

**THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares, you should at once hand the Prospectus Documents to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Registrar of Companies in Hong Kong and the SFC take no responsibility for the contents of any of these documents.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. You should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements will affect your rights and interests.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of each of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of these documents.



**SYNERTONE**

**協同通信集團有限公司**

**SYNERTONE COMMUNICATION CORPORATION**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1613)**

**RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE  
FOR EVERY ONE SHARE HELD ON THE RECORD DATE**

**Underwriter of the Rights Issue**

**Excel Time Investments Limited**

**Financial adviser to the Company**

**CLC** CLC INTERNATIONAL LIMITED  
創僑國際有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Prospectus.

Shares have been dealt with on an ex-rights basis from Wednesday, 30 March 2016 and dealings in the Rights Shares in their nil-paid form will take place from Monday, 11 April 2016 to Monday, 18 April 2016 (both dates inclusive).

The Rights Issue is conditional, inter alia, upon the fulfillment and/or waiver (as applicable) of the conditions set out in the paragraph headed "Conditions of the Rights Issue" under the section headed "Letter from the Board" of this Prospectus. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating any dealing in any Shares and/or nil-paid Rights Shares up to the latest time for the Rights Issue to become unconditional (i.e. 5:00 p.m. on Wednesday, 27 April 2016) will bear the risk that the Rights Issue could not become unconditional and may not proceed. The Shareholders and the public are reminded to exercise caution and recommended to consult their own professional advisers when dealing in the securities of the Company.

It should be noted that the Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to the Latest Time for Termination to terminate or rescind the obligations of the Underwriter thereunder on the occurrence of certain events. These events are set out under the section headed "Termination of the Underwriting Agreement" in this Prospectus. If the Underwriter terminates or rescinds the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional upon all conditions set out in the paragraph headed "Conditions of the Rights Issue" under the section headed "Letter from the Board" in this Prospectus being fulfilled or waived (as applicable). If such conditions have not been satisfied or waived (as applicable) in accordance with the Underwriting Agreement on or before the time and dates specified therein, the Underwriting Agreement shall terminate and neither party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of certain rights or obligations under the Underwriting Agreement including rights of the parties thereto in respect of any antecedent breach).

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Thursday, 21 April 2016. The procedures for acceptance and payment or transfer of the Rights Shares are set out in the paragraph headed "Procedures for acceptance and payment or transfer" under the section headed "Letter from the Board" of this Prospectus.

7 April 2016

<b>CONTENTS</b>
-----------------

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Expected Timetable</b> .....	6
<b>Termination of the Underwriting Agreement</b> .....	8
<b>Letter from the Board</b> .....	10
<b>Appendix I — Financial information</b> .....	I-1
<b>Appendix II — Unaudited pro forma financial information</b> .....	II-1
<b>Appendix III — General information</b> .....	III-1
<b>Accompanying: PAL</b>	

## DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following words and expressions have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 5 February 2016 in relation to, among other matters, the Rights Issue and the application for Whitewash Waiver
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Synertone Communication Corporation, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on Wednesday, 23 March 2016 to approve, among other things, the Underwriting Agreement, the Rights Issue, the Whitewash Waiver
“Excel Time” or “Underwriter”	Excel Time Investments Limited, a company incorporated in the British Virgin Islands holding 246,000,000 Shares (or about 14.69% of the issued Shares) as at the Latest Practicable Date, being the underwriter of the Rights Issue

## DEFINITIONS

“Excluded Shareholders”	the Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant place or the requirements of the relevant overseas regulatory bodies or stock exchange, consider it necessary or expedient to exclude them from the Rights Issue
“Executive”	Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s)
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	the Shareholders other than: (i) the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates; (ii) the Underwriter and the parties acting in concert with it; and (iii) any Shareholders who are involved in or interested or have a material interest in the Underwriting Agreement, the Rights Issue and/or the Whitewash Waiver
“Last Trading Day”	5 February 2016, being the last full trading day of the Shares on the Stock Exchange prior to the release of the Announcement
“Latest Practicable Date”	1 April 2016, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information referred to in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 21 April 2016 or such other date and/or time as the Underwriter and the Company may agree as the latest date for acceptance and payment in respect of the Rights Issue
“Latest Time for Termination”	5:00 p.m. on Wednesday, 27 April 2016 or such other time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

## DEFINITIONS

“Overseas Shareholders(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with register address(es) outside Hong Kong
“PAL”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China which for the purpose of this Prospectus, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus issued by the Company in relation to the Rights Issue
“Prospectus Documents”	together, this Prospectus and the PAL
“Prospectus Posting Date”	7 April 2016, being the date of posting of the Prospectus Documents by the Company to the Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date, other than those Excluded Shareholders, if any
“Record Date”	6 April 2016, the record date to determine entitlements to the Rights Issue
“Registrar”	Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, being the Company’s Hong Kong branch share registrar
“Rights Issue”	the issue of 1,674,400,000 Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date payable in full on acceptance
“Rights Share(s)”	new Share(s) to be allotted and issued in respect of the Rights Issue
“SFC”	The Securities and Futures Commission in Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Consolidation”	the consolidation of every five (5) issued and unissued shares of HK\$0.01 of the Company into one (1) Share, which became effective on 24 March 2016

## DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued and unissued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option(s)”	the share options granted by the Company pursuant to the share option scheme adopted on 22 March 2012, exercisable into the Shares at the exercise price of HK\$2.5 per Share (subject to adjustment)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.125 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter dated 5 February 2016 (as supplemented on 26 February 2016) in relation to the Rights Issue
“Underwritten Shares”	the number of Rights Shares to be underwritten by the Underwriter in aggregate of 1,428,400,000 Rights Shares
“Vested Share Options”	Share Options which have been validly vested to the holders entitling them to subscribe for Shares on or before the Record Date (being Share Options in respect of 22,866,662 Shares as at the Latest Practicable Date)
“Warrants”	the outstanding unlisted warrants issued by the Company to Citic Capital Management Limited on 22 September 2014, exercisable into 132,000,000 Shares at the subscription price of HK\$2.95 per Share (subject to adjustment)
“Whitewash Waiver”	the waiver granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Underwriter and the parties acting in concert with it as a result of the subscription of the Rights Shares by the Underwriter pursuant to the Underwriting Agreement

## DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

## EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

<b>Event</b>	<b>2016</b>
Record Date and time for determining entitlements to the Rights Issue .....	4:30 p.m. on Wednesday, 6 April
Register of members of the Company re-opens.....	Thursday, 7 April
Despatch of Prospectus Documents.....	Thursday, 7 April
First day of dealings in nil-paid Rights Shares .....	9:00 a.m. on Monday, 11 April
Latest time for splitting nil-paid Rights Shares .....	4:30 p.m. on Wednesday, 13 April
Last day of dealings in nil-paid Rights Shares .....	4:00 p.m. on Monday, 18 April
Latest time for acceptance of, and payment for, the Rights Shares.....	4:00 p.m. on Thursday, 21 April
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional .....	5:00 p.m. on Wednesday, 27 April
Announcement of results of the Rights Issue.....	Thursday, 28 April
Refund cheques, if any, to be despatched if the Rights Issue is terminated on or before .....	Friday, 29 April
Certificates for fully paid Rights Shares to be despatched on or before.....	Friday, 29 April
Commencement of dealings in fully-paid Rights Shares.....	9:00 a.m. on Tuesday, 3 May

*Note:* All references to time in this Prospectus are references to Hong Kong time.



