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**SYNERTONE**  
**SYNERTONE COMMUNICATION CORPORATION**

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

**(Stock Code: 1613)**

**PROPOSED BONUS ISSUE OF SHARES**  
**AND**  
**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

**PROPOSED BONUS ISSUE**

The Board proposes a bonus issue to the Qualifying Shareholders on the basis of 4 Bonus Shares for every 1 existing Share held on the Record Date by the Qualifying Shareholders. The Bonus Issue will be credited as fully paid at par by way of capitalisation of an amount in the retained profit account of the Company. The register of members of the Company will be closed from Friday, 14 February 2014 to Monday, 17 February 2014 (both days inclusive) in order to determine the entitlement of the Shareholders under the Bonus Issue.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Bonus Shares. The Bonus Shares, upon issue, will rank pari passu with the Shares then existing in all respects.

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

In order to cater for the issue and allotment of the Bonus Shares pursuant to the Bonus Issue and to increase the flexibility of issuing further Shares by the Company, the Board proposes to the Shareholders an increase in the Authorised Share Capital from HK\$20,000,000 (divided into 2,000,000,000 Shares) to HK\$200,000,000 (divided into 20,000,000,000 Shares) by creating an additional of 18,000,000,000 unissued Shares.

**GENERAL**

A circular containing, inter alia, further details of (i) the proposed Bonus Issue; and (ii) the proposed increase in the Authorised Share Capital, together with a notice of the EGM and the related proxy form, will be despatched to the Shareholders as soon as practicable.

## **PROPOSED BONUS ISSUE**

The Board proposes a bonus issue to the Qualifying Shareholders on the basis of 4 Bonus Shares for every 1 existing Share held on the Record Date by the Qualifying Shareholders. The Bonus Issue will be credited as fully paid at par by way of capitalisation of an amount in the retained profit account of the Company. The terms of the Bonus Issue are set out below.

### **Basis of Bonus Issue**

Subject to the conditions as set out under the heading “Conditions of the Bonus Issue” below, the Bonus Shares will be issued and credited as fully paid at par on the basis of 4 Bonus Shares for every 1 existing Share held on the Record Date by the Qualifying Shareholders.

On the basis of 1,264,000,000 existing Shares in issue as at the date of this announcement, and assuming no further Shares will be issued or repurchased before the Record Date, 5,056,000,000 Bonus Shares will be issued under the Bonus Issue, resulting in a total of 6,320,000,000 Shares to be in issue upon the Bonus Issue becoming effective.

### **Conditions of the Bonus Issue**

The Bonus Issue will be conditional upon:

- (1) the approval of the Bonus Issue and the increase in the Authorised Share Capital by the Shareholders at the EGM;
- (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares; and
- (3) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of Cayman Islands and the articles of association of the Company to effect the Bonus Issue.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Bonus Shares.

### **Overseas Shareholders**

For those Overseas Shareholders, enquiry will be made by the Board pursuant to Rule 13.36 of the Listing Rules. Upon such enquiry, if the Board is of the view that the exclusion of the Overseas Shareholders is necessary or expedient, the Bonus Shares will not be granted to the Non-Qualifying Shareholders. In such circumstances, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Non-Qualifying Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Non-Qualifying Shareholders, if any, pro rata to their respective shareholdings and remittances therefore will be posted to them, at their own risk, unless the amount falling to be distributed to any such persons is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

## **Status of the Bonus Shares and fractional entitlements**

The Bonus Shares, upon issue, will rank pari passu with the Shares then existing in all respects, including the entitlement of receiving dividends and other distributions the record date for which is on or after the date of allotment and issue of those Bonus Shares. There will not be any fractional entitlements to the Bonus Shares.

## **Record Date and closure of register of members**

The Bonus Shares will be issued to the Qualifying Shareholders. Arrangement for the Non-Qualifying Shareholders are further elaborated under the heading “Overseas Shareholders” above.

The register of members of the Company will be closed from Friday, 14 February 2014 to Monday, 17 February 2014 (both days inclusive) in order to determine the entitlement of the Shareholders under the Bonus Issue.

Shareholders are reminded that in order to qualify for the Bonus Issue, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Thursday, 13 February 2014.

The exact total number of Bonus Shares to be issued under the Bonus Issue will not be capable of determination until the Record Date.

## **Reasons for the proposed Bonus Issue**

In recognition of the continual support of the Shareholders, the Board decides to propose the Bonus Issue. In addition to that, the Directors believe that the Bonus Issue will enhance the liquidity of the Shares in the market and thereby enlarging the Company’s shareholder base.

## **Adjustments to the Warrants and the Share Options**

As at the date of this announcement, there are 120,000,000 outstanding Warrants. The Bonus Issue may lead to adjustment to the exercise price and/or the number of Shares which may fall to be issued upon exercise of the subscription rights attaching to the Warrants. As the exact number of Bonus Shares cannot be determined until the Record Date, the Company will make further announcement for the aforesaid adjustments to the Warrants.

Moreover, as at the date of this announcement, there are 120,000,000 outstanding Share Options. The Bonus Issue may lead to adjustment to the exercise price and/or the number of Shares which may fall to be issued upon exercise of Share Options. As the exact number of the Bonus Shares cannot be determined until the Record Date, the Company will make further announcement for the aforesaid adjustments to the Share Options.

