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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 RMB35.0 to 38.0 million for the six months ended 30 June 2021, compared to the unaudited net loss of approximately RMB5.5 million for the six months ended 30 June 2020. The Board considered that the changes in the interim results for the six months ended 30 June 2021 are primarily due to the following:

1. an overall decrease in tender prices for optical fibre cables in the industry, which resulted in a drastic decrease in the awarded tender prices, thereby leading to the decrease in the Group’s revenue;
2. apart from optical fibre, the costs of all other raw materials had increased, thus rendering the Group to record a relatively greater loss; and
3. the Company has recorded a one-off equity-settled share-based payment expenses amounting to approximately RMB14.9 million for the six months ended 30 June 2021 as a result of the share options granted to eligible participants pursuant to the share option scheme on 27 May 2021. The Company did not incur such expenses in the corresponding period of last year.

As the Company is still in the process of finalising the interim results of the Group for the six months ended 30 June 2021, 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 2021 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 2021 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 2021, which is expected to be published by the end of August 2021.

**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, 23 August 2021

*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.*