<b>EXPECTED TIMETABLE</b>
---------------------------

**EFFECT OF BAD WEATHER AT THE LATEST TIME FOR ACCEPTANCE**

The Latest Time for Acceptance will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 21 April 2016. Instead, the Latest Time for Acceptance will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Latest Time for Acceptance is postponed in accordance with the foregoing, the dates mentioned in the section headed “EXPECTED TIMETABLE” in this Prospectus may be affected. An announcement will be made by the Company in such event.

## TERMINATION OF THE UNDERWRITING AGREEMENT

### TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

## TERMINATION OF THE UNDERWRITING AGREEMENT

- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (8) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriting Agreement further contains provisions that the Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the warranties or undertakings under the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect, comes to the knowledge of the Underwriter.

**If the Underwriting Agreement is terminated by the Underwriter on or before the aforesaid deadline or does not become unconditional, the Rights Issue will not proceed.**

LETTER FROM THE BOARD



**SYNERTONE**  
**協同通信集團有限公司**  
**SYNERTONE COMMUNICATION CORPORATION**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1613)**

*Executive Directors:*

Mr. Wong Chit On  
Mr. Han Weining

*Independent non-executive Directors:*

Mr. Lam Ying Hung Andy  
Mr. Hu Yunlin  
Mr. Wang Chen

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

Room 1012, 10/F  
Tsim Sha Tsui Centre  
66 Mody Road  
Kowloon, Hong Kong

7 April 2016

*To the Qualifying Shareholders and, for information purpose only,  
the Excluded Shareholders and the holders of the Vested Share Options*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE  
FOR EVERY ONE SHARE HELD ON THE RECORD DATE**

**INTRODUCTION**

Reference is made to the Announcement, the circular of the Company dated 7 March 2016 and the poll results announcement of the Company dated 23 March 2016 in relation to, among other matters, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

On 5 February 2016, the Board announced that the Company proposed to raise funds by way of a rights issue of not less than 1,674,400,000 Rights Shares and not more than 1,829,279,995 Rights Shares to the Qualifying Shareholders on the basis of one (1) Rights Share for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.125 per Rights Share.

## LETTER FROM THE BOARD

The Rights Issue is conditional on, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders at the EGM. On 17 March 2016, the Executive granted the Whitewash Waiver which was subject to, among other things, the approval of the Independent Shareholders by way of poll at the EGM. At the EGM, the resolution approving the Rights Issue, the Underwriting Agreement and the Whitewash Waiver was duly passed by the Independent Shareholders by way of poll. Excel Time being the Underwriter and a Shareholder holding approximately 14.69% of the issued share capital of the Company at the date of the EGM, and parties acting in concert with it, had abstained from voting on such resolutions at the EGM.

The purpose of this Prospectus is to provide you with, among others, further details on the Rights Issue, certain financial information and other general information on the Group.

### RIGHTS ISSUE

#### Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.125 per Rights Share
Number of Shares in issue at the Latest Practicable Date:	1,674,400,000 Shares
Number of Rights Shares:	1,674,400,000 Rights Shares
	The aggregate nominal value of the Rights Shares will be HK\$83,720,000.00
Number of Underwritten Shares:	1,428,400,000 Rights Shares
Underwriter:	Excel Time
Enlarged issued share capital of the Company upon completion of the Rights Issue	3,348,800,000 Shares

From the date of the Underwriting Agreement and up to the Latest Practicable Date, no Share Options or Warrants were exercised into Shares. An aggregate of 1,674,400,000 nil-paid Rights Shares will be provisionally allotted pursuant to the terms of the Rights Issue, representing (i) 100% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. Taking into account the estimated expenses in connection with the Rights Issue of approximately HK\$2.3 million, the net price per Rights Share is expected to be approximately HK\$0.124.

## LETTER FROM THE BOARD

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder.

Qualifying Shareholders who take up their pro rata entitlements in full under the Rights Issue will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

### **Rights of Overseas Shareholders**

The Prospectus Documents have not been registered or filed under the securities legislation of any jurisdiction other than Hong Kong.

Based on the register of members of the Company on the Record Date, there were four (4) Shareholders with registered address in jurisdiction outside Hong Kong, namely, in the PRC. Based on the advice provided by the legal advisers on the laws of the PRC, the offering of the Rights Shares by the Company to its Shareholders with a registered address in the PRC pursuant to the Rights Issue is not subject to any registration or other legal requirements or any governmental or regulatory or procedures under the laws of the PRC. It would be lawful for the Company to offer the Rights Shares to its Shareholders with a registered address in the PRC, if the Rights Issue is made and/or the Prospectus Documents are sent to these Shareholders solely by reason that they are existing Shareholders.

In view of the foregoing legal advice obtained from overseas legal adviser and having regard the likely costs and time involved if overseas compliance were to be observed, the Directors have decided to extend the Rights Issue to such Overseas Shareholders with registered address located in the PRC as shown on the register of members of the Company as at the Record Date.

### **Subscription price**

The Subscription Price is HK\$0.125 per Rights Share, payable in full by the Qualifying Shareholders upon acceptance under the PAL(s). The Subscription Price represents:

- (i) a discount of approximately 67.1% to the theoretical closing price of HK\$0.38 per Share, based on the closing price of HK\$0.076 per share of HK\$0.01 of the Company prior to the Share Consolidation becoming effective on the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;
- (ii) a discount of approximately 65.7% to the average of the theoretical closing prices of approximately HK\$0.364 per Share, based on the average of the closing prices of HK\$0.0728 per share of HK\$0.01 of the Company prior to the Share Consolidation becoming effective as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;

## LETTER FROM THE BOARD

- (iii) a discount of approximately 50.5% to the theoretical ex-rights price of HK\$0.2525 per Share, based on the closing price of HK\$0.076 per share of HK\$0.01 of the Company prior to the Share Consolidation becoming effective as quoted on the Stock Exchange on the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;
- (iv) a discount of approximately 72.1% to the net asset value per Share of approximately HK\$0.4473 as of 30 September 2015 and adjusted taking into account the effect of the Share Consolidation; and
- (v) a discount of approximately 21.63% to the theoretical closing price of HK\$0.1595 per Share, based on the closing price of HK\$0.194 per Share on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the then market price of the Shares under the prevailing market conditions, the net asset value per Share, the financial position of the Company and the business prospect of the Company.

