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Potevio

中国普天

成都普天電纜股份有限公司

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED*

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

(Stock Code: 1202)

**CONNECTED TRANSACTION
ACQUISITION OF NON WHOLLY-OWNED SUBSIDIARY**

THE ACQUISITION

On 29 December 2017 (after trading hours), the Company and the Vendor entered into the Agreement, pursuant to which the Company has agreed to acquire and the Vendor has agreed to sell, 33.3% shareholding interests in the Target, at the aggregate cash consideration of RMB19.5 million.

LISTING RULES IMPLICATIONS

As none of the applicable percentage ratios in respect of the Acquisition exceed 5%, the Acquisition does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor holds 33.3% shareholding interests in the Target, a subsidiary of the Company. The Vendor is therefore a connected person under Rule 14A.15 of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company.

The applicable percentage ratios in respect of the Acquisition are more than 1% but less than 5%, the Acquisition falls within the definition of a connected transaction exempted from the circular (including independent financial advice) and shareholders' approval under Rule 14A.76 of the Listing Rules, but is subject to the reporting and announcement requirements.

THE AGREEMENT

The Board is pleased to announce that on 29 December 2017 (after trading hours), the Vendor and the Company entered into the Agreement in relation to the Acquisition, the details of which are as follows:

- Date : 29 December 2017
- Vendor : Jindu Community of the Xihang Port Sub-district Office of the Shuangliu District
- Subject matter : 33.3% shareholding interests in the Target
- Consideration : RMB19.5 million in relation to the transfer of the 33.3% shareholding interests in the Target which were determined after arm's length negotiations between the Vendor and the Company principally with reference to the appraisal report issued by the independent valuer engaged by the Company. The consideration was financed by the internal resources of the Group
- Conditions : All assets of the Target would be valued, and in case the valuation is lower than RMB58.60 million, both parties shall re-negotiate the Consideration
- Completion : Upon the completion of the industrial and commercial registration (subject to the issuance of new business license)
- Terms of Payment : A total of part payment of 50% of the Consideration is payable in full by the Company within three working days from the date of completion of the assessment and filing, and the remaining balance of the Consideration shall be paid by the Company to the Vendor within seven days upon completion

INFORMATION OF THE TARGET

The Target was established in The People's Republic of China on 26 November 1985 as an enterprise jointly contributed by the Company and the Vendor with a registered and paid-up capital of RMB50,000,000 (equivalent to approximately HK\$60,000,000). It is principally engaged in the business of manufacturing heat shrink products.

The audited total assets value and the net assets value of the Target as at 31 July 2017 were approximately RMB106,193,155 and approximately RMB3,585,579 respectively. The following summarized the audited financial results of the Target for the years ended 31 December 2015 and 2016 and for the seven months ended 31 July 2017, respectively:

	For the year ended 31 December 2015 (RMB'0,000)	For the year ended 31 December 2016 (RMB'0,000)	For the seven months ended 31 July 2017 (RMB'0,000)
Revenue	2,543.36	488.99	303.94
Net loss before tax	1,427.63	3,258.81	519.23
Net loss after tax	1,641.02	3,258.81	519.23

Following the Acquisition, the Target will become a directly wholly-owned subsidiary of the Company.

REASONS FOR THE ACQUISITION

The Directors considered that the acquisition of the remaining interest in the Target would enable the Group to expand its business to new business segments such as irradiation processing and pipeline products by making use of the assets acquired in the Acquisition, thereby the Acquisition is in line with the development strategies and the interests of the Group.

The Board (including the independent non-executive directors) considers the terms of the Agreement fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE GROUP

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.

LISTING RULES IMPLICATIONS

As none of the applicable percentage ratios in respect of the Acquisition exceed 5%, the Acquisition does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor holds 33.3% shareholding interests in the Target, a subsidiary of the Company. The Vendor is therefore a connected person under Rule 14A.15 of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company.

The applicable percentage ratios in respect of the Acquisition are more than 1% but less than 5%, the Acquisition falls within the definition of a connected transaction exempted from the circular (including independent financial advice) and shareholders' approval under Rule 14A.76 of the Listing Rules, but is subject to the reporting and announcement requirements.

DEFINITIONS

“Acquisition”	the proposed acquisition of 33.3% shareholding interests in the Target pursuant to the terms of the Agreement
“Agreement”	The agreement entered into between the Company and the Vendor on 29 December 2017 in relation to the acquisition of 33.3% shareholding interests in the Target
“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
“Consideration”	the consideration payable by the Company for 33.3% shareholding interests in the Target
“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
“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
“Target”	成都電纜雙流熱縮製品廠 (Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant*), a jointly-owned enterprise established in the PRC with a registered and paid-up share capital of RMB50,000,000 and is owned as to 66.7% by the Company and 33.3% by the Vendor as of the date of the Agreement
“substantial shareholder”	has the meanings ascribed to it under the Listing Rules
“Vendor”	雙流區西航港街道辦事處近都社區居民委員會(Jindu Community of the Xihang Port Sub-district Office of the Shuangliu District*)
“%”	per cent.

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

Chengdu, the PRC, 29 December 2017

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

Executive Directors:	Mr. Zhang Xiaocheng (<i>Chairman</i>) Mr. Wang Micheng Mr. Han Shu Ms. Xu Liying Ms. Liu Yun Mr. Fan Xu
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Independent non-executive Directors:	Mr. Choy Sze Chung, Jojo Mr. Xiao Xiaozhou Mr. Lin Zulun
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* *For identification purposes only*