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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)

**CONTINUING CONNECTED TRANSACTION IN RELATION TO  
THE SUMITOMO FRAMEWORK PURCHASE AGREEMENT**

On 28 December 2017, the Company entered into the Sumitomo Framework Purchase Agreement for a term of one year commencing from 1 January 2018, in respect of the purchase of optical fiber preform and paints by the Group from Sumitomo Electric Group and the provision of related technical services by Sumitomo Electric Group to the Group.

As Sumitomo Electric is a substantial shareholder of a non-wholly owned subsidiary of the Group, Sumitomo Electric is a connected person of the Group at the subsidiary level under the Listing Rules.

As the Directors have approved the Continuing Connected Transactions with Sumitomo Electric Group and the independent non-executive Directors have confirmed that the terms of such transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Sumitomo Framework Purchase Agreement and the relevant annual cap are only subject to the reporting and announcement requirements but are exempted from independent shareholders' approval, pursuant to Rule 14A.101 of the Listing Rules.

\* For identification purposes only

## **BACKGROUND**

On 28 December 2017, the Company entered into the Sumitomo Framework Purchase Agreement for a term of one year commencing from 1 January 2018, in respect of the purchase of optical fiber preform and paints and subscription for related technical services by the Group from Sumitomo Electric Group..

The principal terms of the Sumitomo Framework Purchase Agreement are as follows:

|                |   |   |
|----------------|---|---|
| Date           | : | 28 December 2017  |
| Parties        | : | The Company and Sumitomo Electric   |
| Subject matter | : | the Company shall purchase optical fiber preform and paints from Sumitomo Electric Group and subscribe for related services from Sumitomo Electric Group from time to time during the tenure of the Sumitomo Framework Purchase Agreement |
| Tenure         | : | 1 January 2018 to 31 December 2018  |

### **Pricing basis and payment terms**

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

The selling prices of the optical fiber preform and paints sold by Sumitomo Electric Group to the Group and the related technical services provided by Sumitomo Electric Group to the 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 independent third parties and to be agreed between parties. To ensure the selling prices, technical service fees and payment terms are not less favourable than the market standard, the Group will generally monitor the average market price of the relevant optical fiber preform and paints and average market rate for service fees charged for the relevant technical services.

## Annual Cap and Basis of Determination

|   | Historical amounts for the years ended |           |             | Proposed     |
|---|--|-----------|-------------|--------------|
|   | 31 December (in RMB million)           |           |             | annual cap   |
|   | 2015                                   | 2016      | 2017*       | for the year |
|   | (audited)                              | (audited) | (unaudited) | ending       |
|   |  |           |             | 31 December  |
|   |  |           |             | (in RMB      |
|   |  |           |             | million)     |
|   |  |           |             | 2018         |
| 1. Purchase of optical fiber preform and paints | 57.25                                  | 104.99    | 174.18      | 220          |
| 2. Technical services                           | —                                      | —         | 24.82       | 20           |

\* The historical amounts in 2017 represents the expected amounts.

The proposed annual cap of the transactions contemplated thereunder the Sumitomo Framework Purchase Agreement have been worked out with reference to the following factors:

- (i) The historical amount of relevant transaction with Sumitomo Electric Group from the year ended 31 December 2015 to 2017;
- (ii) The forecast need of the Group for optical fiber preform and paints will remain stable; and
- (iii) The forecast average market price of optical fiber preform and paint for the year ending 2018 will remain stable.

### Reasons for and the Benefit of the Taishan Sales Agreement

The Sumitomo Electric Group is a global conglomerate involved in various industries including automotive, infocommunications, electronics, environmental and energy as well as industrial materials. As the Sumitomo Electric Group is one of the leaders in producing optical fiber preform in Japan, the Company has been purchasing optical fiber preform and paints from Sumitomo Electric Group to manufacture its optical fibers to ensure the finished products are of high qualities and the related technical services provided are of high standards. Furthermore, the purchase of optical fiber preform and paints from Sumitomo Electric Group can ensure stable supply of optical fiber preform and paints to the Group, given the high demand of optical fiber preform in the PRC.

## **LISTING RULES IMPLICATIONS**

Sumitomo Electric is a substantial shareholder of SEI Optical, a joint venture between the Company and Sumitomo Electric since 1998 and a non-wholly owned subsidiary, whereby the Sumitomo Electric holds 40% equity interest in SEI Optical while the Group controls the remaining 60% equity interest. As Sumitomo Electric is a substantial shareholder of a non-wholly owned subsidiary of the Group, Sumitomo Electric is a connected person of the Group at subsidiary level under the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if (i) the listed issuer's board of directors have approved the transactions; and (ii) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole. As the Directors have approved the Continuing Connected Transactions with Sumitomo Electric Group and the independent non-executive Directors have confirmed that the terms of such transactions are in the ordinary and usual course of business of the Group, and are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Sumitomo Framework Purchase Agreement and the relevant annual cap are only subject to the reporting and announcement requirements but exempted from independent shareholders' approval.

## **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.

Sumitomo Electric and its subsidiaries undertake product development, manufacturing and marketing, as well as service provision in the five business divisions, namely automotive, info communications, electronics, environment and energy, and industrial materials.

## **DEFINITIONS**

|                    |  |
|--------------------|--|
| “Board”            | The board of Directors   |
| “Company”          | 成都普天電纜股份有限公司 (Chengdu PUTIAN Telecommunications Cable Company Limited*), a sino-foreign joint stock company incorporated in the PRC with limited liability, whose issued Shares are listed on the main board of the Stock Exchange |
| “connected person” | has the same meaning as ascribed to it under the Listing Rules   |

|   |   |
|---|---|
| “Connected Transaction”                 | the connected transaction that occurred between Sumitomo Electric and the Company pursuant to the Sumitomo Framework Purchase Agreement   |
| “controlling shareholder(s)”            | has the meanings ascribed to it under the Listing Rules   |
| “Director(s)”                           | the director(s) 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, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan   |
| “RMB”                                   | Renminbi, the lawful currency of the PRC  |
| “SEI Optical”                           | 成都中住光纖有限公司 (Chengdu SEI Optical Fiber Co., Telecommunication Co. Ltd.*), a joint venture company established as a limited liability company in the PRC and primarily engaged in the manufacturing of optical fiber, optical cable and related products  |
| “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   |
| “Sumitomo Electric”                     | Sumitomo Electric Industries, Ltd., a limited liability company incorporated in Japan whose shares are listed on the Tokyo Stock Exchange (Stock code: 5802)  |
| “Sumitomo Framework Purchase Agreement” | The agreement entered into between the Company and Sumitomo Electric on 28 December 2017, pursuant to which the Company has agreed to purchase optical fiber preform and paints and subscribe for related technical services from Sumitomo Electric Group from time to time from 1 January 2018 to 31 December 2018 |
| “Sumitomo Group”                        | Sumitomo Electric and its subsidiaries  |

“substantial shareholder” has the meanings ascribed to it under the Listing Rules  
“%” per cent.

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

Chengdu, the PRC, 28 December 2017

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

*Executive Directors:*

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

*Independent non-executive Directors:*

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

\* *For identification purposes only*