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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 TRANSACTIONS IN RELATION TO
THE TAISHAN FRAMEWORK SALES AGREEMENT**

On 27 May 2016, Chongqing Putaifeng Aluminium entered into the Taishan Framework Sales Agreement with Chongqing Taishan Cable for a term from 27 May 2016 to 31 December 2016, in respect of the sale of certain electrical conductor wire rods and aluminium wire rods, from Chongqing Putaifeng Aluminium to Chongqing Taishan Cable.

As at the date of this announcement, the Company holds 40% equity interest in Chongqing Putaifeng Aluminium. The financial statements of Chongqing Putaifeng Aluminium since the date of its incorporation have been brought under the scope of the consolidated financial statements of the Group, therefore Chongqing Putaifeng Aluminium is considered as a non-wholly owned subsidiary of the Company. As Chongqing Taishan Cable is also a substantial shareholder of Chongqing Putaifeng Aluminium holding 30% equity interest in Chongqing Putaifeng Aluminium, Chongqing Taishan Cable is considered as a connected person of the Group at subsidiary level and transactions contemplated under the Taishan Framework Sales Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) one or more of the applicable percentage ratios under the Listing Rules for the Continuing Connected Transactions exceed 5% and the annual cap of the Continuing Connected Transactions exceeds HK\$10,000,000; (ii) the Board has approved the Continuing Connected Transactions; and (iii) 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, fair and reasonable, the Continuing Connected Transactions are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the Taishan Framework Sales Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements, pursuant to Rule 14A.101 of the Listing Rules.

BACKGROUND

On 27 May 2016, Chongqing Putaifeng Aluminium entered into the Taishan Framework Sales Agreement with Chongqing Taishan Cable for a term from 27 May 2016 to 31 December 2016, in respect of the sale of certain electrical conductor wire rods and aluminium wire rods, from Chongqing Putaifeng Aluminium to Chongqing Taishan Cable.

The principal terms of the Taishan Framework Sales Agreement are as follows:

Date	:	27 May 2016
Parties	:	Chongqing Putaifeng Aluminium and Chongqing Taishan Cable
Subject matter	:	Chongqing Putaifeng Aluminium shall supply certain electrical conductor wire rods and aluminium wire rods to Chongqing Taishan Cable based on the requirements and demands of Chongqing Taishan Cable from time to time during the tenure of the Taishan Framework Sales Agreement
Tenure	:	27 May 2016 to 31 December 2016

Pricing basis and payment terms

The transactions under the Taishan Framework Sales 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 Chongqing Putaifeng Aluminium.

The selling prices of the electrical conductor wire rods and aluminium wire rods sold by Chongqing Putaifeng Aluminium to Chongqing Taishan Cable are not fixed, to be determined in accordance with prevailing market prices that is comparable to the price offered to Chongqing Putaifeng Aluminium by its other independent customers and are to be agreed between the parties. To ensure the selling prices and payment terms are not less favourable than the market standard, the Group will generally monitor the average market selling price of the relevant products payment terms offered to the Chongqing Putaifeng Aluminium by its independent third parties and relevant quotations obtained in the market on a monthly basis. The Group will review the selling price and payment terms offered in every transaction with Chongqing Taishan Cable to ensure all transactions with Chongqing Taishan Cable will comply with the terms of the Taishan Framework Sales Agreement.

Annual cap and basis of determination

As the transactions contemplated under the Taishan Framework Sales Agreement represent new business transactions between the Group and Chongqing Taishan Cable, there is no historical transaction amount that is comparable to the annual cap contemplated under the Taishan Framework Sales Agreement.

The table below sets out the proposed annual cap of the Continuing Connected Transactions under the Taishan Framework Sales Agreement:

**Proposed annual cap
for the period ending
31 December 2016**
(in RMB million)

Sale of electrical conductor wire rods and aluminium wire rods	400
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The proposed annual cap of the transactions contemplated under the Taishan Framework Sales Agreement have been determined with reference to the following factors:

- (i) the historical amount of the relevant purchase made by Chongqing Taishan Cable for the year ended 31 December 2015;
- (ii) the expected need of Chongqing Taishan Cable for electrical conductor wire rods and aluminium wire rods from Chongqing Putaifeng Aluminium;
- (iii) the forecast average market price of electrical conductor wire rods and aluminium wire rods for the remaining period of 2016 will remain stable; and
- (iv) a buffer of 10% for any unanticipated fluctuations in the forecast average market price and the expected need of electrical conductor wire rods and aluminium wire rods.

