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Nanfang Communication Holdings Limited

南方通信控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1617)

PROFIT WARNING

This announcement is made by Nanfang Communication Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Based on the currently available information, the board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record an unaudited net loss of approximately RMB4.0 to RMB6.0 million, compared to the unaudited net profit of approximately RMB52.1 million for the six months ended 30 June 2019. The Board considered that the changes in the interim results for the six months ended 30 June 2020 are primarily due to the following:

1. Following the outbreak of the Novel Coronavirus 2019 pandemic, during the first half of 2020, the Group and the upstream and downstream industry chains encountered suspension of operation for a relatively long period. The Company’s production capacity and order volume were significantly affected while the fixed cost of sales and other fixed expenses were incurred normally, leading to the decline on the operating performance; and
2. During the first half of 2020, the unit price of optical fiber cables decreased significantly as compared to that of the same period in 2019, resulting in a drop in revenue.

As the Company is still in the process of finalising the interim results of the Group for the six months ended 30 June 2020, the information contained in this announcement is only based on the Board's preliminary assessment of the Group's unaudited consolidated management accounts, and may be subject to adjustments. The actual results of the Group for the six months ended 30 June 2020 have not been finalised and have not been reviewed by the audit committee of the Company. The actual results of the Group for the six months ended 30 June 2020 to be published may be different from what is contained in this announcement. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

For and on behalf of the Board
Nanfang Communication Holdings Limited

Yu Jinlai
Chairman

Hong Kong, 24 August 2020

As at the date of this announcement, the executive directors are Mr. Shi Ming (chief executive officer), Ms. Yu Rumin and Ms. Yu Ruping; the non-executive director is Mr. Yu Jinlai (chairman); and the independent non-executive directors are Mr. Wu Wing Kuen, Mr. Lam Chi Keung and Mr. Chan Kai Wing.