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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)**

**VERY SUBSTANTIAL DISPOSAL**  
**SIGNING OF**  
**2ND SUPPLEMENTAL AGREEMENT**

On 31 October 2024, Pacific Smart and the Purchaser entered into the 2nd Supplemental Agreement, pursuant to which certain provisions of the Formal Sale and Purchase Agreement (as amended by the Supplemental Agreement) related to the payment schedule of the Consideration, the Purchaser's right to terminate the Formal Sale and Purchase Agreement and its obligation to pay termination penalty were amended.

Reference is made to the announcement dated 28 June 2024 (the "**June Announcement**"), the circular dated 23 August 2024 (the "**Circular**") and the announcement dated 23 September 2024 (the "**September Announcement**") issued by Nanfang Communication Holdings Limited (the "**Company**") in relation to the Disposal. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular and the September Announcement.

**BACKGROUND**

As disclosed in the June Announcement, the Circular and the September Announcement, the Formal Sale and Purchase Agreement (as amended by the Supplemental Agreement) provides that:

- (i) the 1st Instalment of US\$10,995,201 (equivalent to approximately RMB79,891,130, converted at the Circular Exchange Rate), representing 51% of the Consideration, shall be payable by the Purchaser within 10 Business Days after the date on which all the conditions precedents for the 1st Instalment have been satisfied;

- (ii) the 2nd Instalment of US\$10,564,017 (equivalent to approximately RMB76,758,148, converted at the Circular Exchange Rate), representing the remaining 49% of the Consideration, shall be payable by the Purchaser within 10 Business Days after the expiry of nine months' period from the date of the Formal Sale and Purchase Agreement but in any event not later than 31 March 2025, subject to the fulfilment of all the conditions precedent for the 2nd Instalment;
- (iii) from the date of signing of the Formal Sale and Purchase Agreement up to 31 October 2024, if the Purchaser has not issued the notice and announcement for convening its shareholders' meeting for approving the Disposal, the Purchaser may elect to terminate the Formal Sale and Purchase Agreement without payment of any compensation to any other party to the Formal Sale and Purchase Agreement; and
- (iv) from 1 November 2024, if (i) the Purchaser fails to issue the notice and announcement for convening its shareholders' meeting for approving the Disposal and fails to reach an agreement with Pacific Smart and the Target Company on the date on which the meeting of the Purchaser's shareholders should be held; or (ii) the Purchaser's shareholders fail to pass the resolution for approving the Disposal at their general meeting, the Purchaser shall within 15 business days after occurrence of any of the above events (whichever earlier) pay to the Target Company a penalty in the sum equivalent to 1% of the Consideration, unless Pacific Smart fails to perform its obligations to use its reasonable commercial efforts to sign the relevant undertaking documents or comply with the vetting procedures required by the relevant regulatory authorities in the PRC.

## **2ND SUPPLEMENTAL AGREEMENT**

On 31 October 2024, Pacific Smart and the Purchaser entered into a 2nd supplemental agreement (the "**2nd Supplemental Agreement**") to amend the above provisions of the Formal Sale and Purchase Agreement (as amended by the Supplemental Agreement) related to the payment schedule of the Consideration, the Purchaser's right to terminate the Formal Sale and Purchase Agreement and its obligation to pay termination penalty, pursuant to which the above-mentioned provisions were deleted and substituted by the following provisions:

- (i) the 1st Instalment of US\$10,995,201 (equivalent to approximately RMB79,891,130, converted at the Circular Exchange Rate), representing 51% of the Consideration, shall be payable by the Purchaser within 10 Business Days after the date on which all the conditions precedents for the 1st Instalment have been satisfied (but in any event not later than 31 March 2025);

- (ii) the 2nd Instalment of US\$10,564,017 (equivalent to approximately RMB76,758,148, converted at the Circular Exchange Rate), representing the remaining 49% of the Consideration, shall be payable by the Purchaser by 31 March 2025, subject to the fulfilment of all the conditions precedent for the 2nd Instalment;
- (iii) from the date of signing of the 2nd Supplemental Agreement up to 31 December 2024, if the Purchaser has not issued the notice and announcement for convening its shareholders' meeting for approving the Disposal, the Purchaser may elect to terminate the Formal Sale and Purchase Agreement without payment of any compensation to any other party to the Formal Sale and Purchase Agreement; and
- (iv) from 1 January 2025, if (i) the Purchaser fails to issue the notice and announcement for convening its shareholders' meeting for approving the Disposal and fails to reach an agreement with Pacific Smart and the Target Company on the date on which the meeting of the Purchaser's shareholders should be held; or (ii) the Purchaser's shareholders fail to pass the resolution for approving the Disposal at their general meeting, the Purchaser shall within 15 business days after occurrence of any of the above events (whichever earlier) pay to the Target Company a penalty in the sum equivalent to 1% of the Consideration, unless Pacific Smart fails to perform its obligations to use its reasonable commercial efforts to sign the relevant undertaking documents or comply with the vetting procedures required by the relevant regulatory authorities in the PRC.

## **REASONS FOR ENTERING INTO THE 2ND SUPPLEMENTAL AGREEMENT**

As more time is required for the Purchaser to obtain the necessary approvals from the relevant regulatory authorities in the PRC for the Disposal and the Purchaser will only issue the notice and announcement for convening its shareholders' meeting for approving the Disposal after having obtained such regulatory approvals, both Pacific Smart and the Purchaser consider that it is necessary to further amend the terms of the Formal Sale and Purchase Agreement (as amended by the Supplemental Agreement) in order to allow the Purchaser to have more time to obtain such regulatory approvals.

The Board has also noted that the parties to the Main SPA also signed a 2nd supplemental agreement on 31 October 2024 with the terms which are substantially the same as the 2nd Supplemental Agreement for amending the Main SPA.

Having considered the above situations, the Board considers that the terms of the 2nd Supplemental Agreement are fair and reasonable and that Pacific Smart's entering into of the 2nd Supplemental Agreement is in the interest of the Company and its Shareholders as a whole.

Save and except the above-mentioned amendments, all other principal terms and conditions of the Formal Sale and Purchase Agreement (as amended by the Supplemental Agreement) remain in full force and effect.

For and on behalf of the Board  
**Nanfang Communication Holdings Limited**  
**Yu Jinlai**  
*Chairman*

Hong Kong, 31 October 2024

*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. Chan Kai Wing and Mr. Liu Cheng Yi.*