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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)

BUSINESS UPDATE

This announcement is voluntarily made by Chengdu PUTIAN Telecommunications Cable Company Limited* (the “**Company**”, together with its subsidiaries the “**Group**”) to provide the shareholders of the Company (the “**Shareholders**”) and potential investors an update on the latest business development of the Company.

SEPARATION AND TRANSFER OF SOCIAL FUNCTIONS

According to the notice by the State-Owned Assets Supervision and Administration Commission (SASAC) on separation and transfer of “Three Supplies and Estate Management” (三供一業) in state-owned enterprise (SOE) (Guobanfa [2016] No.45)* (《國務院辦公廳轉發國務院國資委、財政部關於國有企業職工家屬區“三供一業”分離移交工作指導意見的通知》(國辦發〔2016〕45號)), SOE is required to transfer social functions which do not match the main direction of their core business to social professional organizations by the end of 2018.

The Company, an SOE, has begun its process of separation and transfer of “Three Supplies and Estate Management”, which includes social functions such as supply of water, electricity and heating as well as property management, to local social professional organizations as required by the regulatory requirements stated above.

TRANSFER OF PROPERTY MANAGEMENT

On 30 June 2018, the Company and Sichuan Energy Industry Investment Runjia Property Co., Ltd.* (四川能投潤嘉置業有限公司) (the “**Transferee**”) entered into an agreement on the transfer of property management function of 1,972 households in 13 worker’s family living areas of the Company along with the assets related to the transfer of property management function amounting to a total present value of approximately RMB350,000 (the “**Agreement**”). Pursuant to the Agreement, the Company shall pay the Transferee a transfer fee of approximately RMB14 million as property management fee and reconstruction fee on the living areas (the “**Transfer Fee**”). The Transfer Fee is determined in accordance to rules and policies set by the State Council and the Ministry of Finance of the People’s

Republic of China on the transfer of social functions and ancillary transfer of assets. As regards the Transfer Fee, 50% will be subsidized by the Ministry of Finance, while the other 30% will be subsidized by China PUTIAN Corporation* (中國普天信息產業集團有限公司). Upon entering into the Agreement, the Company shall no longer be responsible for any costs or matters in relation to those worker's family living areas.

The board of directors of the Company (the “**Board**”) is of the view that the handover of property management function of the worker's living areas which the Company was initially responsible for as an SOE would allow the Company to cut costs and to focus on business development on the Group's core businesses. The Company expects to complete the separation and transfer of “Three Supplies and Estate Management” in the coming months and further announcement and updates will be made in this respect as and when appropriate.

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

Chengdu, the PRC, 10 July 2018

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

Executive Directors:

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

Independent non-executive Directors:

Ms. Mao Yaping, Mr. Xiao Xiaozhou and Mr. Lin Zulun

* *For identification purposes only*