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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 a net loss of approximately RMB57.0 to 63.0 million for the year ended 31 December 2021, compared to the net loss of approximately RMB19.2 million for the year ended 31 December 2020. The Board considered that the changes in the annual results for the year ended 31 December 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 prices of the tenders awarded, 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 year ended 31 December 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 previous financial year.

As the Company is still in the process of finalising the annual results of the Group for the year ended 31 December 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. Such management accounts have not been audited or received by the auditors of the Company nor reviewed by the audit committee of the Company. The actual results of the Group for the year ended 31 December 2021 to be published may be different from what is contained in this announcement. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for the year ended 31 December 2021, which is expected to be published by the end of March 2022.

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 March 2022

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.