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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)

**SUPPLEMENTAL ANNOUNCEMENT –
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 “**Circular**”); (ii) the annual report of the Company dated 28 June 2018 for the year ended 31 March 2018 which, among other things, referred to the profit guarantee in relation to the Further Acquisition (the “**Profit Guarantee**”); and (iii) the announcement of the Company dated 6 September 2018 regarding the fulfilment of the obligations of the Vendors in relation to the Profit Guarantee (the “**Announcement**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular and the Announcement.

The Company would like to supplement the following additional information in respect of the Profit Guarantee:

- (a) The Vendors have jointly and severally warranted and undertaken that the 2017 EBITDA, when aggregated with the 2016 EBITDA shall not be less than HK\$95,000,000 (the “**Two-year Target**”). If the 2016 EBITDA, when aggregated with the 2017 EBITDA, cannot meet the Two-year Target, the Vendors shall indemnify the Purchaser of the Shortfall calculated according to the following formula-

$$\text{Shortfall} = \text{the Two-year Target} - (\text{the 2016 EBITDA} + \text{the 2017 EBITDA})$$

Pursuant to the Further Acquisition S&P Agreement, in the event that the actual amount of the 2016 EBITDA and / or the 2017 EBITDA is negative, it shall be deemed to be zero.

- (b) The actual 2016 EBITDA and the actual 2017 EBITDA were approximately HK\$9,939,000 and HK\$(10,075,000) respectively. The calculation of the Shortfall is as follows:

Shortfall = the Two-year Target – (the 2016 EBITDA + the 2017 EBITDA)

Shortfall = HK\$95,000,000 – (HK\$9,939,000 + HK\$0)

Shortfall = HK\$85,061,000

- (c) Since the Retention Funds of HK\$13,000,000 was insufficient to cover the Shortfall, the Purchaser was not required to pay the Retention Funds to the Vendors. On the other hand, the Vendors should indemnify the Purchaser of the amount equivalent to the difference between the Retention Funds and the Shortfall (i.e. HK\$85,061,000 – HK\$13,000,000 = HK\$72,061,000). As disclosed in the Announcement, the Vendors have settled the aforesaid compensation amount on 6 September 2018.

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

Hong Kong, 24 October 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.