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協同通信集團有限公司
Synertone Communication Corporation
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1613)

**SUPPLEMENTAL ANNOUNCEMENT ON THE
DISCLOSEABLE TRANSACTION IN RELATION TO THE
ACQUISITION OF MOX PRODUCTS PTY LIMITED BY ISSUE
OF NEW SHARES UNDER GENERAL MANDATE**

Reference is made to the announcement of the Company dated 30 June 2015 (the “**Announcement**”) in relation to the acquisition of MOX by issue of new Shares under the General Mandate. Capitalised terms used herein shall have the same meanings as those defined in the Announcement, unless otherwise specified herein.

VALUATION OF THE MOX GROUP

As disclosed in the Announcement, the Consideration was determined by the Purchaser and the Vendor following arm’s length negotiation and with reference to a business valuation report dated 30 June 2015 prepared by Roma Appraisals Limited, an independent valuer, which has put a valuation of HK\$311 million to the MOX Group (the “**Valuation**”).

Certain principal assumptions of the Valuation had already been set out in the Announcement. The Company would like to disclose more principal assumptions, including commercial assumptions, upon which the Valuation is based:

1. The Valuation was performed based on a discounted cash flow method under the income-based approach with financial forecasts provided by the management of the MOX Group, covering a period of approximately 6 years. Terminal growth rate of 3% was adopted based on China’s long term projected inflation as sourced from International Monetary Fund;

2. The Valuation was mainly based on the projections of the future cash flows as provided by the management of the MOX Group. It was assumed that the projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals and will materialize;
3. The Valuation was performed based on the unaudited management accounts of the MOX Group as at 31 May 2015;
4. Compared to similar interest in public companies, ownership interest is not readily marketable for private companies. Hence, a marketability discount of 16.15% was applied to the valuation result. The marketability discount was adopted by making reference to the study in the FMV Restricted Stock Study Companion Guide published by FMV Opinions, Inc. in 2015;
5. Discount rate of 14.20% was adopted, which was the estimated weighted average cost of capital of the MOX Group with reference to comparable companies engaged in similar businesses;
6. Working capital projection was estimated by the management with reference to historical working capital turnover days of the MOX Group in 2014;
7. The businesses of the MOX Group will be operated and developed as planned;
8. All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the MOX Group operates or intends to operate would be officially obtained and renewable upon expiry;
9. There will be sufficient supply of technical staff in the industry in which the MOX Group operates, and the MOX Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments;
10. There will be no major change in the current taxation laws in the localities in which the MOX Group operates or intends to operate and that the rates of tax payable and corporate tax rate shall remain unchanged and that all applicable laws and regulations will be complied with;
11. There will be no major change in the political, legal, economic or financial conditions in the localities in which the MOX Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the MOX Group; and
12. Interest rates and exchange rates in the localities for the operation of the MOX Group will not differ materially from those presently prevailing.

As the discounted cash flow method was used in the Valuation, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. As such, Rule 14.60A of the Listing Rules is applicable. ZHONGLEI (HK) CPA Company Limited (“ZHONGLEI”), as reporting accountant of the Company in this transaction, has reviewed the calculations of the discounted future estimated cash flows, which do not involve the adoption of accounting policies, for the Valuation. The Board has also confirmed that the above forecast was made after due and careful enquiry. Letters from ZHONGLEI and the Company had been set out in appendix I and II to the Announcement respectively in accordance with Rule 14.60A of the Listing Rules.

Completion of the Acquisition is conditional upon fulfilment of conditions precedent as set out in the S&P Agreement in the Announcement. Shareholders and potential investors shall exercise caution when dealing in the Shares of the Company.

By order of the Board
Synertone Communication Corporation
Wong Chit On
Chairman and Executive Director

Hong Kong, 3 July 2015

As at the date of this announcement, the executive Directors are Mr. Wong Chit On and Mr. Han Weining; and the independent non-executive Directors are Mr. Lam Ying Hung Andy, Mr. Hu Yunlin and Mr. Wang Chen.