The Directors (other than Mr. Wong Chit On, the Chairman of the Board, an executive Director and the beneficial owner of all the issued share capital of Excel Time, who abstained from voting on the relevant Board resolutions approving the Underwriting Agreement, the Rights Issue and the Whitewash Waiver due to his material interest in it) consider that the Subscription Price is set at a discount to the recent closing prices of the Shares after taking into account of the Share Consolidation with an objective to encourage the Shareholders to take up their entitlements so as to participate in the potential growth of the Group. In order to increase the attractiveness of the Rights Issue to the Qualifying Shareholders, the Directors consider that the proposed discount of the Subscription Price to the market price is appropriate.

Given that each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company, the Directors (other than Mr. Wong Chit On, the Chairman of the Board, an executive Director and the beneficial owner of all the issued share capital of Excel Time, who abstained from voting on the relevant Board resolutions approving the Underwriting Agreement, the Rights Issue and the Whitewash Waiver due to his material interest in it) consider that the terms of the Underwriting Agreement, the Rights Issue and the Subscription Price are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **Basis of provisional allotments**

The Rights Shares shall be allotted on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date. Acceptances of all or any part of a Qualifying Shareholder's provisional allotment can be made only by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for by the latest time for acceptance of the Rights Issue, i.e. by 4:00 p.m. on 21 April 2016.



## **LETTER FROM THE BOARD**

### **Fractions of Rights Shares**

The Company will not provisionally allot to and will not accept applications for any fractions of Rights Shares from Qualifying Shareholders. Fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Such fractional entitlements will be aggregated and the fractions of nil-paid Rights Shares shall be provisionally allotted to a nominee of the Company. The Company shall procure such nominee, if possible, to sell all the fractions of the nil-paid Rights Shares in the market and the net proceeds of such sales, after deduction of expenses, will be aggregated and an equivalent amount will accrue for the benefit of the Company.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the then Shares in issue. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

### **Procedures for acceptance and payment or transfer**

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Thursday, 21 April 2016. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "Synertone Communication Corporation — Rights Issue Account" and crossed "account payee only". It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Thursday, 21 April 2016, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Wednesday, 13 April 2016 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or



## LETTER FROM THE BOARD

cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy itself/himself/herself as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the aforesaid representations and warranties. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Rights Shares will be accepted from any person who is an Excluded Shareholder.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out under the section headed "Conditions of the Rights Issue" of this Prospectus is not fulfilled and/or waived (as applicable) at or before the time and date specified in the Underwriting Agreement, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at their own risk to their respective registered addresses by the Registrar on or before Friday, 29 April 2016.

### **No application for excess Rights Shares**

The Board is of the view that the Rights Issue gives the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company and is negotiated on an arm's length basis with Excel Time, the Underwriter. If application for excess Rights Shares is arranged, the Company will be required to put in additional effort to administer the excess application procedures, including preparing and arranging the excess application, reviewing the relevant documents, liaising with professional parties and printing of

## **LETTER FROM THE BOARD**

application forms, etc. It is estimated that an additional cost of approximately HK\$100,000 to HK\$200,000 will be incurred to administer the excess application procedures, which is not cost effective from the viewpoint of the Company, especially after taking into account that: (i) the Group has suffered a substantial drop in revenue and was loss making for the six months ended 30 September 2015; and (ii) a substantial portion of the fund raised has been earmarked for specific use as disclosed in the section headed “Reasons for the Rights Issue and the use of proceeds” below. The Board considers that it is important for the Group to minimise all costs which may be incurred during the fund-raising process especially when the Group is not cash rich (i.e. the Group had only about HK\$10.7 million cash and cash equivalent as at 30 September 2015). Notwithstanding that excess application arrangement will not be made available to the Qualifying Shareholders, the Board considers that offering a discount on the Subscription Price would encourage the Qualifying Shareholders to participate in the Rights Issue and the potential growth of the Group, and that Shareholders who wish to have additional rights entitlement may purchase additional Shares in the open market (subject to availability) prior to the Record Date. In light of the above, the Board is of the view that the absence of the excess application arrangement is in the interests of the Shareholders and the Group as a whole. Accordingly, no excess Rights Shares will be offered to the Qualifying Shareholders and any Rights Shares not taken up by the Qualifying Shareholders will be underwritten by Excel Time pursuant to the Underwriting Agreement.

### **Certificates for the Rights Shares and refund cheques**

Subject to the fulfillment of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” below, certificates for all fully-paid Rights Shares are expected to be posted on or before 29 April 2016 by ordinary post to those entitled thereto at their own risk. Each Shareholder will receive one share certificate for all allotted Rights Shares. If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on or before 29 April 2016 by ordinary post at the respective Shareholders’ own risk.

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. Dealing in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 8,000) will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy and any other applicable fees and charges in Hong Kong.

No part of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

Subject to the grant of listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined

## LETTER FROM THE BOARD

by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Rights Shares in both their nil paid and fully-paid forms to be admitted into CCASS.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon each of the following conditions being fulfilled:

- (a) the passing by the Independent Shareholders at the EGM of the relevant ordinary resolutions to approve (a) the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the Rights Issue and the absence of the arrangement for application for the Rights Shares by the Qualifying Shareholders in excess of their assured entitlement; and (b) the Whitewash Waiver;
- (b) the Share Consolidation having become effective;
- (c) the delivery to the Stock Exchange for authorisation and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the CWUMPO not later than the Prospectus Posting Date;
- (d) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares by no later than the first day of their dealings;
- (f) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (g) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with the terms of the Underwriting Agreement;
- (h) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and

## LETTER FROM THE BOARD

- (i) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

As at the Latest Practicable Date, conditions (a), (b), (c), (d) and (f) above have been fulfilled. The conditions set out above are incapable of being waived. If all of the above conditions are not satisfied by 5:00 p.m. (Hong Kong time) on 27 April 2016, being the Latest Time for Termination, or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches, and the Rights Issue will not proceed.

### **Reasons for the Rights Issue and the use of proceeds**

The Group is primarily engaged in the design and development of products and technologies relating to digital trunking and satellite communication systems through its own research and development and acquisition of relevant intellectual property rights and technology knowhow from third parties. Following the acquisition of the “Synertone-1” satellite bandwidth in October 2013, the Group has started the business of satellite communication operation. In addition to the above, the Group also provides specialised communication network design and implementation solutions according to client’s specific needs, engages in research and development of systems technologies for the operation of the specialised communication system and the sales of accessory parts and components to some of its customers for further integration or other related uses.

As disclosed in the interim report of the Company for the six months ended 30 September 2015, the Group has recorded a decrease in turnover of approximately HK\$189.9 million or 83.7% when compared to the corresponding period in 2014, mainly attributable to the adjustments made to certain business markets and opportunities in light of the comprehensive upgrade measures for the satellite resources network by the Group so as to avoid the potential huge compensation cost derived from the change in services. As announced by the Company dated 27 November 2015 and 16 December 2015, the Group completed the acquisition of 49% equity interest in Sense Field Group Limited. Such acquisition would enable the Group to diversify its customers’ base in the private sector, particularly with regard to property development companies in the PRC, and also to provide services to the existing and potential customers of Sense Field Group Limited and its group of companies (together the “**SF Group**”) through leverage on the Group’s existing satellite communication capabilities. It is the intention of the Company to raise additional fund to acquire further equity stakes in Sense Field Group Limited beyond 50% thereby securing a control over the SF Group. Given that the Group had only about HK\$10.7 million cash and cash equivalent as at 30 September 2015, there is a funding need of the Group to meet its business objective and operational use. As at the Latest Practicable Date, there is no agreement, arrangement or understanding between the Company and the prospective vendors for the proposed acquisition of remaining equity interest in Sense Field Group Limited, and no terms of such proposed acquisition have been discussed or negotiated between the parties. In the event that such proposed acquisition materializes, the Company will comply with all applicable requirements under the Listing Rules and the Takeovers Code.

