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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
CABLE ASSEMBLY PROCESSING SERVICE
FRAMEWORK AGREEMENT**

On 29 April 2022, the Company entered into the Cable Assembly Processing Service Framework Agreement in relation to the provision of cable assembly and processing service by the Group to Chengdu Siwi Hi-Tech.

LISTING RULES IMPLICATION

Chengdu Siwi Hi-Tech is a wholly-owned subsidiary of 29th Research Institute, which is the indirect controlling shareholder of the Company. Therefore Chengdu Siwi Hi-Tech is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Cable Assembly Processing Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios relating to the proposed annual caps of the Continuing Connected Transactions between the Group and Chengdu Siwi Hi-Tech are higher than 5% and over HK\$10,000,000 on an annual basis, the Continuing Connected Transactions are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Fu Wenjie, Mr. Xiao Xiaozhou and Mr. Zhong Qishui has been formed to consider, and to advise the Independent Shareholders, amongst other things, whether the Cable Assembly Processing Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Zero2IPO Capital Limited has been appointed to make recommendations to the Independent Board Committee and the Independent Shareholders on the terms of the Cable Assembly Processing Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder.

GENERAL MEETING

At the 2021 AGM, an ordinary resolution, among other things, will be put forward for the Independent Shareholders to consider and, if appropriate, to approve the Cable Assembly Processing Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder at the AGM.

CIRCULAR

A circular containing, among others, (i) details of the Cable Assembly Processing Service Framework Agreement; (ii) a letter of recommendation from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Continuing Connected Transactions; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions; and (iv) a notice of the 2021 AGM, will be expected to be despatched to the Shareholders on or before 31 May 2022.

BACKGROUND

On 29 April 2022, the Company entered into the Cable Assembly Processing Service Framework Agreement, in relation to the provision of cable assembling and processing service by the Group to Chengdu Siwi Hi-Tech.

CABLE ASSEMBLY PROCESSING SERVICE FRAMEWORK AGREEMENT

Details of the Cable Assembly Processing Service Framework Agreement are as follows:

Date:	29 April 2022 (after trading hours)
Parties:	The Company (as the service provider); and Chengdu Siwi High-Tech (as the service recipient)
Nature of the transaction:	Subject to the terms and conditions of each relevant purchase order, the Company agrees to provide high-low frequency cable assembling and processing service to Chengdu Siwi High-Tech from time to time during the effective term of the Cable Assembly Processing Service Framework Agreement
Term:	The effective term of the Cable Assembly Processing Service Framework Agreement will commence upon the conclusion of the AGM and end on 31 December 2024, subject to early termination by either party giving at least one months' prior written notice to the other party
Condition Precedent:	The Cable Assembly Processing Service Framework Agreement and transactions contemplated thereunder is conditional upon obtaining the necessary approval and consent under the Listing Rules, which includes the approval by the Independence Shareholders at the AGM
Pricing Policy:	The price of each transaction will be determined based on the prevailing market price, via a proposal selection process organized by Chengdu Siwi High-Tech

Pricing basis and payment terms

The pricing of the cable assembling and processing service are not fixed and will be determined based on the prevailing market price, via a proposal selection process organized by Chengdu Siwi High-Tech.

The Group's proposal process involves the following steps:

1. receiving the proposal invitation and details by Chengdu Siwi High-Tech;
2. assessing the offering documents by the Discipline Audit and Legal Risk Control Department* (紀檢審計與法務風控部) followed by an internal discussion on the proposed price and terms;
3. finalization of the offering documents; and
4. submission of offering documents to Chengdu Siwi High-Tech.

The Group when determining the pricing will consider the following factors:

1. the costs of the cable assembling and processing service plus a fair and reasonable margin;
2. the estimated profitability of the contract; and
3. data obtained internally or through external source in relation to pricing and terms for similar types of works and services.

The fees payable to the Group for provision of the cable assembling and processing services, if awarded, will be settled via bank transfer on a monthly basis based on work done by the Group.

Annual Cap and Basis of Determination

Transaction	For the period from the date of the AGM up to 31 December	For the year ending 31 December	
	2022	2023	2024
Provision of high-low frequency cable products assembling and processing services	110,000	240,000	280,000
Total	110,000	240,000	280,000

(RMB in thousands)

The proposed annual cap for the transactions contemplated under the Cable Assembly and Processing Service Framework Agreement are determined with reference to the following factors:

- (i) the expected price to be charged by the Group for the cable assembly and processing services; and
- (ii) the expected demand for the cable assembly and processing services from Chengdu Siwi High-Tech to the Group.

