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成都四威科技股份有限公司

CHENGDU SIWI SCIENCE AND TECHNOLOGY COMPANY LIMITED

(Formerly known as “Chengdu PUTIAN Telecommunications Cable Company Limited 成都普天電纜股份有限公司”)

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

(Stock Code: 1202)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE 8TH RESEARCH INSTITUTE SUPPLY FRAMEWORK AGREEMENT

On 9 December 2022, SEI Optical, a non-wholly owned subsidiary of the Company entered into the 8th Research Institute Supply Framework Agreement for a term of one year commencing from 1 January 2023, in respect of the supplying of optical fiber products by SEI Optical to the 8th Research Institute Group.

LISTING RULES IMPLICATION

The 8th Research Institute is a subordinate business entity of China Electronics Technology and China Electronics Technology is the indirect controlling shareholder of the Company. Therefore the 8th Research Institute is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As such, the transactions contemplated under the 8th Research Institute Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios relating to the proposed annual caps of the continuing connected transactions between SEI Optical and the 8th Research Institute exceeds 0.1% and is less than 5%, the transactions contemplated under the 8th Research Institute Supply Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

On 9 December 2022, SEI Optical, a non-wholly owned subsidiary of the Company entered into the 8th Research Institute Supply Framework Agreement for a term of one year commencing from 1 January 2023 in relation to the supply of optical fiber products by SEI Optical to the 8th Research Institute Group.

The principal terms of the 8th Research Institute Supply Framework Agreement are as follows:

Date: 9 December 2022

Parties: SEI Optical and the 8th Research Institute

Subject matter: SEI Optical will supply optical fiber products to the 8th Research Institute Group from time to time during the term of the 8th Research Institute Supply Framework Agreement

Effective term: From 1 January 2023 to 31 December 2023

Pricing basis and payment terms

The transactions under the 8th Research Institute Supply Framework Agreement will be conducted in the ordinary and usual course of business and on normal commercial terms and such pricing basis and payment terms and conditions shall be negotiated on an arm's length basis and be no less favourable to SEI Optical than those available from independent third parties.

The selling prices of optical fiber products sold by SEI Optical to the 8th Research Institute Group are not fixed and to be determined based on the prevailing market prices which are comparable to the prices offered to independent third parties by SEI Optical and to be agreed between the Parties.

In order to ensure that the selling prices and payment terms and conditions are no less favourable than the market level, the Company will generally monitor the average market prices of single-mode optical fiber products and inquire to independent third-party purchasers (at least two) on a regular basis to obtain information of the latest update on market prices of single-mode optical fiber products and other related products.

Annual Cap and Basis of Determination

	Historical amounts for the year ended 31 December 2021 (RMB) (audited)	Historical amounts for the eleven months ended 30 November 2022 (RMB) (unaudited)	Existing annual cap for the year ending 31 December 2022 (RMB)	Proposed annual cap for the year ending 31 December 2023 (RMB)
Supply of single-mode optical fiber products	1,219,801	2,979,100	10,000,000	10,000,000

The proposed annual caps for the transactions contemplated under the 8th Research Institute Supply Framework Agreement are determined with reference to the following factors:

- (i) the historical amounts of the relevant transactions with the 8th Research Institute Group for the year ended 31 December 2021 and the eleven months ended 30 November 2022;
- (ii) In June 2022, SEI Optical has successfully won a tender to supply single-mode optical fiber products to the 8th Research Institute. Based on the communications between SEI Optical and the 8th Research Institute and their projected demand of single-mode optical fiber products for the year 2023 and their positive response from the 8th Research Institute on the quality of the single-mode optical fiber products supplied by SEI Optical, SEI Optical projects a steady increase in demand for the single-mode optical fiber products by the 8th Research Institute; and
- (iii) the expected average market prices of single-mode optical fiber products for the year 2023 will remain stable.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 8TH RESEARCH INSTITUTE SUPPLY FRAMEWORK AGREEMENT

The 8th Research Institute being one of the first research institute engaging in research, development and application of optical communication technology in the PRC with national military and aerospace-grade standard production lines, research laboratories and engineering technology centers, the Company believes by supplying single-mode optical fiber products to the 8th Research Institute Group, it can increase the Group's reputation and recognition in the optical fiber industry in the PRC and attract new potential customers for its optical telecommunications business and widen the Group's customer base.

