

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.

This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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)

**SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

On 5 November 2024 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares, being a total of 74,176,000 Subscription Shares at a Subscription Price of HK\$0.28 per Subscription Share. The Subscription Shares will be allotted and issued pursuant to the General Mandate.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the Subscription Shares represent (i) approximately 19.80% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after completion of the Subscription.

The Subscription Price of HK\$0.28 per Subscription Share represents (i) a discount of approximately 12.50% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a discount of approximately 18.84% to the average closing price of HK\$0.345 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

Assuming that all the Subscription Shares are successfully issued, the gross proceeds and net proceeds (after deducting the related expenses and professional fees) from the Subscription will amount to approximately HK\$20.8 million and approximately HK\$20.7 million, respectively.

The Company intends to allocate the net proceeds from the Subscription toward the enhancement of its existing smartphone distribution business, general working capital and/or future investments of the Group as and when the opportunities arise. The Directors are of the view that the terms of the Subscription Agreement are fair and reasonable, and the Subscription will strengthen the Group's financial position, broaden the Company's shareholder base and is in the interests of the Company and the Shareholders as a whole.

Given that completion of the Subscription, which is subject to fulfillment of the conditions under the Subscription Agreement, may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE SUBSCRIPTION

On 5 November 2024, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for the Subscription Shares. The principal terms of the Subscription Agreement are set out below.

THE SUBSCRIPTION AGREEMENT

Date

5 November 2024 (after trading hours)

Parties

Issuer: the Company

Subscriber: Infinity Holding Resources Limited

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

The Subscription

Subject to the fulfilment of the conditions precedents and the terms and conditions as set out in the Subscription Agreement, the Subscriber shall subscribe for, and the Company shall allot and issue to the Subscriber, the Subscription Shares at the Subscription Price, which shall rank pari passu among themselves and with all of the Shares in issue at the Completion Date.

Number of Subscription Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the Subscription Shares represents (i) approximately 19.80% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after completion of the Subscription. The maximum aggregate nominal value of the Subscription Shares under the Subscription will be HK\$7,417,600.

Subscription Price

The Subscription Price is HK\$0.28 per Subscription Share which represents:

- a) a discount of approximately 12.50% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- b) a discount of approximately 18.84% to the average closing price of HK\$0.345 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

The Subscription Price was determined on an arm's length basis between the Company and the Subscriber and with reference to the recent market price of the Shares and the prevailing market conditions. The Directors consider that the Subscription Price is fair and reasonable based on the current market conditions.

General Mandate

The Subscription Shares will be allotted and issued under the General Mandate granted to the Board at the AGM held on 29 August 2024, pursuant to which the Board is authorised to allot, issue and deal with up to 74,193,728 Shares. As at the date of this announcement, the Company has not utilized the General Mandate, accordingly, the Subscription is not subject to the approval of the Shareholders.

Conditions Precedent of the Subscription

Completion of the Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in the Subscription Shares (either unconditionally or subject to conditions which are acceptable to the Company and the Subscriber); and
- (ii) no representation, warranty or undertaking under the Subscription Agreement having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Completion Date.

None of the above conditions can be waived. In the event of the above conditions not having been fulfilled by the Long Stop Date, all rights, obligations and liabilities of the Company and the Subscriber in relation to the Subscription shall cease and determine and none of the parties shall have any claim against the other in respect of the Subscription, save for any antecedent breaches of the Subscription Agreement.

Completion of the Subscription

Completion of the Subscription will take place not later than the five Business Days after the fulfilment of the conditions as set out above or such other date to be agreed between the Company and the Subscriber in writing.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, all of the Subscription Shares.

INFORMATION ABOUT THE SUBSCRIBER

The Subscriber is an investment holding company incorporated in British Virgin Islands with limited liability. As at the date of this announcement, the Subscriber is directly owned as to 60% by Mr. Li Gui and 40% by Mr. Nan Yu. To the best of the knowledge, information, and belief of the Directors, and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The Group is principally engaged in (i) design, development and sale of automation control systems, (ii) design, research and development, manufacture and sales of intelligent building system including video intercom and surveillance system for buildings, (iii) the rental and maintenance services in relation to computer equipment and machines, information technology infrastructure and platform and robots and other related services and (iv) smartphone distribution business.