INTERNAL CONTROL MEASURES

The pricing and terms to be submitted by the Group in the offering documents will also be subject to the following internal control procedure in order to ensure that the prices and terms offered are no less favourable than those offered by the Group to independent third parties:

1. 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 Discipline Audit and Legal Risk Control Department* (紀檢審計與法務風控部) 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;
2. The external auditors of the Company will conduct an annual review on the terms and annual caps of the continuing connected transactions;
3. 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
4. The independent non-executive Directors will review the implementation and enforcement of the continuing connected transactions on an annual basis.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CABLE ASSEMBLY PROCESSING SERVICE FRAMEWORK AGREEMENT

As the Group has formed its high-low frequency cable assembly business capabilities, the Company believes the entering into of the Cable Assembly Processing Service Framework Agreement is necessary for its business development which would strengthen the Group's ability to cope with the competitive market environment and would have the added benefit of securing the Group an additional stable source of income.

The Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the Independent Financial Adviser) consider that the terms of the Cable Assembly Processing Service Framework Agreement, the proposed annual caps 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.

INFORMATION ON THE GROUP, CHENGDU SIWI HIGH-TECH AND CHINA ELECTRONICS TECHNOLOGY

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).

Chengdu Siwi High-Tech is company incorporated in the PRC with limited liability and is principally engaged in research, development, production, sales and technical consultancy services for microwave systems, microwave products, communications equipment (excluding radio broadcasting and television transmitting equipment and terrestrial satellite receiving equipment), test equipment, special power supplies, intelligent electromechanical products.

China Electronics Technology, the actual controller of the Company and the ultimate beneficial owner of Chengdu Siwi High-Tech, 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

Chengdu Siwi High-Tech is a wholly-owned subsidiary of 29th Research Institute, which is the indirect controlling shareholder of the Company, thus Chengdu Siwi High-Tech is a connected person of the Company under Chapter 14A of the Listing Rules. As such the transactions contemplated under the Cable Assembly Processing Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios relating to the proposed annual caps of the Continuing Connected Transactions between the Group and Chengdu Siwi Hi-Tech are higher than 5% and over HK\$10,000,000 on an annual basis, the Continuing Connected Transactions are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiry, Mr. Li Jianyong, being an executive Director of the Company, is also a director and general manager of Chengdu Siwi High-Tech. Mr. Li Jianyong is being regarded as having material interest in the Continuing Connected Transactions and have abstained from voting on the board resolutions approving the Cable Assembly Processing Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has a material interest in the Continuing Connected Transactions and accordingly, none of them was required to abstain from voting on the resolution of the Board approving the Cable Assembly Processing Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder.

An Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Fu Wenjie, Mr. Xiao Xiaozhou and Mr. Zhong Qishui has been formed to consider, and to advise the Independent Shareholders, amongst other things, whether the Cable Assembly Processing Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Zero2IPO Capital Limited has been appointed to make recommendations to the Independent Board Committee and the Independent Shareholders on the terms of the Cable Assembly Processing Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder.

GENERAL MEETING

At the 2021 AGM, an ordinary resolution, among other things, will be put forward for the Independent Shareholders to consider and, if appropriate, to approve the Cable Assembly Processing Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder at the AGM.

CIRCULAR

A circular containing, among others, (i) details of the Cable Assembly Processing Service Framework Agreement; (ii) a letter of recommendation from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Continuing Connected Transactions; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions; and (iv) a notice of the 2021 AGM, will be expected to be despatched to the Shareholders on or before 31 May 2022.

DEFINITIONS

“2021 AGM”	the annual general meeting of the Company to be held at 10:00 a.m. on Friday, 24 June 2022 at the conference room of the Company at No.18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the People’s Republic of China
“associates”	has the same meaning ascribed thereto under the Listing Rules
“Board”	board of directors of the Company
“Cable Assembly Processing Service Framework Agreement”	the agreement entered into between the Company and Chengdu Siwi High-Tech on 29 April 2022, pursuant to which the Group has agreed to provide high-low frequency cable assembling and processing services from time to time

“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
“Chengdu Siwi High-Tech”	成都四威高科技產業園公司 (Chengdu Siwi High-Tech Industrial Co., Ltd.), a company established in the PRC with limited liability, a wholly-owned subsidiary of 29th Research Institute
“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 company incorporated in the PRC whose H Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions between Chengdu Siwi High-Tech and the Company under the Cable Assembly Processing Service Framework Agreement
“controlling shareholder”	has the same meaning ascribed thereto under the Listing Rules
“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
“Independent Board Committee”	the committee of the Board comprising Ms. Fu Wenjie, Mr. Xiao Xiaozhou and Mr. Zhong Qishui, all being independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Cable Assembly Processing Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder
“Independent Financial Adviser” or “Zero2IPO Capital Limited”	Zero2IPO Capital Limited, a company licensed to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Cable Assembly Processing Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder

“Independent Shareholders”	shareholders of the Company other than 29th Research Institute and its associates
“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
“29th Research Institute”	中國電子科技集團公司第二十九研究所(29th Research Institute of China Electronics Technology Group Corporation), the indirect controlling shareholder of the Company and a subordinate business entity of China Electronics Technology
“%”	per cent

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

Chengdu, the PRC, 29 April 2022

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