) the market share of Purchase Products may increase, which were first introduced by the Company in second half year of 2016; (ii) the cooperation between China Potevio and government of Chengdu; (iii) the demand on electrical products, lighting products, pipeline products and smart products to be used in projects in Chengdu, which include the new Chengdu Tianfu International Airport, rail transit, urban pipe network lighting transformation, smart city in the Chengdu region, resulting in the possible increasing demand for the Purchase Products from the Group.

The Directors advised us that China Potevio entered into a strategic cooperation agreement with the government of Chengdu to cooperate on the several aspects of Chengdu, including but not limited to, development of smart city, development of electronic transportation system, development of LED lightness system, etc. The Directors expect that government of Chengdu will demand for the Purchase Products from the Company, being a subsidiary of China Potevio locating in Chengdu (the southwest region of the PRC), during the thirteenth five-year plan period (i.e. 2016–2020). Upon our request, we obtained the aforesaid strategic cooperation agreement.



## LETTER FROM GRAM CAPITAL

Furthermore, we have discussed with relevant personnel of the Company regarding estimation of demand of the Purchase Products for the year ending 31 December 2018 and 2019. We understood that when estimating the demand of Purchase Products for the year ending 31 December 2018, the Company considered the possible demand of Purchase Products due to (i) urban renewable projects; (ii) development of new airport in Chengdu and its ancillary commercial facilities; (iii) the continuous development of MTR transportation system in Chengdu. During our discussion, we have not identified any major factor which caused us to doubt the reasonableness of the estimation of the demand of the Purchased Products for the year ending 31 December 2018 and 2019.

For our due diligence purpose, we researched over the internet and noted that:

- (i) according to an article published by 成都晚報 (Chengdu Evening News\*), being a local newspaper publication firm, on 9 December 2015 that during the thirteenth five-year plan period, government of Chengdu will invest RMB33 billion to develop MTR transportation system in next five years.
- (ii) according to Xinjin government report (2016) published by the website of Xinjin government that Xinjin government will accelerate urban renewable projects, including (a) city village and shantytowns of approximately 100,000 sq.m.; (b) small and medium-sized streets over 22,000 sq.m.; (c) new water plan; (d) parks, with total investment amount over RMB3 billion.
- (iii) according to an article published by China Daily on 30 May 2016, construction of Chengdu Tianfu International Airport, a new airport in Chengdu with total investment of RMB71.86 billion is expected to be completed in 2019 and start operating in 2020, according to general manager of Sichuan Province Airport Group Co Ltd. Furthermore, according to 《成都天府國際機場臨空經濟區規劃綱要》 (the “**Plan**”) published by Sichuan Provincial People’s Government in November 2016 that the construction of transportation, logistics, commercial services related ancillary facilities are expected to complete by 2020. The Plan also stated to accelerate the construction of MTR line 13, line 18 and extension line, inter-city rail transit project.

As further confirmed by the Directors, the Company expected there will be substantial need for electrical products, lighting products, piping products and smart products. However, as advised by the Directors, the selection of the aforesaid infrastructure projects are more likely to be conducted through tender process.

We noted that the Company has applied a buffer of 9% as an assumption for the determination of the proposed annual caps. Having considered that the additional buffer was applied for unforeseeable circumstances, for instance, (a) the unpredictable increase in material cost of the products provided by Potevio Group; and (b) the unexpected increase in demand of the products by customers, we consider that a buffer of 9% is acceptable.

## LETTER FROM GRAM CAPITAL

In light of the above factors, we consider that the proposed annual caps for the two years ending 31 December 2019 are fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2019, and they do not represent forecasts of revenue/income/cost to be incurred from the transactions contemplated under the Potevio Master Framework Agreement. Consequently, we express no opinion as to how closely the actual revenue/income to be incurred from the transactions contemplated under the Potevio Master Framework Agreement will correspond with the proposed annual caps.