Assuming that all the Subscription Shares are successfully issued, the gross proceeds and net proceeds (after deducting the related expenses and professional fees) from the Subscription will amount to approximately HK\$20.8 million and approximately HK\$20.7 million respectively. The net price per Subscription Share will be approximately HK\$0.279.

The Company intends to allocate the net proceeds from the Subscription toward the enhancement of its existing smartphone distribution business, general working capital and/or future investments of the Group as and when the opportunities arise.

The Directors are of the view that the terms of the Subscription Agreement are fair and reasonable, and the Subscription will strengthen the Group's financial position, broaden the Company's shareholder base and provide financial flexibility for potential investment opportunities and business expansion, especially given the current high interest rate environment currently. Overall, the Subscription is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save for the placing as disclosed below, the Company did not conduct any equity fund raising activity in the twelve months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Gross proceeds	Net proceeds	Intended use of proceeds
6 March 2024	Placing of 60,000,000 Shares under the General Mandate	Approximately HK\$24.1 million	Approximately HK\$23.8 million	The Group's general working capital and/or for future investments of the Group

As at the date of this announcement, the net proceeds of HK\$23.8 million from the fund raising activity as disclosed above have been fully utilized as intended.

SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE SUBSCRIPTION

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Subscription (assuming there is no change in the share capital of the Company from the date of this announcement up to the completion of the Subscription) are set out as follows:

Shareholders	As at the date of this announcement		Immediately upon completion of the Subscription	
	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>
Excel Time Investments Limited ("Excel Time") (Note)	53,814,331	14.37	53,814,331	11.99
Able Trillion Enterprise Limited ("Able Trillion") (Note)	11,800,000	3.15	11,800,000	2.63
Mr. Han Weining ("Mr. Han") (Note)	1,632,000	0.44	1,632,000	0.36
Mr. Lam Siu Sun	35,716,480	9.53	35,716,480	7.96
The Subscriber	-	-	74,176,000	16.53
Other public Shareholders	<u>271,602,629</u>	<u>72.51</u>	<u>271,602,629</u>	<u>60.53</u>
Total	<u>374,565,440</u>	<u>100.00</u>	<u>448,741,440</u>	<u>100.00</u>

Note:

Excel Time is wholly and beneficially owned by Mr. Han, the chief executive officer of the Company and an executive Director. By virtue of the SFO, Mr. Han is deemed to be interested in 53,814,331 Shares held by Excel Time.

Able Trillion is wholly and beneficially owned by Mr. Han, the chief executive officer of the Company and an executive Director. By virtue of the SFO, Mr. Han is deemed to be interested in 11,800,000 shares held by Able Trillion.

Mr. Han also holds 1,632,000 Shares as beneficial owner.

Given that completion of the Subscription, which is subject to fulfillment of the conditions under the Subscription Agreement, may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITION

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

“AGM”	the annual general meeting of the Company held on 29 August 2024;
“Board”	the board of Directors;
“Business Day(s)”	a day on which banks in Hong Kong are open for business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon on which banks generally are open for business in Hong Kong;
“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;
“Completion Date”	a date falling within five (5) Business Days following the date on which all the conditions precedent are fulfilled (or such later date as the Company and the Subscriber may mutually agree in writing);

“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors(s)”	the director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the AGM to allot, issue and deal with up to 20% of the then issued Shares (i.e. 74,193,728 Shares) as at the date of the AGM;
“Group”	The Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	person(s) or entity(ies) who is/are third party(ies) independent of, and not connected with the Company and any of their respective connected persons;
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	3 December 2024 or such later date as the parties to the Subscription Agreement may agree in writing;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Shareholder(s)”	The holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 5 November 2024 and entered into between the Company as issuer and the Subscriber in respect of the Subscription;
“Subscription Price”	HK\$0.28 per Subscription Share;
“Subscription Shares”	74,176,000 new Shares to be subscribed pursuant to the Subscription Agreement;
“%”	per cent.

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

Hong Kong, 5 November 2024

As at the date of this announcement, the executive Directors are Mr. Han Weining and Mr. You Yiyang; the non-executive Director is Ms. Woodham Mostovaya Ekaterina; and the independent non-executive Directors are Ms. Li Mingqi, Mr. Xu Wei and Mr. Xu Dongsun.