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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)

**POTENTIAL MAJOR TRANSACTION IN RELATION TO
THE PROPOSED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY**

Reference was made to the Announcement regarding the possible disposal of the equity interest in Putian Fasten JV by the Company. The Board would like to announce that the Listing-for-sale Notice in respect of the Proposed Disposal published by the Company at China Beijing Equity Exchange (北京產權交易所) expired on 23 August 2016.

Following the expiration of the Listing-for-sale Notice, since the Group is a state-owned enterprise and the equity interest in Putian Fasten JV is regarded as state-owned assets, the Proposed Disposal is further subject to the Bid under the relevant laws and regulations of the PRC, which is expected to commence on 28 October 2016 and be completed on or after 24 November 2016. If no potential purchaser is found upon the end of the Bid period, the Bid will be extended every 5 business days under the same conditions until one or more potential purchasers are found. The final sum of consideration of the Proposed Disposal will be subject to the result of the Bid and the terms of the Definite Agreement. However, the lowest opening price to be quoted at the Bid will be RMB116,176,500, which has been determined by reference to the value of the shareholders' equity in Putian Fasten JV as at 31 October 2015 of approximately RMB516 million, as evaluated by Beijing North Asia, an independent valuer in the PRC.

Following the completion of the Proposed Disposal, Putian Fasten JV will cease to be a subsidiary of the Company, the equity interest held by the Company in Putian Fasten JV will decrease from 45% to 22.5% and the financial results of Putian Fasten JV will cease to be consolidated into the consolidated financial statements of the Group.

As one or more of the applicable percentage ratios exceed 25% but are less than 75%, the Proposed Disposal may constitute a major transaction of the Company and is required to comply with the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As no Shareholder has any material interest in the Proposed Disposal, no Shareholder would be required to abstain from voting at a general meeting of the Company to approve the Proposed Disposal. Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained a written approval from China Potevio regarding the Proposed Disposal. As at the date of this announcement, China Potevio is the controlling shareholder of the Company and holds 240,000,000 Domestic Shares, representing 60% of the total share capital of the Company. No extraordinary general meeting of the Company will be convened for the purposes of considering and approving the Proposed Disposal.

BACKGROUND

Reference was made to the Announcement regarding the possible disposal of the equity interest in Putian Fasten JV by the Company. Unless the context otherwise specified, terms used herein shall have the same meaning with those defined in the Announcement.

The Board would like to announce that the Listing-for-sale Notice in respect of the Proposed Disposal published by the Company at China Beijing Equity Exchange (北京產權交易所) expired on 23 August 2016.

Following the expiration of the Listing-for-sale Notice, since the Group is a state-owned enterprise and the equity interest in Putian Fasten JV is regarded as state-owned assets, the Proposed Disposal is further subject to an open bid under the relevant laws and regulations of the PRC (the "Bid") organised by the China Beijing Equity Exchange, which is expected to commence on 28 October 2016 and be completed on or after 24 November 2016. If no potential purchaser is found upon the end of the Bid period, the Bid will be extended every 5 business days under the same conditions until one or more potential purchasers are found. The bidding process is subject to certain conditions including a submission of transaction margin in the amount of RMB23.24 million by a potential purchaser to the China Beijing Equity Exchange; if two or more qualified potential purchasers are found, the selected Purchaser will be determined through network bidding by multi-quotation; the selected Purchaser must execute a Definite Agreement and transfer the consideration (submitted margin inclusive) to the China Beijing Equity Exchange within five business days of such execution; and the Purchaser must agree in writing that within three business days upon receiving the transaction certificate issued by the China Beijing Equity Exchange, the consideration must be transferred to the Company. The final sum of consideration of the Proposed Disposal will be subject to the Bid result and the Definite Agreement.

The principal terms of the Proposed Disposal are as follows:

Parties : (i) the Company; and

(ii) the Purchaser.

- Subject matter : The Company will agree to sell and assign, and the Purchaser will agree to acquire, 22.5% equity interest in Putian Fasten JV.
- Consideration : Subject to the result of the Bid and the terms of the Definite Agreement, the minimum consideration to be received by the Company for the Proposed Disposal shall be RMB116,176,500 (being the opening price quoted at the Bid), which has been determined with reference to the value of the Shareholders' equity in Putian Fasten JV as at 31 October 2015 of approximately RMB516 million, as evaluated by Beijing North Asia, an independent valuer in the PRC. The total consideration will be determined upon completion of the Bid and the terms of the Definite Agreement.
- Completion : Completion shall take place in accordance with the terms of the Definite Agreement.

Following the completion of the Proposed Disposal, Putian Fasten JV will cease to be a subsidiary of the Company, the equity interest held by the Company in Putian Fasten JV will decrease from 45% to 22.5% and the financial results of Putian Fasten JV will cease to be consolidated into the consolidated financial statements of the Group.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

As mentioned in the Announcement, a core development strategy of the Group is to further strengthen its participation in the construction of telecommunication networks across the PRC through national broadband development strategies such as the “PRC Broadband Strategy (寬帶中國戰略)”. As part of this strategy, the Company intends to concentrate its resources on opportunities that could complement the existing core businesses conducted by the Group. The optical communication business is adjusted in order to enhance the competitiveness of the Group and in accordance with the needs of strategic development.