In light of the above, we are of the view that the terms of the Potevio Master Framework Agreement are normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### *Listing Rules implication*

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the transactions contemplated under the Potevio Master Framework Agreement must be restricted by the proposed annual caps for the period concerned under the Potevio Master Framework Agreement; (ii) the terms of the Potevio Master Framework Agreement must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Potevio Master Framework Agreement must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Sale Transaction and Purchase Transaction (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the annual caps. In the event that the total amounts of the Sale Transaction and/or the Purchase Transaction are anticipated to exceed the annual caps, or that there is any proposed material amendment to the terms of the Potevio Master Framework Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions contemplated under the Potevio Master Framework Agreement and thus the interest of the Independent Shareholders would be safeguarded.

## LETTER FROM GRAM CAPITAL

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Potevio Master Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the transactions contemplated under the Potevio Master Framework Agreement are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the AGM to approve the Potevio Master Framework Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.*

\* *For identification purpose only*

## **GENERAL INFORMATION**

### **1. RESPONSIBILITY STATEMENT**

This Supplementary Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Supplementary Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

### **2. DISCLOSURE OF DIRECTORS' INTERESTS**

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with the Company and/or any of its subsidiaries which is not determinable by relevant member of the Group within one year without payment of compensation, other than statutory compensation.

### **4. DIRECTORS' INTERESTS IN ASSETS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2016, being the date to which the latest published audited consolidated accounts of the Group were made up.

### **5. DIRECTORS' INTERESTS IN CONTRACTS**

Save as disclosed in this Supplementary Circular, as at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

## GENERAL INFORMATION

### 6. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business which competes or may compete with the businesses of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder of the Company).

### 7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited financial statements of the Company were made up.

### 8. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

### 9. EXPERT

- (a) The following is the qualifications of the experts (the “**Expert**”) who have given opinions or advice in this Supplementary Circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

The letters, reports and/or opinions from the above expert are given as of the date of this Supplementary Circular. The Expert has given and has not withdrawn its written consent to the issue of this Supplementary Circular with the inclusion of its letters, reports and/or opinion, as the case may be, and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the Expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Expert did not have any interest, directly or indirectly, in any assets which had since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## GENERAL INFORMATION

### 10. MATERIAL CONTRACTS

By an agreement dated 2 December 2016 entered into between the Company and Fasten Company Limited\* (法爾勝集團有限公司), there was a disposal of an 22.5% equity interest in Putian Fasten JV by the Company for RMB116,176,500.

### 11. GENERAL

The registered office of the Company is situated at No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, 611731, the PRC. The principal place of business of the Company in Hong Kong is at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

The H share registrar and transfer office of the Company in Hong Kong is Hong Kong Registrars Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The company secretary of the Company is Ms. Kwong Yin Ping, Yvonne, who is a fellow of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

The English text of this Supplementary Circular shall prevail over the Chinese text in the event of inconsistency.

### 12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong during normal business hours on any Business Day from the date of this Supplementary Circular until the date of the 2016 AGM:

- (a) this Supplementary circular;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this Supplementary Circular;
- (c) the letter from Gram Capital, the text of which is set out on pages 18 to 33 this Supplementary Circular;
- (d) the written consents referred to in the sub-section above headed "Expert";
- (e) the Announcement;
- (f) the Potevio Master Framework Agreement;
- (g) the Honyar Framework Distribution Agreement; and
- (h) the Disposal Agreement.

**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)

**SUPPLEMENTARY NOTICE OF THE 2016 AGM**

Reference is made to the circular (the “**Circular**”) and the notice (the “**Notice**”) of Chengdu PUTIAN Telecommunications Cable Company Limited\* (the “**Company**”) dated 28 April 2017, which set out the time and venue of the 2016 annual general meeting of the Company (the “**2016 AGM**”) and contain the resolutions to be considered and approved at the 2016 AGM.

**SUPPLEMENTARY NOTICE IS HEREBY GIVEN** that the 2016 AGM will be held at the conference room of the Company at No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the People's Republic of China (the “**PRC**”), at Friday on 30 June 2017, 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as an ordinary resolution of the Company at the 2016 AGM:

- (1) To consider and approve as ordinary resolution:
  - h. To approve the continuing connected transactions of the Group with Potevio Group pursuant to the Potevio Master Framework Agreement.

