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SYNERTONE
SYNERTONE COMMUNICATION CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1613)

**COMPLETION OF THE BONUS ISSUE
AND
ADJUSTMENTS TO THE UNLISTED WARRANTS, SHARE OPTIONS
AND CONVERTIBLE BONDS AS A RESULT OF THE BONUS ISSUE**

COMPLETION OF THE BONUS ISSUE

On the basis of four Bonus Shares for every one existing Share held on the Record Date, a total of 5,056,000,000 Bonus Shares were issued on 21 February 2014 pursuant to the Bonus Issue.

**ADJUSTMENTS TO THE UNLISTED WARRANTS, SHARE OPTIONS AND
CONVERTIBLE BONDS AS A RESULT OF THE BONUS ISSUE**

Pursuant to the terms of the Warrants, Share Options and Convertible Bonds and the requirements set out in the Listing Rules, as a result of the Bonus Issue, adjustments shall be made to (i) the subscription price and the number of Shares which may fall to be issued upon exercise of the Warrants; (ii) the exercise price and the number of Shares which may fall to be issued upon exercise of the Share Options; and (iii) the conversion price and the number of Shares which may fall to be issued upon conversion of the Convertible Bonds.

References are made to the announcements of the Company dated 27 December 2013 and 10 February 2014 and the circular of the Company dated 20 January 2014 (the “**Circular**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

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ADJUSTMENTS TO THE UNLISTED WARRANTS, SHARE OPTIONS AND CONVERTIBLE BONDS AS A RESULT OF THE BONUS ISSUE

Pursuant to the terms of the Warrants, Share Options and Convertible Bonds and the requirements set out in the Listing Rules, as a result of the Bonus Issue, adjustments shall be made to (i) the subscription price and the number of Shares which may fall to be issued upon exercise of the Warrants (the “**Warrant Shares**”); (ii) the exercise price and the number of Shares which may fall to be issued upon exercise of the Share Options (the “**Option Shares**”); and (iii) the conversion price and the number of Shares which may fall to be issued upon conversion of the Convertible Bonds (the “**Conversion Shares**”) (collectively the “**Adjustments**”).

Warrants

As at the date hereof, the Company has 120,000,000 outstanding Warrants issued pursuant to the warrant subscription agreement dated 30 September 2013 (the “**Warrant Subscription Agreement**”) (details of which were set out in the announcements of the Company dated 2 October 2013 and 22 October 2013).

Pursuant to the terms of the Warrant Subscription Agreement, the subscription price per Warrant Share and the number of Warrant Shares which may fall to be issued upon full exercise of the Warrants shall be adjusted in the manner set forth below as a result of the Bonus Issue with effect from 21 February 2014:

Date of issue	Before Bonus Issue		After Bonus Issue	
	Number of Warrant Shares to be issued upon exercise of the Warrants	Subscription price per Warrant Share (HK\$)	Adjusted number of Warrant Shares to be issued upon exercise of the Warrants	Adjusted Subscription price per Warrant Share (HK\$)
22 October 2013	120,000,000	2.00	600,000,000	0.40

Share Options

As at the date hereof, the Company has 120,000,000 outstanding Share Options granted under the Share Option Scheme of the Company adopted on 22 March 2012.

Pursuant to the terms of the Share Options Scheme, the exercise price per Option Share and the number of Option Shares which may fall to be issued upon full exercise of the Share Options shall be adjusted in the manner set forth below as a result of the Bonus Issue with effect from 21 February 2014:

Date of grant	Before Bonus Issue		After Bonus Issue	
	Number of Option Shares to be issued upon exercise of the Share Options	Exercise price per Option Share (HK\$)	Adjusted number of Option Shares to be issued upon exercise of the Share Options	Adjusted exercise price per Option Share (HK\$)
24 December 2013	120,000,000	2.50	600,000,000	0.50

Convertible Bonds

Pursuant to the CB Subscription Agreement which was completed on 15 January 2014 (details of which were set out in the circular of the Company dated 19 December 2013 and the announcement about completion of the CB Subscription Agreement dated 15 January 2014), the Company has agreed to issue and the CB Subscriber has agreed to subscribe for the Convertible Bonds in the principal amount of HK\$500,000,000 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 CB Subscriber for the subscription of Convertible Bonds, no Convertible Bonds have been issued as at the date hereof. Nevertheless, pursuant to the terms of the Bond Instrument, 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 shall be adjusted in the manner set forth below as a result of the Bonus Issue with effect from 21 February 2014:

Principal amount of the Convertible Bonds (HK\$)	Before Bonus Issue		After Bonus Issue	
	Conversion price per Conversion Share (HK\$)	Number of Conversion Shares to be issued upon conversion of the Convertible Bonds	Adjusted conversion price per Conversion Share (HK\$)	Adjusted number of Conversion Shares to be issued upon conversion of the Convertible Bonds
500,000,000	2.00	250,000,000	0.40	1,250,000,000

The Company's independent financial adviser, Astrum Capital Management Limited, has reviewed the Adjustments and confirmed in writing that the Adjustments are in accordance with the terms of the Warrant Subscription Agreement, the Share Option Scheme, the Bond Instrument, Rule 17.03(13) of the Listing Rules and the supplementary guidelines regarding adjustments to share options issued by the Stock Exchange on 5 September 2005.

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

Hong Kong, 21 February 2014

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