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成都四威科技股份有限公司

CHENGDU SIWI SCIENCE AND TECHNOLOGY COMPANY LIMITED

(Formerly known as “Chengdu PUTIAN Telecommunications Cable Company Limited 成都普天電纜股份有限公司”)

(a sino-foreign joint stock company incorporated in the People’s Republic of China)

(Stock Code: 1202)

**POTENTIAL DISCLOSEABLE TRANSACTION
IN RELATION TO
DISPOSAL OF PUTIAN FASTEN
THROUGH PUBLIC TENDER**

POTENTIAL DISPOSAL

Reference is made to the announcement of the Company dated 28 December 2022 in respect of the potential disposal of 10% equity interest in Putian Fasten by way of public tender on the Equity Exchange. As disclosed in the 2022 Annual Report, no intended bidder has been solicited and the Potential Disposal has been extended for each subsequent period of five (5) working days until an intended bidder is solicited. As at the date of this announcement, no bidder has been identified.

As no intended bidder has been solicited for the Potential Disposal, on 22 September 2023, the Board has resolved to approve the reduction of the minimum bidding price in respect of the Potential Disposal from RMB47,077,390 to RMB42,370,000, representing approximately 10% decrease from the initial bidding price, in accordance with the relevant laws and regulations of the PRC concerning the disposal of state-owned assets.

LISTING RULES IMPLICATIONS

Using the minimum consideration as the basis of calculation, the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Potential Disposal is more than 5% but less than 25%. Therefore, the Potential Disposal, if materialised, will constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements. Upon completion of the Potential Disposal, the Company will no longer hold any equity interest in Putian Fasten.

As the Potential Disposal may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. If the Potential Disposal materialises, it may constitute a notifiable transaction of the Company under the Listing Rules and further announcement(s) will be made by the Company in compliance with the Listing Rules as and when appropriate.

BACKGROUND AND THE POTENTIAL DISPOSAL

Reference is made to the announcement of the Company dated 28 December 2022 in respect of the potential disposal of 10% equity interest in Putian Fasten by way of public tender on the Equity Exchange. As disclosed in the 2022 Annual Report, no intended bidder has been solicited and the Potential Disposal has been extended for each subsequent period of five (5) working days until an intended bidder is solicited. As at the date of this announcement, no bidder has been identified.

As no intended bidder has been solicited for the Potential Disposal, on 22 September 2023, the Board has resolved to approve the reduction of the minimum bidding price in respect of the Potential Disposal from RMB47,077,390 to RMB42,370,000, representing approximately 10% decrease from the initial bidding price, in accordance with the relevant laws and regulations of the PRC concerning the disposal of state-owned assets. The tender upon price reduction will continue to be conducted through the Equity Exchange for a period of 20 working days (“**Publication Period**”) commencing from 26 September 2023. If no intended bidder has been solicited during the Publication Period, the Potential Disposal will be extended to 31 December 2023 for each subsequent period of five (5) working days until an intended bidder is solicited.

INTERESTS IN PUTIAN FASTEN

Putian Fasten is a joint venture company incorporated in the PRC with limited liability and is an associate of the Company. Putian Fasten is principally engaged in the manufacture of optical fiber, optical cable and ancillary products. The Company holds 10% equity interest in Putian Fasten as at the date of this announcement. Upon completion of the Potential Disposal, the Company will cease to hold any equity interest in Putian Fasten.

Set out below is the key audited financial information of Putian Fasten for the three financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 prepared in accordance with the PRC accounting standards:

	For the year ended		
	31 December	31 December	31 December
	2022	2021	2020
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Profit/(loss) before tax	(56,425,400)	(61,496,800)	(54,987,200)
Profit/(loss) after tax	(60,950,000)	(62,112,700)	(55,447,500)
Total assets	1,542,033,500	1,565,661,600	1,465,455,300

The equity attributable to the owners of Putian Fasten as appraised by the Independent Third Party Appraisal Agency on 12 July 2022, with 31 December 2021 as the valuation benchmark date, amounted to RMB470,773,900.

Pursuant to the Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises (《企業國有資產交易監督管理辦法》), if a tender fails to solicit any intended bidders for more than 12 months from the first date when the relevant information disclosure procedures were conducted, the procedures for auditing and asset appraisal shall be re-conducted.

As the first information disclosure procedures commenced on 29 December 2022, and the foregoing 12-month period has not expired, the appraisal performed by the Independent Third Party Appraisal Agency, with 31 December 2021 as the valuation benchmark date, remains valid for the Potential Disposal.