The Directors also believe that by focusing on its core businesses, the Group is capable of consolidating and deepening its brand to strengthen the Group's presence in the telecommunications market in the PRC.

The Directors (including the independent non-executive Directors) have considered that the Proposed Disposal will be fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Further, the Directors consider that it is beneficial for the Company to capture the investment gain arising from the Proposed Disposal. The amount of the expected gain from the Proposed Disposal will be announced as soon as practicable. The Group intends to use the proceeds arising from the Proposed Disposal for potential business opportunities aimed at promoting the existing core businesses of the Group as well as general working capital.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios exceed 25% but are less than 75%, the Proposed Disposal constitutes a major transaction of the Company and is required to comply with the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As no Shareholder has any material interest in the Proposed Disposal, no Shareholder would be required to abstain from voting at a general meeting of the Company to approve the Proposed Disposal. Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained a written approval from China Potevio regarding the Proposed Disposal. As at the date of this announcement, China Potevio is the controlling shareholder of the Company and holds 240,000,000 Domestic Shares, representing 60% of the total share capital of the Company. No extraordinary general meeting of the Company will be convened for the purposes of considering and approving the Proposed Disposal.

In the event if the Definite Agreement is entered into by the Company and the Purchaser, the Company will make further announcement pursuant to Chapter 14 of the Listing Rules and a circular will also be despatched in accordance with the requirements under the Listing Rules.

GENERAL

The Group is principally engaged in the manufacture and sale of various types of telecommunication cables, optical fibers and cable joining sleeves.

Putian Fasten JV is a joint venture limited liability company incorporated in the PRC and a non-wholly owned subsidiary of the Company. Putian Fasten JV is primarily engaged in the manufacture of optical cables, optical fibers and related products. The Company holds 45% equity interest in Putian Fasten JV as at the date of this announcement.

The Proposed Disposal is subject to the result of the Bid organised by the China Beijing Equity Exchange and the approval of the relevant PRC regulatory authority. Accordingly, the Bid may or may not lead to entering into the Definite Agreement, and the Proposed Disposal may or may not proceed. No binding agreement in relation to the Proposed Disposal has been entered into as at the date of this announcement. If the Proposed Disposal is materialised and the Definite Agreement is entered into, the Company will make a further announcement in respect of the result of the Bid, identity of the Purchaser, principal terms of the Definite Agreement and any other information as and when required by the Listing Rules.

The following financial information of Putian Fasten JV is required to be disclosed in the listing notice at the China Beijing Equity Exchange:

	As at 30 September 2016 (RMB'000)	As at 31 December 2015 (RMB'000)	
Total assets	886,152.3	746,636.0	
Total liabilities	387,990.6	257,123.2	
Net assets	498,161.8	489,512.8	
	For the nine months ended 30 September 2016 (RMB'000)	For the year ended 31 December 2015 (RMB'000)	For the year ended 31 December 2014 (RMB'000)
Total revenue	597,311.0	523,943.7	482,522.6
Total profit	15,181.5	(6,667.1)	(16,554.4)
Net profit	15,262.9	(6,553.9)	(16,554.4)

The above financial information as at 30 September 2016 and for the nine months ended 30 September 2016 has not been reviewed or audited by the auditors of Putian Fasten JV and may be subject to change.

Shareholders and potential investors of the Company should note that the terms of the Proposed Disposal are subject to the Definite Agreement. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company. If the Proposed Disposal materialises, it may constitute a notifiable transaction and/or connected transaction of the Company under the Listing Rules and further announcement(s) and/or circular(s) will be made by the Company in compliance with the Listing Rules as and when appropriate.

DEFINITIONS

“Announcement”	Announcement made by the Company regarding the possible disposal of the equity interest in Putian Fasten JV on 29 July 2016
“Beijing North Asia”	北京北方亞事資產評估事務所(特殊普通合夥) (Beijing North Asia Asset Assessment Firm (Special General Partnership)), a qualified independent valuation firm in the PRC
“Board”	the board of Directors

“China Beijing Equity Exchange”	北京產權交易所 (China Beijing Equity Exchange*)
“China Potevio”	中國普天信息產業股份有限公司 (China Potevio Company Limited*), a company incorporated in the PRC with limited liability and the controlling shareholder of the Company, and whom 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
“Definite Agreement”	the binding agreement to be entered into between the Company and the Purchaser upon completion of the Bid, pursuant to which the Company shall sell, and the Purchaser shall purchase, 22.5% equity interest in Putian Fasten JV
“Director(s)”	the director(s) of the Company
“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
“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
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Listing-for-sale Notice”	listing-for-sale notice (產權轉讓公告) in respect of the Proposed Disposal published by the Company on China Beijing Equity Exchange on 27 July 2016
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Disposal”	the proposed disposal of the equity interest in Putian Fasten JV by the Company to the Purchaser pursuant to the terms and conditions of the Definite Agreement

“Purchaser”	an entity which will enter into the Definite Agreement as purchaser for the acquisition of 22.5% equity interest in Putian Fasten JV
“Putian Fasten JV”	普天法爾勝光通信有限公司 (Putian Fasten Cable Telecommunications Company Limited*), a joint venture company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	holders of the share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Chengdu, the PRC, 27 October 2016

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

Executive Directors:	Mr. Zhang Xiaocheng (<i>Chairman</i>) Mr. Wang Micheng Mr. Wang Feng Mr. Han Shu Ms. Xu Liying 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*