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SYNERTONE

SYNERTONE COMMUNICATION CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1613)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT OF THE COMPANY
FOR THE YEAR ENDED 31 MARCH 2014**

Reference is made to the annual report (the “**Annual Report**”) of Synertone Communication Corporation (the “**Company**”) and its subsidiaries (together, the “**Group**”) issued on 23 July 2014. The capitalized terms herein have the same meanings as referred to in the Annual Report, unless otherwise stated.

In addition to the information disclosed in the Annual Report, the Company would like to provide additional information on the significant events occurred during the year ended 31 March 2014.

SIGNIFICANT EVENTS DURING THE YEAR ENDED 31 MARCH 2014

As set out in the Annual Report, during the period under review, the Group has completed the acquisition of communication resources in the PRC region (including Hong Kong and Macao) from IPSTAR Company Limited, including (i) the bandwidth capacity and the bandwidth capacity service; and (ii) the right to use for the transmission of broadband Internet access and other applications.

Other than this transaction, the Group entered into the following transactions which were significant to the Group:

1. Subscription of unlisted Warrants

On 30 September 2013, the Company entered into a subscription agreement with the CITIC Merchant Co., Limited, being the subscriber, to subscribe for a total of 120,000,000 unlisted warrants (the “**Warrants**”) conferring rights to subscribe for 120,000,000 warrant shares at the warrant subscription price of HK\$2.00 pursuant to the general mandate granted at the annual general meeting of the Company held on 22 August 2013. The Warrants had been issued by the Company on 22 October 2013.

The issue price was HK\$0.01 per Warrant and the net issue price after deduction of the relevant expenses of the Warrants was approximately HK\$0.00833. The aggregate issue price and the warrant subscription price (i.e. HK\$2.01) represented a premium of approximately 15.52% over the closing price of HK\$1.74 per Share as quoted on the Stock Exchange on 30 September 2013, being the date of the subscription agreement. Further to the completion of the bonus issue on 21 February 2014, the subscription price of the Warrants was adjusted to HK\$0.40 for 600,000,000 warrant shares to be issued by the Company.

The Company considered that the issue of Warrants represented an opportunity to raise additional funds to cater for its future needs and broadening its capital base. The net proceeds from the subscription of Warrants of approximately HK\$951,390 had been applied as the settlements of trade payables of the Group during the period between October 2013 and November 2013. Assuming the full exercise of the subscription rights attaching to the Warrants, the total gross and net funds to be raised, including the funds raised by the subscription of Warrants, would approximately HK\$241,200,000 and HK\$240,950,000. The net proceeds of approximately HK\$240,950,000 would be applied as the general working capital of the Group as well as supporting funds for the Group's intended new business of the provision of vertically integrated satellite communication services.

As at the date of the Annual Report, the total of 600,000,000 Warrants is still outstanding. None of the Warrants had neither been exercised nor transferred by the subscriber.

2. Issue of Convertible Bonds

On 8 November 2013, the Company entered into a subscription agreement with Regal Force Limited, being the subscriber, to subscribe for the five year 5% coupon rate redeemable convertible bonds in the aggregate principal amount of HK\$500,000,000 (the "**Convertible Bonds**"). Upon full conversion of the Convertible Bonds at the conversion price of HK\$2.00 per conversion share, a total of 250,000,000 conversion shares would be issued under this subscription agreement. The net price for each conversion share was approximately HK\$1.999.

The conversion price represented a discounted of approximately 12.66% to the closing price of HK\$2.29 per share as quoted on the Stock Exchange on 7 November 2013, being the last trading date prior to the date of the subscription agreement. Further to the completion of the bonus issue on 21 February 2014, the conversion price of the Convertible Bonds was adjusted to HK\$0.40 for 1,250,000,000 conversion shares to be issued by the Company.

The Company considered that the issue of the Convertible Bonds represented an opportunity to raise additional funds for the Company to cater for its future needs while broadening the capital base of the Company. The net proceeds from the issue of the Convertible Bonds would be approximately HK\$499,650,000, half of which would be applied for and towards the Company's vertically integrated satellite communication services business and the remaining proceeds as the Group's general working capital.

The completion of the issue of the Convertible Bonds took place on 15 January 2014. Pursuant to the subscription agreement of the Convertible Bonds, the subscriber had agreed to subscribe for the Convertible Bonds in tranches in accordance with the written demand(s) by the Company to be made within two years after the abovementioned completion date. As no written demand has yet been made by the Company to the subscriber for the subscription of Convertible Bonds, no Convertible Bonds have been issued as at the date hereof. Accordingly, no proceeds have been received by the Company as at the date of the Annual Report.

Save as disclosed above, for the year ended 31 March 2014, the Group did not have any other significant events.

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

Hong Kong, 17 October 2014

As at the date of this announcement, the executive directors are Mr. Wong Chit On, Mr. Xia Liangbing, Mr. Han Weining, and Dr. Wang Shaodong; the non-executive director is Mr. Zhang Xuebin; and the independent non-executive directors are Mr. Lam Ying Hung Andy, Mr. Hu Yunlin, and Mr. Cai Youliang.