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SYNERTONE

SYNERTONE COMMUNICATION CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1613)

**ISSUE OF UNLISTED WARRANTS
PURSUANT TO GENERAL MANDATE**

The Board is pleased to announce that on 28 August 2014 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber. Under the Subscription Agreement, the Company has agreed to issue and the Subscriber has agreed to subscribe for 660,000,000 Warrants at the Issue Price of HK\$0.01 per Warrant. Each Warrant carries the right to subscribe at any time during the Exercise Period for one Warrant Share at the Subscription Price of HK\$0.59 per Warrant Share (subject to certain adjustment events). The Warrant Shares will be issued under the General Mandate.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are Independent Third Parties.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

Shareholders and potential investors should note that the issue of Warrants is subject to the fulfillment of the conditions under the Subscription Agreement. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 28 August 2014 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber. The Subscription Agreement's principal terms are set out as follows:

Date

28 August 2014

Parties

- (1) The Company as the issuer; and
- (2) Citic Capital Management Limited, a company incorporated in the British Virgin Islands with limited liability, as the Subscriber. The principal business of the Subscriber is the provision of private-equity funding in leading high-tech corporations in the PRC. The Subscriber is jointly owned by two Chinese nationals namely Mr. Zhang Tiejun and Miss Zhou Hongxia.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are Independent Third Parties.

Securities to be issued

Subject to the fulfillment of the conditions to the Subscription Agreement, the Company has agreed to issue, and the Subscriber has agreed to subscribe for, an aggregate of 660,000,000 Warrants at the Issue Price of HK\$0.01 per Warrant. Each of the Warrants carries the right to subscribe for one Warrant Share at the Subscription Price of HK\$0.59.

Conditions

Completion of the Subscription Agreement is subject to the fulfillment of the following conditions precedent:

- (a) If required, the Listing Committee having approved the issue of the Warrants either unconditionally or subject to such conditions to which both the Company and the Subscriber shall reasonably accept;
- (b) the Listing Committee having granted the listing of, and permission to deal in, the Warrant Shares either unconditionally or subject to such conditions to which both the Company and the Subscriber shall reasonably accept, and such permission and listing not subsequently revoked or withdrawn prior to Completion;
- (c) the Company having obtained, without prejudice to conditions (a) and (b) above, all necessary consents, approvals and authorizations from any Governmental Authority in Hong Kong, the Cayman Islands or elsewhere in respect of the issue of the Warrants; and

- (d) the warrants and covenants given by the Company as set out in the Subscription Agreement remaining true and correct in all material respects, and the Company having performed in all material aspects all of its undertakings or obligations under the Subscription Agreement before the Completion Date.

In the event that any of the conditions precedent referred to above is not fulfilled or waived (to the extent it is capable of being waived) in full at or before 5:00 p.m. on the Long Stop Date (or such other time and date as may be agreed between the Company and the Subscriber in writing), the Subscription Agreement shall cease and determine and thereafter, neither party shall have any obligations and liabilities thereunder save for any antecedent breaches of the provisions thereof.

Completion

Completion shall take place on the Completion Date.

PRINCIPAL TERMS OF THE WARRANTS

Number of Warrants

660,000,000 Warrants. The Warrants will rank pari passu in all respects among themselves.

Issue Price

The Issue Price is HK\$0.01 per Warrant. The net issue price, after deduction of the relevant expenses, is approximately HK\$0.0095 per Warrant.

Number of Warrant Shares issuable

As at the date of this announcement, the Company has a total of 6,320,000,000 Shares in issue. Assuming there is no further issue or repurchase of the Shares and there is no adjustment to the Subscription Price, upon the full exercise of the subscription rights attaching to the Warrants, 660,000,000 Warrant Shares will be issued, which represent approximately 9.46% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares.

Subscription Price

Subject to adjustments, the Subscription Price is HK\$0.59 per Warrant Share, which represents:

- (i) a premium of approximately 9.26% over the closing price of HK\$0.540 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 8.86% over the average of the closing price of Shares as quoted on the Stock Exchange for last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.542; and
- (iii) a premium of approximately 9.06% over the average of the closing price of Shares as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day of approximately HK\$0.541.