## LETTER FROM THE BOARD

On 15 July 2015, the Company issued a written demand to Regal Force Limited for the subscription of the convertible bonds in the principal amount of HK\$445 million pursuant to the subscription agreement entered into in 2013 but Regal Force Limited has not responded and repudiated such agreement on 31 August 2015. Up to the Latest Practicable Date, the Company still has not received any response or reply from Regal Force Limited. The Directors have considered other fund raising methods including placing of new Shares through an independent placing agent and debts financing. In view of the recent volatility of the stock market, the Directors consider the Rights Issue will allow the Group to (i) strengthen its capital base by raising long term funds; (ii) raise the necessary funds with more certainty as it is fully underwritten by the Underwriter (as compared to placing which is generally conducted on a best effort basis); (iii) avoid any interest burden; and (iv) provide an equitable means for the Shareholders to participate in the future development of the Group.

The estimated net proceeds from the Rights Issue after deducting all necessary expenses of approximately HK\$2.3 million are estimated to be approximately HK\$207 million, which are intended to be used (i) as to approximately HK\$160 million for the proposed acquisition of further equity stakes in the SF Group; and (ii) as to the remaining balance of approximately HK\$47 million for general working capital of the Group. If the proposed acquisition does not proceed, the amount of approximately HK\$160 million will be used for other similar investment project(s) which would create synergy by leverage of the existing satellite communication systems of the Group. Up to the Latest Practicable Date, the Board has not identified any investment project other than the possible further investment in the SF Group, and no negotiation of any investment project (including the possible further investment in the SF Group) has taken place. The net subscription price is estimated to be approximately HK\$0.124 per Rights Share.

Having taken into account the above reasons and benefits, the Directors (other than Mr. Wong Chit On, the Chairman of the Board, an executive Director and the beneficial owner of all the issued share capital of Excel Time, who abstained from voting on the relevant Board resolutions approving the Underwriting Agreement, the Rights Issue and the Whitewash Waiver due to his material interest in it) consider that the terms of the Underwriting Agreement (including the Rights Issue and the Whitewash Waiver) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### UNDERWRITING ARRANGEMENTS

The Rights Shares will be fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement as described below.

Save for (i) Excel Time which has given an irrevocable and unconditional undertaking to subscribe for 246,000,000 Rights Shares for its entitlement as Shareholder under the Rights Issue; and (ii) Mr. Wong Chit On who has given an irrevocable and unconditional undertaking to subscribe for up to 400,000 Rights Shares if he has exercised any or all of his Vested Share Options into a maximum of 400,000 Shares before the Record Date, the Board has not received any information or irrevocable undertakings from any Shareholders of their intention to take up the securities of the Company to be offered to them under the Rights Issue.

## LETTER FROM THE BOARD

### Underwriting Agreement

Date: 5 February 2016 (as supplemented on 26 February 2016)

Underwriter: Excel Time Investments Limited

Number of Underwritten Shares: 1,428,400,000 Rights Shares

Commission: the Underwriter will receive a nominal commission of HK\$1.00 in respect of its underwriting of the Rights Issue

Excel Time is an investment holding company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by Mr. Wong Chit On, the Chairman of the Board and an executive Director. Underwriting the Shares is not the ordinary course of business of Excel Time. It is a connected person of the Company by virtue of it being a substantial shareholder of the Company.

### Underwriting Commission

The Company will pay the Underwriter a nominal underwriting commission of HK\$1.00 and all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Rights Issue. The underwriting commission mentioned above shall not be payable if the Underwriting Agreement does not become unconditional or if it is terminated by the Underwriter, but the Company shall pay all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Rights Issue. The Directors (other than Mr. Wong Chit On, the Chairman of the Board, an executive Director and the beneficial owner of all the issued share capital of Excel Time, who abstained from voting on the relevant Board resolutions approving the Underwriting Agreement, the Rights Issue and the Whitewash Waiver due to his material interest in it) consider the terms of the Underwriting Agreement including the underwriting commission to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter



## LETTER FROM THE BOARD

materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or

## LETTER FROM THE BOARD

- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (8) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriting Agreement further contains provisions that the Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the warranties or undertakings under the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect, comes to the knowledge of the Underwriter.

**If the Underwriting Agreement is terminated by the Underwriter on or before the aforesaid deadline or does not become unconditional, the Rights Issue will not proceed.**

### **Irrevocable Undertaking**

As at the Latest Practicable Date, Excel Time holds 246,000,000 Shares, representing approximately 14.69% of the existing issued share capital of the Company.

Excel Time has given an irrevocable and unconditional undertaking in favour of the Company that it will subscribe for 246,000,000 Rights Shares, being its full entitlement as Shareholder under the Rights Issue.



## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 1,674,400,000 Shares in issue. The table below depicts the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming all Rights Shares are accepted by the existing Shareholders; and (iii) immediately upon completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders, and assuming there is no other change in the shareholding structure of the Company since the Latest Practicable Date up to the completion of the Rights Issue, for illustrative purposes only:

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming all Rights Shares are accepted by the existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Excel Time and parties acting in concert with it ( <i>Note 1</i> )	246,000,000	14.69	492,000,000	14.69	1,920,400,000	57.35
Ms. Ni Yunzi ( <i>Note 2</i> )	120,000,000	7.17	240,000,000	7.17	120,000,000	3.58
Other public Shareholders	<u>1,308,400,000</u>	<u>78.14</u>	<u>2,616,800,000</u>	<u>78.14</u>	<u>1,308,400,000</u>	<u>39.07</u>
<b>Total</b>	<b><u><u>1,674,400,000</u></u></b>	<b><u><u>100.00</u></u></b>	<b><u><u>3,348,800,000</u></u></b>	<b><u><u>100.00</u></u></b>	<b><u><u>3,348,800,000</u></u></b>	<b><u><u>100.00</u></u></b>

*Notes:*

- The entire issued share capital of Excel Time is owned by Mr. Wong Chit On, the Chairman of the Board and an executive Director. Mr. Wong Chit On also holds 1,200,000 Share Options, of which 400,000 Share Options have been vested.
- Ms. Ni Yunzi is the ex-spouse of Mr. Wong Chit On and is not a person acting in concert with Mr. Wong Chit On under the Takeovers Code.

