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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 IN RELATION TO THE SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of Synertone Communication Corporation (the “**Company**”) dated 5 November 2024 (the “**Announcement**”) in relation to the subscription of the Company’s new shares under General Mandate. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcement.

In addition to the information disclosed in the Announcement, the Board would like to provide the Shareholders and potential investors of the Company with the following supplementary information.

INFORMATION ABOUT THE SMARTPHONE DISTRIBUTION BUSINESS

The Group commenced its smartphone distribution business in July 2024, operating through two wholly-owned subsidiaries, Diligent Giant Technology Limited and Ethereum Data Limited. The primary objective of the Group is to serve as a distributor of Xiaomi-branded smartphones, ecosystem products, and related equipment (the “**Products**”).

The Group typically procures the Products from an authorised distributor (the “**Authorised Distributor**”) and sells the Products directly to wholesalers in Hong Kong and Australia. Currently, the Authorised Distributor offers a longer credit period than what the Group extends to its customers, thereby facilitating an indent trading business model that limits the need for substantial working capital. However, there are limitations on the quantity of products available for procurement from the Authorised Distributor. When demand increases, the Authorised Distributor may enforce a shorter credit period. Consequently, should the Group aim to expand its operations by acquiring more stock, it will require an increase in working capital to effectively manage the gap between the settlement of accounts receivable and accounts payable.

In light of the growing demand for the Products from customers both in Hong Kong and other Asian countries, the Group is planning to enhance its procurement levels from the Authorised Distributor. As a result, the Company intends to raise funds through the Subscription and allocate the relevant proceeds to address its working capital requirements.

ADDITIONAL INFORMATION ABOUT THE INTENDED USES OF PROCEEDS

As disclosed in the Announcement, the net proceeds from the Subscription amounted to approximately HK\$20.7 million. The Directors plan to allocate (i) HK\$15 million for the procurement of inventory for the smartphone distribution business; and (ii) the remaining HK\$5.7 million towards the Group's administrative working capital, which includes essential expenses such as staff costs, rental fees, and legal and professional fees.

The above supplemental information does not affect other information disclosed in the Announcement. Save as disclosed above, the other information in the Announcement remains unchanged.

Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 19 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 Dongsen.