The aggregate of the Issue Price and the Subscription Price

The aggregate of the Issue Price of HK\$0.01 per Warrant and the Subscription Price of HK\$0.59 per Warrant Share (subject to adjustments), i.e. HK\$0.60, represents:

- (i) a premium of approximately 11.11% over the closing price of HK\$0.540 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 10.70% over the average of the closing price of Shares as quoted on the Stock Exchange for last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.542; and
- (iii) a premium of approximately 10.91% over the average of the closing price of Shares as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day of approximately HK\$0.541.

The Issue Price and the Subscription Price were determined after arm's length negotiations between the Company and the Subscriber, taking into account the business of the Company and its subsidiaries and the recent trading prices of the Shares. The Directors are of the opinion that the Issue Price and the Subscription Price are fair and reasonable and in the best interest of the Company.

Adjustments to the Subscription Price

The Subscription Price will be subject to adjustments in the event of the occurrence of the following:

- (i) an alteration to the nominal value of the Shares as a result of share consolidation or subdivision;
- (ii) issue of Shares credited as fully paid to the Shareholders by way of capitalization of profits or reserves, other than Shares issued in lieu of a cash dividend;
- (iii) payment or making of any capital distribution to the Shareholders; and
- (iv) an offer to the Shareholders for subscription by way of rights, or grant to the Shareholders any options or warrants to subscribe for new Shares, at a price which is less than 80% of the current market price on the date of the announcement of the terms of the offer or grant.

The Board confirms that the above are normal anti-dilutive adjustment events.

Exercise Period and lot size

Subject to the restriction that the subscription rights attaching to the Warrants can only be exercised immediately after expiry of a 6-month period commencing from the date of issue of the Warrants, the subscription rights attaching to the Warrants can be exercised at any time during the Exercise Period of five (5) years commencing from the date of issue of the Warrants in integral multiples of 10,000,000 Warrants.

The Subscriber shall not be entitled to exercise the subscription rights to the extent that immediately after such exercise:

- (i) There will not be sufficient public float of the Shares as required under the Listing Rules; or
- (ii) The Subscriber whether alone or together with parties acting in concert with it would be obliged to make a general offer under the *Hong Kong Code on Takeovers and Mergers* in force from time to time.

Transferability of Warrants

The Warrants shall be in registered form and is freely transferable during the Exercise Period after expiry of the first 6 months period after the date of issue of Warrants, to any person other than a connected person of the Company (unless with the prior written consent of the Company) in integral multiples of 10,000,000 Warrants (or if at the time of transfer, the outstanding number of Warrants are less than 10,000,000, the whole but not in part of the outstanding Warrants) by an instrument of transfer in such form as may be approved by the Directors.

Ranking of the Warrant Shares

The Warrant Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares as at the date of allotment and issue of the relevant Warrant Shares.

Voting rights

The holder(s) of the Warrants will not be entitled to receive notices of, attend or vote at any meeting of the Company by reason only of it being a holder of the Warrants.

Rights of holder(s) of Warrants during the Exercise Period on winding-up

If an effective resolution is passed during the Exercise Period for the winding-up of the Company and such winding-up is not for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement, the holder(s) of the Warrants shall be entitled at any time within six weeks after the passing of such resolution to exercise the Warrants. Subject to the foregoing, if the Company is wound up, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse.

If an effective resolution is passed during the Exercise Period for the voluntary winding-up of the Company, then if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the holder(s) of the Warrants shall be a party or in conjunction with which a proposal is also made to the holder(s) of the Warrants and is approved by special resolution, the terms of such scheme of arrangement or (as the case may be) the proposal will be binding on all the holder(s) of the Warrants.

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

GENERAL MANDATE TO ISSUE THE WARRANT SHARES

The issue of the Warrants and the issue of the Warrant Shares upon exercise of the subscription rights attaching to the Warrants are not subject to the Shareholders' approval.

The Warrant Shares will be issued pursuant to the General Mandate. The maximum number of new Shares which could be issued under the General Mandate is 1,264,000,000 Shares. As at the date of this announcement, save for the proposed issue of the Warrant Shares upon exercise of the subscription rights attaching to the Warrants, the Company has not utilized the General Mandate.

REASONS FOR THE ISSUE OF WARRANTS AND USE OF PROCEEDS

The Group is principally engaged in the provision of core components of specialized communication system. The products of the Group are mainly utilized by end-users for public safety and emergency communication purposes. Customers or end-users of the Group's products and solutions are mainly governmental bodies and private business enterprises.