### ADJUSTMENTS IN RELATION TO THE SHARE OPTIONS AND THE WARRANTS

As at the Latest Practicable Date, the Company has 68,600,000 outstanding Share Options and 132,000,000 outstanding Warrants which in aggregate entitle holders thereof to subscribe for 200,600,000 Shares.

Subject to the confirmation of the auditors or independent financial adviser of the Company, the issue of the Rights Shares may cause adjustments to the exercise price and number of the Share Options and the subscription price of the Warrants. The Company will instruct its auditors or independent financial adviser to review and certify the basis of any adjustments as soon as possible. Further announcement(s) will be made by the Company in respect of such adjustments as and when appropriate.

## LETTER FROM THE BOARD

### PREVIOUS EQUITY FUNDS RAISING EXERCISE OF THE COMPANY IN THE PAST TWELVE MONTHS

Save for the issue by the Company of a written demand to Regal Force Limited for the subscription of the convertible bonds in the principal amount of HK\$445 million on 15 July 2015 pursuant to the subscription agreement entered into in 2013 but Regal Force Limited repudiated such agreement on 31 August 2015, the Company had not conducted any other equity fund raising activities during the past 12 months immediately preceding the date of the Announcement.

### WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is subject to, among other things, the fulfillment of the conditions set out in the paragraph headed “Conditions of the Rights Issue” above. In particular, it is subject to the grant of the Whitewash Waiver and the Underwriting Agreement not being terminated in accordance with its terms. Accordingly, the Rights Issue may or may not proceed.

Shareholders should note that the Shares has been dealt in on an ex- entitlement basis commencing from 30 March 2016 and that dealings in the Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealing in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other person contemplating any dealings in the Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

### FURTHER INFORMATION

Your attention is drawn to the information set out in the appendices to this Prospectus.

By the order of the Board  
**Synertone Communication Corporation**  
**Han Weining**  
*Executive Director*

## 1. SUMMARY OF FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015 are disclosed in the following documents which have been published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (details of website addresses as set out below):

- (a) annual report of the Company for the year ended 31 March 2013 on 24 July 2013 (pages 28–87) (<http://www.synertone.net/UploadFile/Download/201307251339566276.pdf>);
- (b) annual report of the Company for the year ended 31 March 2014 published on 23 July 2014 (pages 30–91) (<http://www.synertone.net/UploadFile/Download/201407241623021395.pdf>);
- (c) annual report of the Company for the year ended 31 March 2015 published on 30 July 2015 (pages 32–103) (<http://www.synertone.net/UploadFile/Download/201507310916390401.pdf>); and
- (d) interim report of the Company for the six months ended 30 September 2015 published on 16 December 2015 (pages 4–35) (<http://www.synertone.net/UploadFile/Download/201512161826280804.pdf>).

## 2. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date, save for the followings:

- (i) The Group recorded turnover of approximately HK\$37.11 million for the six months ended 30 September 2015, representing a decrease of approximately HK\$189.9 million or 83.7% as compared with that of approximately HK\$227.0 million for the six months ended 30 September 2014, which was mainly attributable to the decline in sales from Synertone 1 satellite system and the drop in sales of digital trunking systems, as disclosed in the interim report of the Company for the six months ended 30 September 2015 (“**Interim Report 2015**”);
- (ii) The Group recorded a loss of approximately HK\$52.93 million for the six months ended 30 September 2015, as compared with the profit of approximately HK\$100.84 million for the six months ended 30 September 2014, mainly due to the substantial decrease in the turnover from Synertone 1 satellite system business as compared to the corresponding period as disclosed in the Interim Report 2015; and
- (iii) The unsatisfactory performance of the Group for the six months ended 30 September 2015 persisted in the second half financial year and, based on the preliminary assessment of the Board, it is expected that the Group would record a loss for the year ended 31 March 2016.

### 3. INDEBTEDNESS

#### **Borrowings**

As at the close of business on 29 February 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had outstanding borrowings of approximately HK\$49,167,000. These borrowings comprised (i) secured bank borrowings of approximately HK\$40,167,000 which is secured by corporate guarantee; and (ii) unsecured other borrowings of approximately HK\$9,000,000. The Group had outstanding finance lease payables of approximately HK\$519,481,000. The foresaid finance leases payables of approximately HK\$4,681,000 are secured by the lessor's charge over the leased assets with carrying amount of approximately HK\$5,366,000 and by the personal guarantees provided by the director.

#### **Contingent liabilities**

As at the close of business on 29 February 2016, the Group did not have any contingent liabilities.

#### **Disclaimer**

Save as disclosed above, the Group did not have outstanding indebtedness as at the close of business on 29 February 2016 or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

### 4. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the present financial resources and the estimated net proceeds from the Rights Issue, the Company has sufficient working capital for at least twelve months from the date of this Prospectus, in the absence of unforeseeable circumstances.

### 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

On 20 November 2015, (i) the Company entered into the memorandum of understanding with Gilat Satellite Networks Ltd. for developing a strategic cooperation in the areas of Synertone 1 ground system upgrade, manufacturing of satellite communication products, and the research and development of the next generation of satellite communication products; and (ii) Vastsuccess Holdings Limited entered into the sales agreement with Gilat for purchasing gateway equipment, a right to use the NMS software and related technical support services at a total consideration of US\$12,392,924 (equivalent to approximately HK\$96,700,000).

On 27 November 2015, the Company entered into a purchase agreement for the acquisition of 49% equity interest in Sense Field Group Limited (“Sense”), for a consideration of HK\$195,000,000 to be satisfied by the allotment and issue of 1,323,000,000 consideration

shares at the issue price of approximately HK\$0.1474 per consideration share upon completion. Such acquisition is mainly for the access to and the expansion of Synertone 1 satellite service business by utilizing Sense's domestic sales network and customer resources as well as its research and production base located in the Yangtze River Delta. As at the date of this Prospectus, the acquisition has been completed.

Looking forward, the Company expects that revenue from satellite will decrease for a period of time until the implementation of gateway technology for Synertone 1 satellite, and expects that there will be difficulties in yielding considerable revenue during the year. The Company is striving to provide comprehensive market opportunities for its business development through identifying more channels and markets in various ways, and planning to launch new products of satellite system in line with the high-speed resources and information services of the fully upgraded Synertone 1 in the coming year. The Company is confident of the business improvement and development initiatives under planning. It is expected that the Company's continuous innovation and efforts will present it a brand new image in the coming year.

**1. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

*The following is the text of a report received from HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus:*



31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

7 April 2016

The Board of Directors  
Synertone Communication Corporation  
Room 1012, 10/F  
Tsim Sha Tsui Centre  
66 Mody Road  
Kowloon  
HONG KONG

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN INVESTMENT CIRCULAR**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Synertone Communication Corporation (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 September 2015 and related notes as set out on page II-4 of the prospectus issued by the Company dated 7 April 2016 (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in page II-4 of the Prospectus.

