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**協同通信集團有限公司**  
**Synertone Communication Corporation**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1613)**

**PROPOSED SHARE CONSOLIDATION**  
**AND**  
**PROPOSED CHANGE IN BOARD LOT SIZE**

**PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation pursuant to which every five (5) issued and unissued Existing Shares of par value HK\$0.05 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value HK\$0.25 each in the share capital of the Company.

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Share Consolidation and as such, no Shareholder is required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

**PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 8,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 8,000 Existing Shares to 3,200 Consolidated Shares conditional upon the Share Consolidation becoming effective.

**GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation.

**A circular containing, among other matters, (i) further details of the Share Consolidation; and (ii) a notice of the EGM and related proxy form, shall be despatched to the Shareholders on or before 4 March 2020.**

## **PROPOSED SHARE CONSOLIDATION**

The Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation pursuant to which every five (5) issued and unissued Existing Shares of par value HK\$0.05 each will be consolidated into one (1) Consolidated Share of par value HK\$0.25 each.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$400,000,000 divided into 8,000,000,000 Existing Shares of par value of HK\$0.05 each, of which 4,301,816,000 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and assuming that no Existing Shares are repurchased or issued from the date hereof until the effective date of the Share Consolidation, the authorised share capital of the Company shall become HK\$400,000,000 divided into 1,600,000,000 Consolidated Shares of par value HK\$0.25 each, of which 860,363,200 Consolidated Shares will be in issue.

As set out in the announcement of the Company dated 14 January 2020, the Company entered into a subscription agreement pursuant to which the subscriber named therein conditionally agreed to subscribe for (“**Subscription**”) and the Company conditionally agreed to allot and issue, 860,000,000 Existing Shares (“**Subscription Shares**”). Assuming the completion of the Subscription has taken place and the Subscription Shares are allotted and issued to the subscriber under the Subscription, the Company will have 5,161,816,000 Existing Shares in issue immediately upon completion of the Subscription. Assuming there is no change in the issued share capital of the Company from the date of this announcement until the date of the EGM other than the allotment and issue of the Subscription Shares, immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company shall become HK\$400,000,000 divided into 1,600,000,000 Consolidated Shares of par value HK\$0.25 each, of which 1,032,363,200 Consolidated Shares will be in issue.

The Company has no outstanding options, warrants or securities in issue which are convertible or exchangeable into Shares as at the date of this announcement.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company’s articles of association.

Other than the expenses to be incurred, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Tuesday, 24 March 2020 being the second Business Day after the EGM.

### **Application for listing of the Consolidated Shares**

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of the approval of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation being effective, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. The Consolidated Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

## **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 8,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 8,000 Existing Shares to 3,200 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.168 per Existing Share (equivalent to the theoretical closing price of HK\$0.84 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$1,344; and (ii) the estimated value per board lot of 3,200 Consolidated Shares would be HK\$2,688 assuming that the Change in Board Lot Size had also been effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

## **Odd lots arrangements and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint an agent to arrange for matching services, on a best effort basis, regarding the sale and purchase of odd lots of the Consolidated Shares from Tuesday, 7 April 2020 to Wednesday, 29 April 2020 (both days inclusive).

Shareholders should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot trading arrangement is recommended to consult his/her/its own professional advisers.

Further details of the odd lot trading arrangement will be set out in the circular to be despatched to the Shareholders.

## **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, which is currently expected to be on 24 March 2020, the Shareholders may during the period from Tuesday, 24 March 2020 to Tuesday, 5 May 2020 (both days inclusive), submit existing share certificates in the colour of orange for the Shares to the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange, at the expense of the Company, for the exchange of new share certificates for the

Consolidated Shares. Thereafter, certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher. The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Wednesday, 29 April 2020 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of five (5) Existing Shares for one (1) Consolidated Share.

The colour of the new share certificates for the Consolidated Shares will be disclosed in an announcement or the circular of the Company to be despatched to the Shareholders.

### **REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019, (i) any trading price less than HK\$0.10 will be considered as approaching the extremities of HK\$0.01 as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

In view that the Shares had been traded at below HK\$0.10 for certain time during the past 12 months (based on the closing price per Share as quoted on the Stock Exchange) and the value per board lot being less than HK\$2,000, the Board proposes to implement the Share Consolidation.