The Board considers that the issue of Warrants, with the Subscription Price at a premium, represents an opportunity to raise additional funds for the Company to cater for its future needs while broadening the capital base of the Company. The Warrants are not interest bearing and will not result in any immediate dilution effect on the shareholding of the existing Shareholders. The net proceeds from the subscription of Warrants are approximately HK\$6,300,000 which will be applied as the general working capital of the Group.

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, are approximately HK\$396,000,000 and HK\$395,600,000, respectively. The net proceeds of approximately HK\$395,600,000 shall be applied mainly as supporting funds for the Group's intended construction of the "Synertone 2" communication satellite as disclosed in the Company's announcement dated 19 June 2014. The intended plan is to substantially generate more satellite bandwidth resources to the Group for meeting the growing market in the PRC.

Assuming the full exercise of the subscription rights attaching to the Warrants, the net price to the Company of each Warrant, which is calculated by dividing the aggregate net proceeds from the subscription of Warrants and the exercise of the subscription rights attaching to the Warrants by the total number of the Warrants, is approximately HK\$0.5994.

The Directors also consider that the Subscription Agreement was entered into on normal commercial terms after arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement (including the Issue Price and the Subscription Price) are fair and reasonable so far as the interest of the Company and its Shareholders as a whole are concerned.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activities in the past twelve months from the date of this announcement.

(1) 2013 Warrants

Pursuant to the general mandate granted at the annual general meeting of the Company held on 22 August 2013, a total of 600,000,000 unlisted warrants conferring rights to subscribe for 600,000,000 warrant Shares at the warrant subscription price of HK\$0.40 had been issued by the Company on 22 October 2013, the details of which were set out in the announcements of the Company dated 2 October 2013 and 22 October 2013. As a result of the Bonus Issue, the number of warrants Shares and the warrant subscription price, as described above, had been adjusted accordingly, details of such adjustments were disclosed in the Company's announcement dated 21 February 2014. The net proceeds from the subscription of warrants were approximately HK\$951,390 which had been utilized as the general working capital of the Group.

As at the date of this announcement, the total of 600,000,000 unlisted warrants is still outstanding. None of these warrants had neither been exercised nor transferred by the subscriber.

(2) Convertible Bonds

The completion of the issue of the Convertible Bonds in the principal amount of HK\$500,000,000 took place on 15 January 2014. It was proposed that half of the net proceeds 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. 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. The details of the Convertible Bonds were set out in the announcements of the Company dated 10 November 2013 and 15 January 2014.

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 this announcement. Nevertheless, pursuant to the effects of the Bonus Issue, the Conversion Price per Conversion Share and the number of Conversion Shares which may fall to be issued upon full conversion of the Convertible Bonds had been adjusted in the manner disclosed in the Company's announcement dated 21 February 2014.

Save as disclosed above, the Company has not raised any fund by issuing equity securities during the 12 months immediately before the date of this announcement.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 6,320,000,000 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the full exercise of the subscription rights attaching to the Warrants (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise and no adjustment to the Subscription Price) are as follows:

	As at the date of this announcement		Immediately after the full exercise of the subscription rights attaching to the Warrants	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Non-public Shareholders				
Mr. Wong Chit On and Excel Time Investments Limited ("Excel Time") (Note 1)	2,480,000,000	39.24	2,480,000,000	35.53
Mr. Zhang Xuebin (Note 2)	5,000,000	0.08	5,000,000	0.07
Mr. Hu Yunlin (Note 3)	<u>20,000,000</u>	<u>0.32</u>	<u>20,000,000</u>	<u>0.29</u>
Sub-total	<u>2,505,000,000</u>	<u>39.64</u>	<u>2,505,000,000</u>	<u>35.89</u>
Public Shareholders				
The Subscriber	—	—	660,000,000	9.46
Other public Shareholders	<u>3,815,000,000</u>	<u>60.36</u>	<u>3,815,000,000</u>	<u>54.65</u>
Sub-total	<u>3,815,000,000</u>	<u>60.36</u>	<u>4,475,000,000</u>	<u>64.11</u>
Total (Note 4)	<u><u>6,320,000,000</u></u>	<u><u>100.00</u></u>	<u><u>6,980,000,000</u></u>	<u><u>100.00</u></u>

Notes:

