

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SYNERTONE

協同通信集團有限公司

Synertone Communication Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1613)

PROFIT GUARANTEE IN RELATION TO THE FURTHER ACQUISITION OF SENSE FIELD GROUP LIMITED

Reference is made to (i) the circular of Synertone Communication Corporation (the “**Company**”) dated 28 December 2016 in relation to, among other things, the major and connected transaction on the further acquisition of 36% equity interest in Sense Field Group Limited (the “**Further Acquisition**”); and (ii) the annual report of the Company dated 28 June 2018 for the year ended 31 March 2018 (the “**2018 Annual Report**”) which, among other things, referred to the profit guarantee in relation to the Further Acquisition. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the 2018 Annual Report.

On 29 June 2016, the Group entered into the Further Acquisition Agreement with the three shareholders of Sense Field (the “**Vendors**”) for the Further Acquisition for a consideration of HK\$130 million. Pursuant to the Further Acquisition Agreement, consideration of HK\$117 million has been paid in cash to the Vendors during the year ended 31 March 2017. The remaining HK\$13 million (the “**Retention Funds**”) shall be paid by the Group to the Vendors within 14 business days after the consolidated audited accounts of the Sense Field Group for the year ended 31 December 2016 become available, provided that the EBITDA of the Sense Field Group for the year ended 31 December 2016 is not less than HK\$40 million (the “**First-year Target**”). The First-year Target was not met.

In accordance with the Further Acquisition Agreement, in the event that the First-year Target cannot be met, the Group shall pay to the Vendors within 14 business days after the 2017 Accounts become available an amount equal to:

- (a) the Retention Funds, when the aggregate EBITDA for the two years ended 31 December 2017 exceeds HK\$95 million (the “**Two-year Target**”); or

(b) the difference between the Retention Funds and the shortfall, calculated by the Two-year Target minus the aggregate EBITDA for the two years ended 31 December 2017 (the “**Shortfall**”), when the Two-year Target cannot be met. If the Retention Funds is not sufficient to cover the Shortfall, the Group shall not be required to pay any amount to the Vendors and the Vendors shall, within 60 days after the 2017 Accounts shall become available, indemnify the Group an amount equivalent to the difference between the Retention Funds and the Shortfall.

As disclosed in the 2018 Annual Report, as the actual aggregate EBITDA for the two years ended 31 December 2017 could not meet the Two-year Target and the Retention Funds are not sufficient to cover the Shortfall by approximately HK\$72.06 million, the Group is entitled to indemnify the said amount from the Vendors.

The Board hereby announces that the Vendors have settled the compensation amount of approximately HK\$72.06 million on 6 September 2018. The independent non-executive Directors are of the opinion that the obligations of the Vendors in relation to the above profit guarantee have been fulfilled and such performance is fair and reasonable and in the interests of the Shareholders as a whole.

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

Hong Kong, 6 September 2018

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. Wang Chen and Ms. Li Mingqi.