The pro forma financial information has been compiled by the directors to illustrate the impact of the rights issue of not less than 1,674,400,000 rights shares and not more than 1,829,279,995 rights shares at the subscription price of HK\$0.125 per rights shares on the basis of one rights share for every one consolidated share held by the qualifying shareholders at the close of business on the record date (the “**Rights Issue**”) on the Group’s financial position as at 30 September 2015 as if the Rights Issue had taken place at 30 September 2015. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s consolidated financial statements for the period ended 30 September 2015, on which no audit or review report has been published.

## **Directors' Responsibility for the Pro forma Financial Information**

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

## **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were address by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (the “**HKSAE**”) 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction of unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### OPINION

In our opinion:

- (a) The pro forma financial information has been properly compiled on the basis stated;
- (b) Such basis is consistent with the accounting policies of the Group; and
- (c) The adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully  
**HLB Hodgson Impey Cheng Limited**  
*Certified Public Accountants*  
**Wong Sze Wai, Basilia**  
Practising Certificate Number: P05806  
Hong Kong



**2. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 30 September 2015.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared on the basis set out on the notes below for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Rights Issue been completed as at 30 September 2015 or at any future date.

Unaudited consolidated net tangible liabilities of the Group as at 30 September 2015 <i>(Note 2)</i> <i>HK\$'000</i>	Estimated net proceeds from the Rights Issue <i>(Note 3)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group after completion of the Rights Issue <i>HK\$'000</i>	Unaudited consolidated net tangible liabilities of the Group per Share attributable to the equity holders as at 30 September 2015 <i>(Note 4)</i> <i>HK\$</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share after completion of the Rights Issue <i>(Note 5)</i> <i>HK\$</i>	
Based on 1,674,400,000 Rights Shares to be issued at a subscription price of HK\$0.125 per Rights Share	<u>(171,870)</u>	<u>207,000</u>	<u>35,130</u>	<u>(0.122)</u>	<u>0.010</u>

*Notes:*

1. The Rights Issue of 1,674,400,000 Rights Shares is based on 1,674,400,000 Shares in issue as at the Latest Practicable Date.
2. The consolidated net tangible liabilities of the Group as at 30 September 2015 is calculated based on the capital and reserves attributable to the owners of the Company as at 30 September 2015 of approximately HK\$630,669,000 after deducting intangible assets and goodwill of approximately HK\$560,657,000 and HK\$241,882,000 as at 30 September 2015 as extracted from the published interim report of the Company for the period ended 30 September 2015.
3. The estimated net proceeds from the Rights Issue are based on 1,674,400,000 Rights Shares to be issued at the Subscription Price of HK\$0.125 per Rights Share, after deduction of the related estimated expenses of approximately HK\$2,300,000.
4. The number of Shares used for the calculation of unaudited consolidated net tangible liabilities per Share is 1,409,800,000, representing shares in issue as at 30 September 2015, which has been adjusted for the Share Consolidation as if the Share Consolidation had taken place as at 30 September 2015.
5. The unaudited pro forma adjusted consolidated net tangible assets per Share after completion of the Right Issue is arrived at on the basis that 3,348,800,000 Shares were in issue assuming the Rights Issue had been completed on 30 September 2015.
6. No adjustment has been made to reflect any trading results or other transactions of the Company entered into subsequent to 30 September 2015.

## 1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this Prospectus misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming there is no other change in the authorised and issued share capital of the Company since the Latest Practicable Date) are set out as follows:

- (i) as at the Latest Practicable Date:

HK\$

*Authorised capital:*

<u>8,000,000,000</u> Shares	<u>400,000,000</u>
-----------------------------	--------------------

*Issued and fully paid or credited as fully paid:*

<u>1,674,400,000</u> Shares as at the Latest Practicable Date	<u>83,720,000</u>
---	-------------------

- (ii) immediately after completion of the Rights Issue:

HK\$

*Authorised capital:*

<u>8,000,000,000</u> Shares	<u>400,000,000</u>
-----------------------------	--------------------

*Issued and fully paid or credited as fully paid:*

1,674,400,000 Shares	83,720,000
----------------------	------------

<u>1,674,400,000</u> Rights Shares to be issued	<u>83,720,000</u>
---	-------------------

<u>3,348,800,000</u> Total	<u>167,440,000</u>
----------------------------	--------------------

All of the Rights Shares to be issued will rank pari passu in all respects with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

As at the Latest Practicable Date, the Company have (i) 22,866,662 outstanding Vested Share Options which in aggregate entitle holders thereof to subscribe for 22,866,662 Shares and (ii) 132,000,000 Warrants which entitle the holders thereof to subscriber for 132,000,000 Shares. Save for the Share Options and the Warrants, the Company had no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares as at the Latest Practicable Date.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

### 3. DISCLOSURE OF INTERESTS

#### (a) Director's and chief executive's interests in the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives and their associates in the shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company or any of its associated corporations) and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or that was required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

##### *Long position in the Shares or underlying Shares*

Name	Nature of interest	Number of Shares/ underlying Shares held	Approximately percentage of the Company's issued share capital
Mr. Wong Chit On	Interest of controlled corporation ( <i>Note 1</i> )	246,000,000 Shares	14.69%
	Interest of controlled corporation ( <i>Note 1</i> )	1,828,879,995 Shares ( <i>Note 2</i> )	43.27% ( <i>Note 3</i> )
	Beneficial owner	1,200,000 underlying Shares ( <i>Note 4</i> )	0.07%
Mr. Han Weining	Beneficial owner ( <i>Note 4</i> )	1,200,000 underlying Shares	0.07%
Mr. Lam Yung Hung Andy	Beneficial owner ( <i>Note 4</i> )	1,200,000 underlying Shares	0.07%
Mr. Hu Yunlin	Beneficial owner ( <i>Note 4</i> )	1,200,000 underlying Shares	0.07%

*Notes:*

1. These interest in Shares are held by Excel Time, which is wholly and beneficially owned by Mr. Wong Chit On. By virtue of the SFO, Mr. Wong Chit On is deemed to be interested in these 246,000,000 Shares and 1,828,879,995 underlying Shares. Mr. Wong Chit On is the sole director of Excel Time.
2. These include the interests of Excel Time in (i) 246,000,000 Rights Shares under the irrevocable undertaking given by Excel Time to the Company of its acceptance of the Rights Shares under the Rights Issue; and (ii) a maximum of 1,582,879,995 Rights Shares underwritten by Excel Time as the Underwriter of the Rights Issue under the Underwriting Agreement.
3. Based on the assumption of full exercise of the subscription rights attached to the Vested Share Options and Warrants and completion of the Rights Issue.
4. These underlying Shares represent the Shares which are issuable upon the exercise of the subscription rights attached to the Share Options granted to these Directors, of which one-third have been vested and remain outstanding as at the Latest Practicable Date.