Reasons for and the Benefits of the Taishan Framework Sales Agreement

Chongqing Putaifeng Aluminium is a company primarily engaged in the research and development, manufacture and sale of electrical conductor wire rods aluminium wire rods and the semi-finished products of the same in the PRC. Chongqing Taishan Cable is a central stated-owned company in the PRC primarily engaged in the manufacture, processing and sale of various types of electrical wire, power cables and magnetic conductors, and its products are distributed widely throughout the PRC, reaching approximately 25 provinces and are widely used in power transmission and power supply projects in Chongqing as well as in national power supply projects such as the State Grid (國家電網).

As Chongqing Taishan Cable has an extensive sales distribution network spanning throughout Chongqing and beyond, by supplying the products of Chongqing Putaifeng Aluminium to Chongqing Taishan Cable, Chongqing Putaifeng Aluminium is able to take advantage in accessing and marketing its products to a wider customer base. As the financial statements of Chongqing Putaifeng Aluminium have been brought under the scope of the consolidated financial statements of the Group, the Continuing Connected Transactions will lead to significant sales volume to the Group. Moreover, since Chongqing Taishan Cable is a leading wire and cables provider in the PRC, Chongqing Putaifeng Aluminium is able to provide Chongqing Taishan Cable with stable supply to meet its demands in private and public sector projects, fulfil on-time delivery and ensure its finished products are of high standards.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company holds 40% equity interest in Chongqing Putaifeng Aluminium. The financial statements of Chongqing Putaifeng Aluminium since the date of its incorporation have been brought under the scope of the consolidated financial statements of the Group, therefore Chongqing Putaifeng Aluminium is considered as a non-wholly owned subsidiary of the Company. As Chongqing Taishan Cable is also a substantial shareholder of Chongqing Putaifeng Aluminium holding 30% equity interest in Chongqing Putaifeng Aluminium, Chongqing Taishan Cable is considered as a connected person of the Group at subsidiary level and transactions contemplated under the Taishan Framework Sales Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) one or more of the applicable percentage ratios under the Listing Rules for the Continuing Connected Transactions exceed 5% and the annual cap of the Continuing Connected Transactions exceeds HK\$10,000,000; (ii) the Board has approved the Continuing Connected Transactions; and (iii) 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, fair and reasonable, the Continuing Connected Transactions are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the Taishan Framework Sales Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements, pursuant to Rule 14A.101 of the Listing Rules.

No Director has any interests in the Taishan Framework Sales Agreement and the transactions contemplated thereunder and therefore no Director has abstained from voting on the relevant Board resolutions approving the Taishan Framework Sales Agreement and the transactions contemplated thereunder.

GENERAL

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

Chongqing Putaifeng Aluminium is a company primarily engaged in the research and development, manufacture and sale of electrical conductor wire rods aluminium wire rods and the semi-finished products of the same in the PRC.

Chongqing Taishan Cable is a central stated-owned company in the PRC primarily engaged in the manufacture, processing and sale of various types of electrical wire, power cables and magnetic conductors.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“Board”	the board of Directors of the Company
“Chongqing Taishan Cable”	重慶泰山電纜有限公司 (Chongqing Taishan Cable Company Limited*), a central state-owned company incorporated in the PRC with limited liability
“Chongqing Putaifeng Aluminium”	重慶普泰峰鋁業有限公司 (Chongqing Putaifeng Aluminium Company Limited*), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Company”	成都普天電纜股份有限公司 (Chengdu PUTIAN Telecommunications Cable Company Limited*), a sino-foreign joint stock limited liability company incorporated in the PRC, whose H 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
“Continuing Connected Transactions”	the continuing connected transactions between Chongqing Taishan Cable and Chongqing Putaifeng Aluminium pursuant to the Taishan Framework Sales Agreement
“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
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong Special Administrative Region, 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 holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taishan Framework Sales Agreement”	the agreement entered into between Chongqing Putaifeng Aluminium and Chongqing Taishan Cable on 27 May 2016, pursuant to which Chongqing Putaifeng Aluminium has agreed to supply certain electrical conductor wire rods and aluminium wire rods to Chongqing Taishan Cable based on the requirements and demands of the Chongqing Taishan Cable from time to time from 27 May 2016 to 31 December 2016
“%”	per cent.

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

Chengdu, the PRC, 27 May 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

Independent non-executive Directors:	Mr. Choy Sze Chung, Jojo
	Mr. Xiao Xiaozhou
	Mr. Lin Zulun

* *For identification purposes only*