Save for the Warrants and the Share Options, the Company has no outstanding options, warrants or convertible securities to subscribe for any securities of the Company.

## Certificates for Bonus Shares

It is expected that certificates for the Bonus Shares will be posted on or before Friday, 21 February 2014 after all the conditions of the Bonus Issue shall have been fulfilled at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date. Dealings in the Bonus Shares are expected to commence on Monday, 24 February 2014.

## PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the existing Authorised Share Capital is HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each, of which 1,264,000,000 Shares were in issue and fully paid. Under the proposed Bonus Issue, the Company intends to allot and issue 5,056,000,000 Shares (assuming no further Shares will be issued or repurchased before the Record Date). In order to cater for the issue and allotment of the Bonus Shares pursuant to the Bonus Issue and to increase the flexibility of issuing further Shares by the Company, the Board proposes to the Shareholders the increase in the Authorised Share Capital from HK\$20,000,000 (divided into 2,000,000,000 Shares) to HK\$200,000,000 (divided into 20,000,000,000 Shares) by creating an additional of 18,000,000,000 unissued Shares.

Pursuant to article 4(a) of the articles of association of the Company, the proposed increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

Save the Bonus Issue, the Directors have no present intention to issue any part of the proposed additional Shares to be created.

### Expected timetable

The expected timetable of the Bonus Issue is set out below:

*Date 2014*

Despatch of the circular and notice of the EGM . . . . .	Monday, 20 January
Latest date and time to return form of proxy for the EGM . . . . .	2:30 p.m., Saturday, 8 February
Date and time of the EGM . . . . .	2:30 p.m., Monday, 10 February
Announcement of the results of the EGM . . . . .	Monday, 10 February
Last day of dealings in the Shares on a cum-entitlement basis . . . . .	Tuesday, 11 February
First day of dealings in the Shares on an ex-entitlement basis . . . . .	Wednesday, 12 February
Latest time for lodging transfers of the Shares for registration in order to qualify for the Bonus Issue . . . .	4:00 p.m., Thursday, 13 February

*Date 2014*

Closure of register of members . . . . .	Friday, 14 February to Monday, 17 February (both days inclusive)
Record Date . . . . .	Monday, 17 February
Register of members re-opens . . . . .	Tuesday, 18 February
Certificates for the Bonus Shares expected to be despatched . . . . .	On or before Friday, 21 February
Dealings in Bonus Shares commence . . . . .	Monday, 24 February

*Note:* All times refer to Hong Kong local time.

Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

## **GENERAL**

To the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting on the ordinary resolution to approve the Bonus Issue and proposed increase in the Authorised Share Capital at the EGM.

A circular containing, among others, details of the Bonus Issue and the proposed increase in the Authorised Share Capital, together with a notice convening the EGM and the related proxy form, will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

“Authorised Share Capital”	the authorised share capital of the Company;
“Board”	the board of Director(s);
“Bonus Issue”	the proposed issue of Bonus Shares to the Qualifying Shareholders on the basis of 4 Bonus Shares for every 1 existing Share held on the Record Date;
“Bonus Share(s)”	new Share(s) proposed to be allotted and issued pursuant to the Bonus Issue;
“Company”	Synertone Communication Corporation, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange;
“Director(s)”	director(s) of the Company;

“EGM”	the extraordinary general meeting of the Company to be held at which resolutions will be proposed to consider and, if thought fit, approve the proposed Bonus Issue and the proposed increase in Authorised Share Capital;
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and granting of listing;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Board, after making enquiries, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant foreign regulatory body or stock exchange in that place not to extend the Bonus Issue to them;
“Overseas Shareholder(s)”	holder(s) of Share(s) whose address(es) as shown on the register of members of the Company on the Record Date are outside Hong Kong;
“Qualifying Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date (excluding the Non-Qualifying Shareholders), who are entitled to the Bonus Issue;
“Record Date”	Monday, 17 February 2014, being the date by reference to which entitlements to the Bonus Issue will be determined;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Share Option(s)”	share option(s) granted under the Share Option Scheme;
“Share Option Scheme”	the share option scheme adopted by the Company on 22 March 2012;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Warrant(s)”	the total of 120,000,000 unlisted warrants conferring rights to subscribe for 120,000,000 Warrant Shares at the Warrant Subscription Price, the details of which are set out in the announcement of the Company dated 2 October 2013;
“Warrant Share(s)”	the new Share(s) to be issued by the Company upon the exercise of the subscription rights attaching to the Warrants;

“Warrant Subscription Price” a price of HK\$2.00 per Warrant Share (subject to adjustment) at which holder(s) of the Warrants may subscribe for the Warrant Shares; and

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

On behalf of the Board of  
**Synertone Communication Corporation**  
**Wong Chit On**  
*Chairman and Executive Director*

Hong Kong, 27 December 2013

*As at the date of this announcement, the executive directors are Mr. Wong Chit On, Mr. Wang Shaodong, Mr. Lu Zhijie, Mr. Han Weining and Mr. Zhang Jinbing, and the independent non-executive directors are Mr. Lam Ying Hung Andy, Mr. Hu Yunlin and Mr. Cai Youliang.*