*Interests in Excel Time as an associated corporation*

Name	Nature of interest	Number and class of securities held	Approximately percentage of shareholding
Mr. Wong Chit On	Beneficial owner	78,000 shares	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

**(b) Substantial shareholders and other persons' interests in Shares and underlying Shares**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital:

Name	Nature of interest	Number of Shares held	Approximately Percentage of the Company's issued share capital
Excel Time	Beneficial owner	246,000,000 Shares	14.69%
		1,828,879,995 Shares	43.27%
		(Note 1)	(Note 2)
Ms. Ni Yunzi	Beneficial owner	120,000,000 Shares (L)	7.17%
UBS AG	Beneficial owner	200,828 Shares (L)	0.01%
	Beneficial owner	200,000 Shares (S)	0.01%
	Person having a security interest	104,187,200 Shares (L)	6.22%
UBS Group AG	Interest of a controlled corporation	447,200 Shares (L)	0.03%
	Interest of a controlled corporation	446,400 Shares (S)	0.03%
	Person having a security interest	105,187,200 Shares (L)	6.28%
Joy Power International Limited	Beneficial owner	96,160,000 Shares (L)	5.74%
Citic Capital Management Limited	Beneficial owner	132,000,000 Shares (L)	7.88%
Xiong Sylvia Wei	Beneficial owner	129,600,000 Shares (L)	7.74%
Cheng Edward	Beneficial owner	108,000,000 Shares (L)	6.45%

(L) denotes long position  
(S) denotes short position

*Notes:*

1. These include the interests of Excel Time in (i) 246,000,000 Rights Shares under the irrevocable undertaking given by Excel Time to the Company of its acceptance of the Rights Shares under the Rights Issue; and (ii) a maximum of 1,582,879,995 Rights Shares underwritten by Excel Time as the Underwriter of the Rights Issue under the Underwriting Agreement.
2. Based on the assumption of full exercise of the subscription rights attached to the Vested Share Options and Warrants and completion of the Rights Issue.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, save for the service contract entered into between the Company and Mr. Wang Chen with a fixed term of 3 years from 25 June 2015, none of the Directors had entered into any service agreement with any member of the Group nor were there any other service agreements proposed which would not expire or be determinable by the member of the Group within one year without payment of compensation (other than statutory compensation).

#### **5. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, save for the Underwriting Agreement, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group. As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 March 2015 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### **6. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

## 7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

## 8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this Prospectus:

<b>Name</b>	<b>Qualifications</b>
HLB Hodgson Impey Cheng Limited (“ <b>HLB</b> ”)	Certified Public Accountants

HLB has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter or its name in the form and context in which they respective appear.

HLB does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

HLB does not have any direct or indirect interests in any assets which have been, since 31 March 2015 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

## 9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within two years immediately preceding the date of this Prospectus and are or may be material:

- (a) the Underwriting Agreement;
- (b) the conditional sale and purchase agreement dated 27 November 2015 and entered into between Vastsuccess Holdings Limited (“**Vastsuccess**”), a wholly owned subsidiary of the Company, as the purchaser, and Cheng Edward, Xiong Sylvia Wei and Hua Shu as the vendors pursuant to which the Group shall acquire 49% of the issued share capital of Sense Field Group Limited at a consideration of HK\$195 million which has been satisfied by the issue of 1,323,000,000 Shares by the Company at the issue price of HK\$0.1474 per Share;

- (c) the memorandum of understanding dated 20 November 2015 entered into between the Company and Gilat Satellite Networks Ltd. (“**Gilat**”), a public company headquartered in Israel that develops and sells a wide range of satellite ground segment equipment and VSATs in relation to the strategic cooperation between the parties in relation to the areas of Synertone 1 ground system upgrade, manufacturing of satellite communication products, and the research and development of the next generation of satellite communication products;
- (d) the agreement entered into between Vastsuccess and Gilat dated 20 November 2015 for the purchase by Vastsuccess from Gilat of gateway equipment, a right to use the NMS software and related technical support services at a total consideration of US\$12,392,924 (equivalent to approximately HK\$96.7 million);
- (e) the conditional sale and purchase agreement dated 30 June 2015 entered into between Mr. John Edward Hunt as the vendor and Vastsuccess as the purchaser for the entire issued share capital of Mox Products Pty Limited at the consideration of HK\$302 million which has been satisfied by the issue of 604,000,000 Shares by the Company at HK\$0.5 per Share;
- (f) the conditional sale and purchase agreement dated 26 September 2014 entered into between Yilong Developments Limited (億龍發展有限公司), a company incorporated in the British Virgin Islands, as the vendor, Radio World Holding Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company, as the purchaser and Dr. Wu Xiaowen (吳曉文) as guarantor regarding the sale and purchase of the entire issued share capital of Thrive United Holdings Limited (合茂控股有限公司) at a consideration of HK\$90 million; and
- (g) the conditional warrant subscription agreement dated 28 August 2014 entered into between Citic Capital Management Limited, a company incorporated in the British Virgin Islands with limited liability, as the subscriber and the Company as the issuer in relation to the issue of a total of 660,000,000 unlisted warrants conferring rights to subscribe for 660,000,000 Shares at the subscription price of HK\$0.59 per Share (subject to adjustment) during the exercise period of five years.



## 10. PARTIES INVOLVED IN THE RIGHTS ISSUE AND CORPORATE INFORMATION

<b>Registered Office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Principal place of business in Hong Kong</b>	Room 1012, 10/F Tsim Sha Tsui Centre 66 Mody Road Kowloon, Hong Kong
<b>Company Secretary</b>	Mr. Tse Kam Fai, <i>FCIS, FCS, HKIoD</i> Room 1012, 10/F Tsim Sha Tsui Centre 66 Mody Road Kowloon, Hong Kong
<b>Authorised Representatives</b>	Mr. Wong Chit On Room 1012, 10/F Tsim Sha Tsui Centre 66 Mody Road Kowloon, Hong Kong  Mr. Tse Kam Fai Room 1012, 10/F Tsim Sha Tsui Centre 66 Mody Centre Kowloon, Hong Kong
<b>Legal advisors to the Company</b>	<i>As to Hong Kong law:</i> Michael Li & Co 19th Floor, Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong  <i>As to Cayman Islands law:</i> Conyers Dill & Pearman Cricket Square P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

<b>Auditors</b>	CCIF CPA Limited <i>Certified Public Accountants</i> 9/F., Leighton Centre 77 Leighton Road Causeway Bay, Hong Kong
<b>Reporting accountants</b>	HLB Hodgson Impey Cheng Limited <i>Certified Public Accountants</i> 31/F., Gloucester Tower The Landmark 11 Pedder Street Central, Hong Kong
<b>Underwriter</b>	Excel Time Investments Limited P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands
<b>Principal share registrar and transfer office in the Cayman Islands</b>	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
<b>Hong Kong branch share registrar and transfer office</b>	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Principal bankers</b>	<i>In Hong Kong:</i> The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central, Hong Kong  <i>In the PRC:</i> Bank of China 1 Garden Road Hong Kong