MAJOR TERMS OF THE POTENTIAL DISPOSAL

A. Qualifications of Potential Bidders

As the Company is a PRC stated-owned enterprise and the equity interests in Putian Fasten is regarded as state-owned assets, the Potential Disposal is subject to a public tender organized by an approved equity exchange in accordance with the relevant PRC laws and regulations.

As disclosed in the announcement of the Company dated 28 December 2022, the Company has conducted the public tender through the Equity Exchange in accordance with laws and regulations of the PRC relating to the disposal of state-owned assets. The qualifications of potential bidders shall meet the requirements of the Equity Exchange.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Company does not expect or anticipate any connected person of the Company will participate in the public tender of the Potential Disposal.

B. Date and Procedures of the Public Tender

The Company has submitted to the Equity Exchange a tender notice in relation to the Potential Disposal containing details including, but not limited to, (i) basic information of the company participating in the public tender, (ii) the minimum consideration and (iii) the qualifications of potential bidders.

The Company shall perform information disclosure procedures through the Equity Exchange, with a Publication Period of 20 working days immediately from the date of the tender notice. During the Publication Period, eligible bidders may indicate their purchase intentions and register themselves as interested bidders. The bidding process is subject to certain conditions of the Equity Exchange, including the payment of earnest money by potential bidders and, where there are two or more eligible potential bidders, the one who offers the highest bid price becomes the successful bidder.

The successful bidder is required to sign the Definite Agreement with the Company. The final sum of consideration of the Potential Disposal will be subject to the result of the public tender and the Definite Agreement.

As at the date of this announcement, material information of the Definite Agreement, including the identity of bidder(s), final consideration, payment, delivery and transfer time have not been determined. The Company will enter into the Definite Agreement upon confirmation of the successful bidder and perform its relevant approval procedures and information disclosure obligations and complete the Potential Disposal. As at the date of this announcement, no agreement has been entered into between the Company and any other party in relation to the Potential Disposal.

The Company will publish further announcement(s) to keep its Shareholders and potential investors informed of the latest progress of the public tender as and when appropriate.

C. Consideration

The minimum bidding price is RMB42,370,000, representing approximately 10% decrease from the initial bidding price of RMB47,077,390.

Pursuant to the Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises (《企業國有資產交易監督管理辦法》) and other relevant PRC laws and regulations, the initial bidding price of RMB47,077,390 for the Potential Disposal, representing 10% of the equity attributable to the owners of Putian Fasten as at the Valuation Benchmark Date, shall be determined with reference to the appraised value of the equity valuation report prepared by the Independent Third Party Appraisal Agency using the asset-based approach and approved by the relevant regulatory authorities of state-owned assets in the PRC.

In the event that the initial 20-working-day information disclosure period has elapsed and no intended bidder has been solicited for the Potential Disposal, the Company may, provided that the relevant information disclosure procedures have been complied with, reduce the minimum bidding price. Pursuant to the Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises (《企業國有資產交易監督管理辦法》), when the minimum bidding price falls below 90% of the initial appraised value determined by the Independent Third Party Appraisal Agency, a separate approval shall be obtained from the relevant regulatory authorities of state-owned assets in the PRC.

As the revised minimum bidding price of RMB42,370,000 does not fall below 90% of the initial appraised value of Putian Fasten as determined by the Independent Third Party Appraisal Agency, separate approval from the relevant regulatory authorities of state-owned assets in the PRC is not required. In accordance with the Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises (《企業國有資產交易監督管理辦法》), the Company shall re-perform information disclosure procedures through the Equity Exchange, with a Publication Period of not less than 20 working days.

The final consideration will depend on the final bid price of the result of public tender but will not be less than the minimum bidding price in any event.

D. Conditions of the Potential Disposal

Once a successful bidder has been identified, the Company will enter into the Definite Agreement with the successful bidder on the Potential Disposal in accordance with the rules of the Equity Exchange, and shall, subject to the payment of the consideration by the successful bidder, complete the transactions contemplated thereunder.

REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL

The Group's development strategy is to focus on cable manufacturing, cable component manufacturing, optical fibre and optical device and park operation as its main business, in line with the objectives of "the main base for industrial development, the main force for asset value preservation and appreciation, the main channel for external financing, and the main platform for system and mechanism innovation". As part of this strategy, the Company intends to focus its resources on enhancing the capabilities of its principal business.

