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**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 CETC 8TH RESEARCH INSTITUTE  
FRAMEWORK SUPPLY AGREEMENT**

On 31 December 2021, the Company entered into the CETC 8th Research Institute Framework Supply Agreement for a term of one year commencing from 1 January 2022, in respect of the supplying of optical fiber products by the Group to CETC 8th Research Institute Group.

As CETC 8th Research Institute is a branch of China Electronics Technology, which is the actual controller of the Company, it is a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the CETC 8th Research Institute Framework Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the CETC 8th Research Institute Framework Supply Agreement are more than 0.1% but less than 5%, the transactions contemplated under the CETC 8th Research Institute Framework Supply Agreement are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement as set out under Chapter 14A of the Listing Rules.

**BACKGROUND**

On 31 December 2021, the Company entered into the CETC 8th Research Institute Framework Supply Agreement for a term of one year commencing from 1 January 2022 in relation to the supply of optical fiber products by the Group to the CETC 8th Research Institute Group.

The principal terms of the CETC 8th Research Institute Framework Supply Agreement are as follows:

Date : 31 December 2021

Parties : The Company and CETC 8th Research Institute

Subject matter : The Company will supply optical fiber products to CETC 8th Research Institute Group from time to time during the effective term of the CETC 8th Research Institute Framework Supply Agreement

Effective term : From 1 January 2022 to 31 December 2022

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

The transactions under the CETC 8th Research Institute Framework Supply Agreement will be conducted in the ordinary and usual course of business and on normal commercial terms and such pricing basis and payment terms and conditions shall be negotiated on an arm's length basis and be no less favourable to the Group than those available from independent third parties.

The selling prices of optical fiber products sold by the Group to CETC 8th Research Institute Group are not fixed and to be determined based on the prevailing market prices which are comparable to the prices offered to independent third parties by the Group and to be agreed between Parties.

In order to ensure that the selling prices and payment terms and conditions are no less favourable than the market level, the Group will generally monitor the average market prices of single-mode optical fiber products and inquire to independent third-party purchasers (at least two) on a regular basis to obtain information of the latest update on market prices of single-mode optical fiber and related products.

### **Annual Cap and Basis of Determination**

	<b>Historical amounts for the ten months ended 31 October 2021 (in RMB) (Note) (Unaudited)</b>	<b>Proposed annual cap for the year ending 31 December 2022 (in RMB)</b>
Supply of single-mode optical fiber products	796,300	10,000,000

*Note:* The historical amount for 2021 represents the amount as of 31 October 2021.

The proposed annual caps for the transactions contemplated under the CETC 8th Research Institute Framework Supply Agreement are determined with reference to the following factors:

- (i) the historical amounts of the relevant transactions with the CETC 8th Research Institute Group for the ten months ended 31 October 2021;

- (ii) In June 2021, the Group has successfully won a tender to supply single-mode optical fiber products to CETC 8th Research Institute. Based on the communications between the Group and the CETC 8th Research Institute on their projected demand of single-mode optical fiber products for the year 2022 and their positive response from CETC 8th Research Institute on the quality of the single-mode optical fiber products supplied by the Group, the Group projects a steady increase in demand for the single-mode optical fiber products by CETC 8th Research Institute; and
- (iii) the market prices of optical fiber products increased significantly at the end of 2021 compared to the beginning of 2021, and the expected average market prices of single-mode optical fiber products for the year 2022 will remain stable compared to the average market prices at the end of 2021, thus the Group will also increase the quantity of single-mode optical fiber products supplied to CETC 8th Research Institute.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CETC 8TH RESEARCH INSTITUTE FRAMEWORK SUPPLY AGREEMENT**

CETC 8th Research Institute being one of the first research institute engaging in research, development and application of optical communication technology in the PRC with national military and aerospace-grade standard production lines, research laboratories and engineering technology centers, the Group believes by supplying single-mode optical fibers products to CETC 8th Research Institute, it can increase the Group's reputation and recognition in the optical fiber industry in the PRC and attract new potential customers for its optical telecommunications business and widen the Group's customer base.