## 11. DIRECTORS AND SENIOR MANAGEMENT

### (a) Name and address

Name	Correspondence address
Mr. Wong Chit On	Room 1012, 10/F, Tsim Sha Tsui Centre, 66 Mody Road Kowloon, Hong Kong
Mr. Han Weining	Room 1012, 10/F, Tsim Sha Tsui Centre, 66 Mody Road Kowloon, Hong Kong
Mr. Lam Ying Hung Andy	Room 1012, 10/F, Tsim Sha Tsui Centre, 66 Mody Road Kowloon, Hong Kong
Mr. Hu Yunlin	Room 1012, 10/F, Tsim Sha Tsui Centre, 66 Mody Road Kowloon, Hong Kong
Mr. Wang Chen	Room 1012, 10/F, Tsim Sha Tsui Centre, 66 Mody Road Kowloon, Hong Kong

### (b) Qualification and position held

#### *Executive Directors*

**Wong Chit On** (王浙安) (“**Mr. Wong**”), (formerly known as Wang Gang Jun (王鋼軍)) aged 56, is the founder of the Group and was appointed as a Director in October 2006 and is currently an executive Director and the chairman of the Group. Mr. Wong is also a director of certain subsidiaries of the Company. He is primarily responsible for formulating the overall corporate strategy of the Group and the management of the Board. Mr. Wong founded the Group in 2001 and has over 15 years of experience in the specialised communication industry. He was an executive director and the chairman of China Fortune Investments (Holdings) Limited (中國幸福投資(控股)有限公司) (formerly known as China Public Healthcare (Holding) Limited (中國公共醫療(控股)有限公司) and Global Resources Development (Holding) Limited (大地資源發展(控股)有限公司)) from 1999 to 2001, a company listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8116).

In 2004, Mr. Wong was appointed as an adjunct professor of Harbin Institute of Technology Shenzhen Graduate School (哈爾濱工業大學深圳研究生院). From 2005 to 2009, Mr. Wong served as a committee member of electronics and communications specialist working committee of Shenzhen City Specialist Working Association (深圳市專家工作聯合會). In 2009, Mr. Wong was recognized as one of the “2009 Outstanding and Innovation Entrepreneur in China” (2009中國優秀創新企業家). Mr. Wong was nominated as the standing supervisor of the China Users Association for Communications Broadcasting & Television in December 2010. Save as disclosed herein, Mr. Wong did not hold any directorship in any other listed companies in the past three years.

**Han Weining (韓衛寧) (“Mr. Han”)**, aged 53, was appointed as an executive Director and chief executive officer of the Company in February 2011 and June 2015, respectively. From 1989 to 2006, Mr. Han worked at Citect Corporation Limited, later acquired by Schneider Electric and his last position was the director of Asia Pacific region. Since 2006, Mr. Han has been an executive director of MOX Group in Australia. He graduated from Zhejiang University (浙江大學) with major in wireless electronic technology and Master Degree in Engineering in 1983 and 1986, respectively. He was elected as a member of the Institution of Engineers in Australia in 1994. Save as disclosed herein, Mr. Han did not hold any directorship in any other listed companies in the past three years.

*Independent non-executive Directors*

**Lam Ying Hung Andy (林英鴻) (“Mr. Lam”)**, aged 51, was appointed as an independent non-executive Director in February 2011. He is the chairman of the audit committee (the “**Audit Committee**”) and a member of each of the nomination committee (the “**Nomination Committee**”) and the remuneration committee (the “**Remuneration Committee**”) of the Company. Mr. Lam has over 26 years of experience in logistics, accounting, banking and finance industry. Mr. Lam is a fellow of the Association of Chartered Certified Accountants (United Kingdom), a member of the Hong Kong Institute of Company Secretaries, the Institute of Chartered Secretaries and Administrators (United Kingdom) and the Chartered Institute of Bankers. Mr. Lam obtained his postgraduate diploma in corporate administration, master degree of professional accounting and master degree in E-commerce for executives from the Hong Kong Polytechnic University in 1997, 1999 and 2004 respectively. Mr. Lam is currently the managing consultant of Lontreprise Consulting Limited, and has been the finance director and administrative accountant in two logistics companies. Mr. Lam is currently an independent non-executive director of Xingfa Aluminum Holdings Limited (Stock Code: 0098) and Brilliant Circle Holdings International Limited (Stock Code: 1008), the shares of which are listed on the Stock Exchange. Mr. Lam was an independent non-executive director of Sino-Life Group Limited (Stock Code: 8296) and Gamma Logistic Corporation (now known as Dafeng Port Heshun Technology Company Limited) (Stock Code: 8310) for the period from 16 February 2009 to 3 October 2012, 22 August 2013 to 12 June 2014 respectively. Save as disclosed herein, Mr. Lam did not hold any directorship in any other listed companies in the past three years.

**Hu Yunlin (胡雲林) (“Mr. Hu”)**, aged 53, was appointed as an independent non-executive Director in February 2011. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Hu graduated from People’s Liberation Army Air Force Electronic Communication Engineering Institute (中國人民解放軍空軍電訊工程學院) in 1986, major in wireless electronic engineering. He has served as chief manager in Zhuhai Ji Di Te Communication Utilities Company Limited (珠海吉迪特通信器材有限公司) since 1995. He has also served as director in Zhuhai Gao Ling Information

Technology Company Limited (珠海高凌信息科技有限公司) since 2000. Save as disclosed herein, Mr. Hu did not hold any directorship in any other listed companies in the past three years.

**Wang Chen (王忱) (“Mr. Wang”)**, aged 50, was appointed as an independent non-executive Director in June 2015. He is the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. He holds a Bachelor of Engineering degree in Microwave Communication Engineering from PLA Institute of Communication Engineering (中國人民解放軍通信工程學院) (now known as PLA University of Science and Technology) and a degree of Executive Master of Business Administration (EMBA) from the School of Business, Sun Yat-Sen University (中山大學). From 1986 to 2006, he worked in the Information Technology Department of the People’s Liberation Army General Staff. Mr. Wang is the Chairman of Guangzhou SKYI Information Technology Co., Ltd., a company established in 2006 and engages in development on software of quality assurance and general automated test system, since 2006. Mr. Wang did not hold any directorships in other listed public companies in the past three years.

## 12. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the CWUMPO.

## 13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of the Prospectus Documents and the consent letter referred to the paragraph headed “Expert and Consent” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the CWUMPO.

## 14. MISCELLANEOUS

The English text of this Prospectus and the PAL shall prevail over the Chinese text for the purpose of interpretation.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business at Room 1012, 10/F Tsim Sha Tsui Centre 66 Mody Road Kowloon, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. on any weekday, except public holidays during the period of 14 days from the date of this Prospectus.

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 March 2014 and 2015 respectively and the interim report of the Company for the six months ended 30 September 2015;
- (c) the material contracts (including the Underwriting Agreement) as referred to in the paragraph headed “Material contracts” in this appendix;
- (d) the service contract of Mr. Wang Chen as referred to in the section headed “Directors’ Service Contracts” in this appendix;
- (e) the written consent referred to in the paragraph headed “Expert and consent” in this appendix;
- (f) the accountant’s report on the unaudited pro forma financial information of the Group from HLB Hodgson Impey Cheng Limited, the text of which as set out in appendix II of this Prospectus;
- (g) the irrevocable undertaking by Excel Time; and
- (h) the Prospectus Documents.