The Share Consolidation will increase the nominal value of the Shares and reduce the total number of Shares currently in issue. With a corresponding upward adjustment in the trading price of the Consolidated Shares, the Board believes that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, and therefore broaden the shareholder base of the Company.

Subject to the Share Consolidation becoming effective, the Board also proposes to change the board lot size for trading from 8,000 Existing Shares to 3,200 Consolidated Shares. The Board considers that the Change in Board Lot Size will reduce the board lot value of the Consolidated Shares after the Share Consolidation and therefore will result in higher liquidity of the Consolidated Shares. The Board is also of the view that by adjusting the board lot size to 3,200 Consolidated Shares, it will yield the benefit of reducing the number of odd lot shares created per new board lot compared to the other board lot size options while maintaining the goals of the Share Consolidation and Change in Board Lot Size as mentioned above.

Given the above reasons, the Directors are of the view that the Share Consolidation and the Change in Board Lot Size is beneficial to and in the interests of the Company and the Shareholders as a whole.

**EXPECTED TIMETABLE**

The expected timetable for the implementation of the Share Consolidation and Change in Board Lot Size is as follows:

<b>Event</b>	<b>Time and date</b>
Expected despatch date of the circular, proxy form and notice of the EGM	on or before Wednesday, 4 March 2020
Latest time for lodging transfer of Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Monday, 16 March 2020
Closure of the register of members of the Company for the entitlement to attend and vote at the EGM	Tuesday, 17 March 2020 to Friday, 20 March 2020 (both dates inclusive)
Latest time for return of proxy form of the EGM	3:00 p.m. on Wednesday, 18 March 2020
Expected time and date of the EGM	3:00 p.m. on Friday, 20 March 2020
Publication of announcement of poll results of the EGM	Friday, 20 March 2020

**The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation:**

Effective date of the Share Consolidation	Tuesday, 24 March 2020
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Tuesday, 24 March 2020
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Tuesday, 24 March 2020

<b>Event</b>	<b>Time and date</b>
Original counter for trading in the Existing Shares in board lots of 8,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 24 March 2020
Temporary counter for trading in the Consolidated Shares in board lot size of 1,600 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 24 March 2020
Original counter for trading in the Consolidated Shares in new board lots of 3,200 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens	9:00 a.m. on Tuesday, 7 April 2020
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) commences	9:00 a.m. on Tuesday, 7 April 2020
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Tuesday, 7 April 2020
Temporary counter for trading in board lot size of 1,600 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Wednesday, 29 April 2020
Parallel trading in the Consolidated Shares (in the form of new and existing share certificates) ends	4:10 p.m. on Wednesday, 29 April 2020
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:10 p.m. on Wednesday, 29 April 2020
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	4:30 pm on Tuesday, 5 May 2020

All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable set out above is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

## GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Share Consolidation and as such, no Shareholder is required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

A circular containing, among other matters, (i) further details of the Share Consolidation; and (ii) a notice of the EGM and related proxy form, shall be despatched to the Shareholders on or before 4 March 2020.

**Shareholders and potential investors of the Company should take note that the Share Consolidation is conditional upon satisfaction of conditions set out in the paragraph headed "Conditions of the Share Consolidation" above. Therefore, the Share Consolidation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong during normal working hours
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 8,000 Existing Shares to 3,200 Consolidated Shares
“Company”	Synertone Communication Corporation, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) with a par value of HK\$0.25 each in the share capital of the Company immediately after the Share Consolidation becoming effective



“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened for the purpose of considering and, if thought fit, approving, the Share Consolidation
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)” or “Existing Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every five (5) issued and unissued Shares into one (1) Consolidated Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board  
**Synertone Communication Corporation**  
**Han Weining**  
*Executive Director and Chief Executive Officer*

Hong Kong, 12 February 2020

*As at the date of this announcement, the executive Director is Mr. Han Weining; and the independent non-executive Directors are Mr. Lam Ying Hung Andy, Mr. Wang Chen and Ms. Li Mingqi.*