By Order of the Board

**Chengdu PUTIAN Telecommunications Cable Company Limited\***

**Zhang Xiaocheng**

*Chairman*

Chengdu, the PRC, 16 June 2017

## SUPPLEMENTARY NOTICE OF THE 2016 AGM

*Notes:*

1. Except for the supplementary resolution to be proposed at the 2016 AGM, there is no other change to the other resolutions to be proposed at the 2016 AGM as set out in the Notice. For details of the other resolutions to be considered and approved at the 2016 AGM, eligibility for attending the 2016 AGM, proxy arrangement, registration procedures, closure of register of members and other relevant matters, please refer to the Notice for the 2016 AGM dated 28 April 2017.
2. In the event that you wish to attend the 2016 AGM after reading the supplementary circular but you are unable to return the reply slip for attending the 2016 AGM despatched along with the Circular of the Company dated 28 April 2017 on or before 10 June 2017, you may still attend the 2016 AGM.
3. Proxy

The form of proxy which relates to the resolutions set out in the Notice and is despatched along with the Circular (the “**Original Proxy Form**”) does not include the new resolution 1h set out in the supplementary notice. Accordingly, a revised form of proxy (“**Revised Proxy Form**”) is prepared by the Company and is enclosed herein.

- (i) Shareholders who are entitled to attend and vote at the 2016 AGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a Shareholder.
- (ii) In order to be valid, the Revised Proxy Form must be deposited by hand or post, for holders of H Shares of the Company, to the H Share registrar of the Company, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong and, for holders of Domestic Shares of the Company, to the head office in the PRC of the Company not less than 24 hours before the time for holding the 2016 AGM (or any adjournment thereof) or for taking the poll. If the Revised Proxy Form is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the Revised Proxy Form. Completion and return of the Revised Proxy Form will not preclude Shareholders from attending and voting in person at the 2016 AGM or any adjourned meetings should they so wish.
- (iii) For Shareholders who have lodged the Original Proxy Form to the share registrar of the Company or the registered office of the Company, please be reminded that:
  - (a) Where a Shareholder has not returned the Revised Proxy Form to the share registrar of the Company or the registered office of the Company, the Original Proxy Form (if completed correctly) shall be deemed a valid form of proxy returned by such Shareholder. The proxy appointed by the Shareholder in such manner shall be entitled to vote or abstain from voting at his/her discretion on any resolutions properly and duly put to the 2016 AGM other than those instructed in the Original Proxy Form, including the new resolution 1h set out in this supplementary notice.
  - (b) Where a Shareholder has returned the Revised Proxy Form to the share registrar of the Company or the registered office of the Company 24 hours before the time scheduled for holding the 2016 AGM, the Original Proxy Form returned shall be revoked and substituted by the Revised Proxy Form and the Revised Proxy Form (if completed correctly) shall be deemed a valid form of proxy returned by such Shareholder.
  - (c) Where a Shareholder has returned the Revised Proxy Form to the share registrar of the Company or the registered office of the Company less than 24 hours before the time scheduled for holding the 2016 AGM, the Revised Proxy Form shall be deemed invalid and the Original Proxy Form returned by such Shareholder shall also be revoked. The votes of the proxy purported to be appointed by the invalid or revoked proxy form (whether the Original Proxy Form or the Revised Proxy Form) will not be counted in the votes in respect of the resolutions proposed. Accordingly, Shareholders are advised not to return the Revised Proxy Form after the deadline. In the event that such Shareholder wishes to vote at the meeting, he/she shall attend and vote at the meeting in person.



## SUPPLEMENTARY NOTICE OF THE 2016 AGM

4. The 2016 AGM is expected to take half of the day approximately. Shareholders attending the 2016 AGM shall be responsible for their own travel and accommodation expenses.
5. The address of the registered office in the PRC of the Company is No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC (postcode: 611731).

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

*Executive Directors:*

Mr. Zhang Xiaocheng (*Chairman*)  
Mr. Wang Micheng  
Ms. Liu Yun  
Mr. Han Shu  
Ms. Xu Liying  
Mr. Fan Xu

*Independent non-executive Directors:*

Mr. Choy Sze Chung, Jojo  
Mr. Lin Zulun  
Mr. Xiao Xiaozhou