The Directors (including the independent non-executive Directors) consider that the terms of the CETC 8th Research Institute Framework Supply Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **INTERNAL CONTROL**

In order to ensure that the terms under the CETC 8th Research Institute Framework Supply Agreement are no less favourable than those offered to independent third parties of the Company, the Company has adopted the following measures:

1. The Group will obtain the price of single-mode optical fiber products offered to CETC 8th Research Institute Group and compare the same against the market price offered to independent third parties on a regular basis;
2. The Company will monitor the continuing connected transactions in accordance with the procedures set out in the Company's internal control manual on continuing connected transactions. The Internal Audit & Legal Department\* (審計法務部) of the Company will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with their respective agreements and will also regularly update the market prices for the purpose of considering if the prices charged for a specific transaction are fair and reasonable and in accordance with the stated pricing policy;

3. The external auditors of the Company will conduct an annual review on the pricing and annual caps of the continuing connected transactions;
4. The audit committee of the Board will review at least twice a year the analysis report and the improvement measures prepared by the management of the Company based on the implementation of the continuing connected transactions by the Company; and
5. The independent non-executive Directors will review the implementation and execution of the continuing connected transactions on an annual basis.

\* *For identification purposes only*

## **INFORMATION ABOUT THE GROUP, CHINA ELECTRONICS TECHNOLOGY AND CETC 8TH RESEARCH INSTITUTE GROUP**

The Group is principally engaged in the technology research and development, product production, sales and service of wires and cables, optical fibers and cables, special cable materials, irradiation processing, cable accessories, special equipment, equipment and devices and equipment for various information industry products (excluding categories restricted or prohibited by the State Council of the PRC).

CETC 8th Research Institute is a branch of China Electronics Technology established in the PRC with national military and aerospace-grade standard production lines, research laboratories and engineering technology centers and principally engages in the research and manufacturing of optical communication, sensor and processing related equipment and products.

China Electronics Technology, the actual controller of the Company, is a major state-owned enterprise and a direct wholly-owned subsidiary of the SASAC. It principally engages in the research and manufacturing of products which include electronic equipment, network information systems, industrial foundations, network security and other fields.

## **LISTING RULES IMPLICATIONS**

As CETC 8th Research Institute is a branch of China Electronics Technology, which is the actual controller of the Company, CETC 8th Research Institute is a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the CETC 8th Research Institute Framework Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the CETC 8th Research Institute Framework Supply Agreement are more than 0.1% but less than 5%, the transactions contemplated under the CETC 8th Research Institute Framework Supply Agreement are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement as set out under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Continuing Connected Transactions and therefore none of the Directors is required to abstain from voting on the resolution of the Board approving the CETC 8th Research Institute Framework Supply Agreement and the transactions contemplated thereunder.

## DEFINITIONS

“Board”	Board of Directors
“CETC 8th Research Institute”	中國電子科技集團公司第八研究所 (8th Research Institute of China Electronics Technology Group Corporation*) a branch of China Electronics Technology established in the PRC
“CETC 8th Research Institute Framework Supply Agreement”	the agreement entered into between the Company and CETC 8th Research Institute on 31 December 2021, pursuant to which the Group has agreed to supply single-mode optical fiber products to CETC 8th Research Institute Group from time to time for a term commencing from 1 January 2022 to 31 December 2022
“CETC 8th Research Institute Group”	CETC 8th Research Institute and its subsidiaries
“China Electronics Technology”	中國電子科技集團有限公司 (China Electronics Technology Group Corporation), a state-owned company established in the PRC with limited liability, which is directly wholly owned by the SASAC
“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 established in the PRC with limited liability, whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions between CETC 8th Research Institute and the Company under the CETC 8th Research Institute Framework Supply Agreement
“Director(s)”	directors 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 of Hong Kong Limited
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Share(s)”	domestic shares and/or H Shares
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meanings ascribed to it under the Listing Rules
“%”	per cent

By order of the Board  
**Chengdu PUTIAN Telecommunications Cable Company Limited**  
**Li Tao**  
*Chairman*

\* *For identification purposes only*

Chengdu, the PRC, 31 December 2021

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

**Executive Directors:** Ms. Li Tao (*Chairman*), Mr. Li Jianyong, Mr. Hu Jiangbing, Mr. Wu Xiaodong, Mr. Zhu Rui and Mr. Jin Tao

**Independent Non-executive Directors:** Ms. Fu Wenjie, Mr. Xiao Xiaozhou and Mr. Zhong Qishui