The Directors (including the independent non-executive Directors) consider that the terms of the 8th Research Institute Supply Framework Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL

In order to ensure that the terms under the 8th Research Institute Supply Framework Agreement are no less favourable than those offered to independent third parties of SEI Optical, the Company has adopted the following measures:

1. The Group will obtain the market price of single-mode optical fiber products offered to the 8th Research Institute Group and compare the same against the market price offered to independent third parties on a regular basis;

2. The Company will monitor the continuing connected transactions in accordance with the procedures set out in the Company's internal control manual on continuing connected transactions. The Internal Audit & Legal Department* (審計法務部) of the Company will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with their respective agreements and will also regularly update the market prices for the purpose of considering if the prices charged for a specific transaction are fair and reasonable and in accordance with the stated pricing policy;
3. The external auditors of the Company will conduct an annual review on the pricing and annual caps of the continuing connected transactions;
4. The audit committee of the Board will review at least twice a year the analysis report and the improvement measures prepared by the management of the Company based on the implementation of the continuing connected transactions by SEI Optical; and
5. The independent non-executive Directors will review the implementation and execution of the continuing connected transactions on an annual basis.

INFORMATION ABOUT THE GROUP, CHINA ELECTRONICS TECHNOLOGY THE 8TH RESEARCH INSTITUTE GROUP

The Group is principally engaged in the technology research and development, product production, sales and service of wires and cables, optical fibers and cables, special cable materials, irradiation processing, cable accessories, special equipment, equipment and devices and equipment for various information industry products (excluding categories restricted or prohibited by the State Council of the PRC).

The 8th Research Institute is a subordinate business entity of China Electronics Technology established in the PRC with national military and aerospace-grade standard production lines, research laboratories and engineering technology centers and principally engages in the research and manufacturing of optical communication, sensor and processing related equipment and products.

China Electronics Technology, the actual controller of the Company and ultimate beneficial owner of the 8th Research Institute, is a major state-owned enterprise and a direct wholly-owned subsidiary of the SASAC. It principally engages in the research and manufacturing of products which include electronic equipment, network information systems, industrial foundations, network security and other fields.

LISTING RULES IMPLICATIONS

The 8th Research Institute is a subordinate business entity of China Electronics Technology and China Electronics Technology is the indirect controlling shareholder of the Company, therefore the 8th Research Institute is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As such, the transactions contemplated under the 8th Research Institute Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios relating to the proposed annual caps of the continuing connected transactions between SEI Optical and the 8th Research Institute exceeds 0.1% and is less than 5%, the transactions contemplated under the 8th Research Institute Supply Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“Board”	board of Directors
“China Electronics Technology”	China Electronics Technology Group Corporation 中國電子科技集團有限公司, a state-owned company established in the PRC with limited liability, which is directly wholly owned by the SASAC
“Company”	Chengdu SIWI Science and Technology Company Limited 成都四威科技股份有限公司, a sino-foreign joint stock company incorporated in the PRC with limited liability, whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas-listed foreign shares in the ordinary share capital of the Company, with a RMB denominated par value of RMB1.00 each
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“SEI Optical”	Chengdu SEI Optical Telecommunications Co. Ltd.* 成都中住光纖有限公司, a joint venture company established in the PRC with limited liability and primarily engaged in the manufacturing of optical fiber, optical cable and related products

“Share(s)”	domestic shares and/or H Shares
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“8th Research Institute”	The 8th Research Institute of China Electronics Technology Group Corporation* 中國電子科技集團公司第八研究所，a subordinate business entity of China Electronics Technology
“8th Research Institute Group”	The 8th Research Institute and its subsidiaries
“8th Research Institute Supply Framework Agreement”	the agreement entered into between SEI Optical and the 8th Research Institute on 9 December 2022, pursuant to which SEI Optical has agreed to supply single-mode optical fiber products to the 8th Research Institute Group from time to time for a term commencing from 1 January 2023 to 31 December 2023
“%”	per cent

* *For identification purposes only*

By order of the Board
Chengdu SIWI Science and Technology Company Limited
Li Tao
Chairman

Chengdu, the PRC, 9 December 2022

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

Executive Directors: Ms. Li Tao (*Chairman*), Mr. Wu Xiaodong, Mr. Hu Jiangbing, Mr. Zhu Rui, Mr. Jin Tao and Mr. Chen Wei

Independent Non-executive Directors: Ms. Fu Wenjie, Mr. Zhong Qishui and Mr. Xue Shujin