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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)

HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of the Stock Exchange in respect of the concentration of the shareholding of the Company in the hands of a limited number of Shareholders as at 13 October 2017.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

This announcement is made by Nanfang Communication Holdings Limited (the “**Company**”) at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in respect of the concentration of the shareholding of the Company in the hands of a limited number of shareholders of the Company (the “**Shareholders**”) as at 13 October 2017.

HIGH CONCENTRATION OF SHAREHOLDING

The Company noted that an announcement has been published by the Securities and Futures Commission (“**SFC**”) on 31 October 2017 (the “**Announcement**”). As disclosed in the Announcement, SFC has recently completed an enquiry into the shareholding of the Company. SFC’s findings suggested that as at 13 October 2017, 13 shareholders held an aggregate of 192,502,000 Shares, representing 17.19% of the issued Shares. Such shareholding, together with 840,000,000 Shares (representing 75.00% of the issued Shares) held by a substantial shareholder of the Company, represented 92.19% of the issued Shares as at 13 October 2017. Therefore, only 87,498,000 Shares (representing 7.81% of the issued Shares) were held by other shareholders.

As set out in the Announcement, the shareholding structure of the Company as at 13 October 2017 was as follows:

| | Number of Shares held <i>(Shares)</i> | % of total number of issued Shares <i>(%)</i> |
|--|---|---|
| Pacific Mind Development Limited (<i>Note 1</i>) | 840,000,000 | 75.00 |
| A group of 13 shareholders | 192,502,000 | 17.19 |
| Other shareholders | 87,498,000 | 7.81 |
| Total | <u>1,120,000,000</u> | <u>100.00</u> |

Note 1: Pacific Mind Development Limited is owned as to 10% by the Non-executive Director and Chairman of the Company, Mr. Yu Jinlai, 30% by the Executive Director of the Company, Ms. Yu Ruping, and 60% by the Executive Director of the Company, Ms. Yu Rumin.

As stated in the Announcement:

- (a) The price of the Shares closed at a range between HK\$1.50 and HK\$1.55 during the period from 1 June 2017 to 27 June 2017. Since then, it started to increase substantially. On 12 October 2017, the Shares closed at HK\$4.18, which was 1.7 times higher than the closing price of HK\$1.54 on 27 June 2017.
- (b) The Company published the following announcements:–
- On 20 August 2017, the Company announced its interim results for the six months ended 30 June 2017 with a profit and total comprehensive income attributable to the owners of the Company of approximately RMB44.0 million which represented an increase of approximately 8% from approximately RMB40.8 million recorded in the corresponding period in 2016.
 - On 15 October 2017, the Company announced that its indirect wholly-owned subsidiary had entered into a cooperation agreement with Jiangsu Hengtong Light Guide New Materials Company Limited to establish a joint venture for the purposes of research and development, manufacture and sales of optical fibre preforms and other related products.
 - On 25 October 2017, the Company announced the establishment of the joint venture company as announced on 15 October 2017. The Company also announced the continuing connected transactions pursuant to Rule 14A.60 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) upon the establishment of the joint venture company.

(c) As at 30 October 2017, the Shares closed at HK\$4.17, which was 1.7 times higher than the closing price of HK\$1.54 on 27 June 2017.

The information above is extracted from the Announcement and the Company has not independently verified such information other than (i) the shareholding held by Pacific Mind Development Limited; and (ii) the information set out in paragraphs (a) to (c) above. Please refer to the Announcement for more information.

PUBLIC FLOAT

Based on the information available and to the best knowledge of the board of directors of the Company (the “**Board**”) after making all reasonable enquiries of its connected persons, the Company confirms that not less than 25% of the Company’s issued Shares were/are in the hands of the public as at 13 October 2017 and the date of this announcement and the Company is able to comply with the public float requirement under the Listing Rules.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

On behalf of the Board
Nanfang Communication Holdings Limited
Yu Jinlai
Chairman

Hong Kong, 31 October 2017

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