Further, the operating conditions of Putian Fasten have not met expectations and incurred decrease in investment income recognised under equity method of RMB13,975,350.4 and RMB6,095,498.59 for the years ended 31 December 2021 and 2022, respectively. In line with the strategic development plan of the Company of "continuous promotion of reduction of legal person" as disclosed in the 2022 Annual Report, the Company expects that the Potential Disposal will help improve the structure of assets and liabilities of the Company and further optimise the Company's ability to achieve its strategy.

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. At the same time, it is beneficial for the Company to capture the investment gain arising from the Potential Disposal.

The Directors are of the view that the transactions contemplated under the Potential Disposal will be on normal commercial terms which is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS FROM THE POTENTIAL DISPOSAL

Based on the minimum consideration, the gross proceeds from the Potential Disposal are expected to be approximately RMB42,370,000 in total. The Company intends to use the proceeds from the Potential Disposal for potential business opportunities aimed at promoting the existing core businesses of the Group as well as general working capital.

FINANCIAL IMPACT OF THE POTENTIAL DISPOSAL

As at the date of the announcement, the final consideration has not been determined. Based on the minimum consideration as a basis for calculation, the Company expects to record a gain before tax of approximately RMB7,512,802.31 from the Potential Disposal. It was calculated based on (i) the minimum consideration of approximately RMB42,370,000; and (ii) the audited carrying amount of the 10% equity interest in Putian Fasten held by the Company of approximately RMB34,857,197.69 as at 31 December 2022.

The actual gain from the Potential Disposal will be determined based on the final consideration for the Potential Disposal, subject to audit by the auditors of the Company.

INFORMATION ABOUT THE COMPANY, THE GROUP AND PUTIAN FASTEN

The Company and The Group

The Company is a sino-foreign joint stock company incorporated in the PRC with limited liability, whose issued H Shares are listed on the Main Board of the Stock Exchange. 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 PRC).

Putian Fasten

Putian Fasten is a joint venture company incorporated in the PRC with limited liability and is an associate of the Company. Putian Fasten is held as to 42.7%, 28.3% and 19% by Jiangsu Fasten Optical Communication Technology Co., Ltd.* (江蘇法爾勝光通信科技有限公司), Fasten Group Ltd.* (法爾勝集團有限公司) and Jiangsu Fasten Company Limited* (江蘇法爾勝股份有限公司), respectively. The Company holds 10% equity interest in Putian Fasten as at the date of this announcement. Putian Fasten is principally engaged in the manufacture of optical fiber, optical cable and ancillary products.

LISTING RULES IMPLICATIONS

Using the minimum consideration as the basis of calculation, the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Potential Disposal is more than 5% but less than 25%. Therefore, the Potential Disposal, if materialised, is expected to constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that the terms of the Potential 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 Potential Disposal materialises, it may constitute a notifiable 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

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“2022 Annual Report”	the annual report for the year ended 31 December 2022 published by the Company on 20 April 2023
“Board”	the board of Directors
“Company”	成都四威科技股份有限公司 (Chengdu SIWI Science and Technology Company Limited), a sino-foreign joint stock company incorporated in the PRC with limited liability, whose issued H Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Definite Agreement”	an agreement to be entered into between the Company and the successful bidder as required by the Equity Exchange, pursuant to which the Company shall sell, and the successful bidder shall acquire, 10% equity interest in Putian Fasten
“Director(s)”	the director(s) of the Company
“Equity Exchange”	Chongqing United Assets and Equity Exchange Group Co., Ltd.* (重慶聯合產權交易所集團股份有限公司), an institution authorised by the State-owned Assets Supervision and Administration Commission to transact assets and equity of state owned enterprises of the PRC
“Group”	the Company and its subsidiaries
“H Share”	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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party Appraisal Agency”	China United Assets Appraisal Group (中聯資產評估集團有限公司), an independent third party appraisal agency established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Potential Disposal”	the disposal of 10% equity interest in Putian Fasten by the Company

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong and Macau Special Administrative Region of the PRC and Taiwan
“Putian Fasten”	普天法爾勝光通信有限公司 (Putian Fasten Cable Telecommunication Co. Ltd.*), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Benchmark Date”	31 December 2021
“%”	per cent.

* For identification purposes only

By order of the Board
Chengdu SIWI Science and Technology Company Limited
Li Tao
Chairman

Chengdu, the PRC, 22 September 2023

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

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

Independent Non-executive Directors: Ms. Fu Wenjie, Mr. Zhong Qishui and Mr. Xue Shujin