



DISPOSAL OF INDIRECTLY-HELD WHOLLY-OWNED SUBSIDIARY

Directors of CTG Fibersway International Limited (NSX: CFW) (**Company**) wish to announce that its indirectly held wholly owned subsidiary, Zhejiang CTG Communication Technology Co., Ltd. (**WFOE**), has entered into an agreement to sell its holding of 100% of the equity capital in CTG (Jiangsu) Electronics Co., Ltd. (**CTG Jiangsu**) to Jinhu Gutean Shoe Co., Ltd, an unrelated third party, for a sum of RMB12,800,000 (approximately A\$2,692,000) (**Consideration**). The Company expects the sale to complete on 20 July 2023.

The Company will utilise the Consideration for the following purposes:

- (a) to fully pay the liabilities of CTG Jiangsu that WFOE or its other controlled entities are liable for; and
- (b) for general working capital of its other child entities.

The Company does not consider the disposal of CTG Jiangsu a disposal of a substantial asset and does not expect this disposal to have any material impact on its current and future consolidated financial position or financial performance.

The rationale for the disposal

Directors consider the disposal as being in the best interest of the Company for the following reasons:

- (1) CTG Jiangsu will require substantial capital investment to implement technical upgrades to operate profitably, given the changes in the newer types of cables the market demands. Directors believe such capital requirements can be better deployed to the Company's other operating controlled entities.
- (2) The existing operations of CTG Jiangsu can be transferred to Hangzhou Fibersway Communication Technology Co., Ltd., an indirect wholly-owned controlled entity of the Company, with minimal cost and operational disruption. Directors believe that siting all the Company's manufacturing activities in one location will allow the Company to:
 - (i) enjoy economy of scale of a bigger operations in one location to lower the average per unit manufacturing cost of its products; and
 - (ii) focus its management resources and reduce its administration costs.

Directors' interests in the disposal

Save for their interests in the Company as previously disclosed, none of the Directors have any interest in the proposed disposal of CTG Jiangsu.

For and on behalf of
CTG Fibersways International Limited

A handwritten signature in black ink, appearing to be 'Richard Sheng', written over a faint, illegible stamp or watermark.

SHENG Zejun (Richard)
Executive chairman
Hangzhou, China
7 July 2023