- (1) Mr. Wong Chit On is an executive Director and is the beneficial owner of all the issued share capital of Excel Time which holds 2,480,000,000 Shares as at the date of this announcement. Therefore, Mr. Wong Chit On is deemed, or taken to be, interested in all the Shares which are beneficially owned by Excel Time for the purposes of the SFO. Being the spouse of Mr. Wong Chit On, Ms. Ni Yun Zi is also deemed to be interested in all the Shares which are beneficially owned by Excel Time for the purposes of the SFO.
- (2) Mr. Zhang Xuebin is a non-executive Director.
- (3) Mr. Hu Yunlin is an independent non-executive Director.
- (4) Assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Warrant Shares upon exercise of the subscription rights attaching to the Warrants.

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the full exercise of the subscription rights under all outstanding Warrants issued by the Company, including the 2013 Warrants and the Warrants (collectively “**All Warrants**”) (assuming that there will be no further changes in the issued share capital of the Company prior to such exercises and no adjustment to the subscription prices of All Warrants) are as follows:

	As at the date of this announcement		Immediately after the full exercise of the subscription rights attaching to All Warrants	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Non-public Shareholders				
Mr. Wong Chit On and Excel Time	2,480,000,000	39.24	2,480,000,000	32.72
Mr. Zhang Xuebin	5,000,000	0.08	5,000,000	0.07
Mr. Hu Yunlin	<u>20,000,000</u>	<u>0.32</u>	<u>20,000,000</u>	<u>0.26</u>
Sub-total	<u>2,505,000,000</u>	<u>39.64</u>	<u>2,505,000,000</u>	<u>33.05</u>
Public Shareholders				
Holder of 2013 Warrants	—	—	600,000,000	7.91
The Subscriber	—	—	660,000,000	8.71
Other public Shareholders	<u>3,815,000,000</u>	<u>60.36</u>	<u>3,815,000,000</u>	<u>50.33</u>
Sub-total	<u>3,815,000,000</u>	<u>60.36</u>	<u>5,075,000,000</u>	<u>66.95</u>
Total (<i>Note 5</i>)	<u>6,320,000,000</u>	<u>100.00</u>	<u>7,580,000,000</u>	<u>100.00</u>

Notes:

- (5) Assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of all warrant Shares upon exercise of the subscription rights attaching to the All Warrants.

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the full exercise of All Warrants and upon allotment and issue of the Conversion Shares upon exercise of the conversion rights in full under the Convertible Bonds (assuming that there will be no further changes in the issued share capital of the Company prior to such exercises and no adjustment to the subscription prices of All Warrants and the Conversion Price) are as follows:

	As at the date of this announcement		Immediately after allotment and issue of the Conversion Shares and upon full exercise of the subscription rights under All Warrants	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Non-public Shareholders				
Mr. Wong Chit On and Excel Time	2,480,000,000	39.24	2,480,000,000	28.09
Mr. Zhang Xuebin	5,000,000	0.08	5,000,000	0.06
Mr. Hu Yunlin	<u>20,000,000</u>	<u>0.32</u>	<u>20,000,000</u>	<u>0.23</u>
Sub-total	<u>2,505,000,000</u>	<u>39.64</u>	<u>2,505,000,000</u>	<u>28.38</u>
Public Shareholders				
Holder of the Convertible Bonds	—	—	1,250,000,000	14.16
Holder of 2013 Warrants	—	—	600,000,000	6.79
The Subscriber	—	—	660,000,000	7.47
Other public Shareholders	<u>3,815,000,000</u>	<u>60.36</u>	<u>3,815,000,000</u>	<u>43.20</u>
Sub-total	<u>3,815,000,000</u>	<u>60.36</u>	<u>6,325,000,000</u>	<u>71.62</u>
Total (<i>Note 6</i>)	<u><u>6,320,000,000</u></u>	<u><u>100.00</u></u>	<u><u>8,830,000,000</u></u>	<u><u>100.00</u></u>

Notes:

- (6) Assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of all warrant Shares and Conversion Shares upon exercise of the subscription rights attaching to the All Warrants and the Convertible Bonds, respectively.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share

capital of the Company at the time the Warrants are issued. Options granted under share option schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

As at the date of this announcement, no share options have been granted under the share option scheme of the Company.

Assuming (i) full exercise of the subscription rights attaching to All Warrants; and (ii) no Shares are further issued and repurchased, a total of 1,260,000,000 Warrant Shares will be issued, which represent (a) approximately 19.94% of the issued share capital of the Company as at the date of this announcement; and (b) approximately 16.62% of the issued share capital as enlarged by the issue of new Shares upon full exercise of the subscription rights attaching to All Warrants. Accordingly, the issue of the All Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

GENERAL

Shareholders and potential investors should note that the issue of Warrants is subject to the fulfillment of the conditions under the Subscription Agreement. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the meanings as set out below where words importing the singular include the plural and vice versa:

“2013 Warrants”	A total of 600,000,000 unlisted warrants conferring rights to subscribe for 600,000,000 warrant Shares at the subscription price of HK\$0.40 issued by the Company on 22 October 2013.
“Board”	The board of Directors.
“Bonus Issue”	The issue of 5,056,000,000 Bonus Shares to the qualifying Shareholders on the basis of 4 Bonus Shares for every 1 Share held on 17 February 2014, the details of which were set out in the announcements of the Company dated 27 December 2013, 10 February 2014, and 21 February 2014, and the circular of the Company dated 20 January 2014.
“Bonus Shares”	new Shares being allotted and issued pursuant to the Bonus Issue.
“Business Day”	A day other than a Saturday or Sunday, on which banks in Hong Kong are open for business generally.
“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.

“Completion”	Completion of the Subscription Agreement in accordance with the terms thereof.
“Completion Date”	The third (3rd) Business Day after the date on which the conditions set out in the section headed “Conditions” in this announcement are fulfilled or, as the case may be, waived by the Subscriber or the Company.
“Connected persons”	Has the meaning given to it in the Listing Rules.
“Convertible Bonds”	The five year 5% coupon rate redeemable convertible bonds in the aggregate principal amount of HK\$500,000,000 to be issued by the Company. Details of which were set out in the Company’s announcements dated 10 November 2013 and 15 January 2014.
“Conversion Price”	HK\$0.40, being the adjusted (as a result of the Bonus Issue) conversion price per Conversion Share.
“Conversion Shares”	Upon exercise of the conversion rights under the Convertible Bonds in full at the Conversion Price of HK\$0.40 per Conversion Share.
“Directors”	The directors of the Company.
“Exercise Period”	The five-year (5) period from the date of issue of Warrants to the last day of the 60th month following the date of issue of Warrants (both days inclusive).
“General Mandate”	The general mandate granted to the Directors to exercise the power of the Company to issue securities up to 20% of the Company’s issued share capital as at the date of the annual general meeting of the Company held on 21 August 2014.
“Government Authority”	Any national, provincial, municipal or local government, administrative or regulatory body or department, court, tribunal, arbitrator or any body that exercises the function of a regulator.
“Group”	The Company together with its subsidiaries.
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China.
“Independent Third Party”	Third party independent of and not connected with the Company and any of its connected persons.
“Issue Price”	The issue price of HK\$ 0.01 per Warrant.

“Last Trading Day”	28 August 2014, being the last trading day of the Shares prior to the entering into the Subscription Agreement.
“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.
“Long Stop Date”	30 November 2014, or such other date as may be agreed between the Company and the Subscriber in writing.
“PRC”	the People’s Republic of China.
“SFO”	The <i>Securities and Futures Ordinance</i> (Cap. 571 of the Laws of Hong Kong).
“Shareholders”	Holders of the Shares.
“Shares”	Ordinary shares of HK\$ 0.01 each in the share capital of the Company.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Subscriber”	Citic Capital Management Limited, a company incorporated in the British Virgin Islands with limited liability.
“Subscription Agreement”	The conditional warrant subscription agreement dated 28 August 2014 entered into between the Subscriber and the Company in relation to the subscription of Warrants by the Subscriber.
“Subscription Price”	A price of HK\$0.59 per Warrant Share (subject to adjustment) at which holder(s) of the Warrants may subscribe for the Warrant Shares.
“Warrant Shares”	The new Shares to be issued by the Company upon the exercise of the subscription rights attaching to the Warrants.
“Warrants”	The total of 660,000,000 unlisted warrants conferring rights to subscribe for 660,000,000 Warrant Shares at the Subscription Price (subject to adjustment), at any time during the Exercise Period.

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong.

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

Hong Kong, 28 August 2014

As at the date of this announcement, the executive directors are Mr. Wong Chit On, 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.