
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Synertone Communication Corporation (the “Company”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank manager, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**(1) PROPOSED CAPITAL REORGANISATION;
(2) CHANGE IN BOARD LOT SIZE; AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company



紅日資本有限公司

RED SUN CAPITAL LIMITED

A notice convening the extraordinary general meeting of the Company to be held on Tuesday, 20 December 2022 at 3:00 p.m. at 5th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong (the “EGM”), is set out on pages 17 to 20 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong as soon as practicable but in any event by Sunday, 18 December 2022 or not less than 48 hours before the time appointed for holding the adjourned meeting. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of Shareholders and prevent the spread of the coronavirus (COVID-19) pandemic, the following measures will be implemented at the EGM:

- Each attendee will be required to undergo a mandatory body temperature check. Any person with a body temperature above 37.5 degrees Celsius, or who is exhibiting flu-like symptoms, may be denied entry into the EGM venue.
- Shareholders, proxies and other attendees are required to wear surgical face masks inside the EGM venue at all times, and maintain a safe distance between seats. Any person who does not comply with this requirement may be required to leave the EGM venue.
- No refreshments will be served at the EGM and there will be no corporate gifts to be distributed.

The Company reminds all Shareholders that any person who is subject to any quarantine order prescribed by the Government of Hong Kong Special Administrative Region will be denied entry into the EGM venue, in order to ensure the health and safety of all attendees at the EGM.

Additionally, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights and would like to encourage Shareholders to appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM, instead of attending the EGM in person.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Accumulated Losses”	the accumulated losses of the Company as at the Second Effective Date
“Announcement”	the announcement of the Company dated 16 November 2022 in relation to, among others, the proposed Capital Reorganisation and the Change in Board Lot Size
“Board”	the board of Directors
“business day”	any day on which the Stock Exchange generally is open for business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal or “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or black rainstorm warning or other similar event, such day shall for the purposes of this circular be counted as a business day
“Capital Reduction”	the reduction of the issued share capital of the Company by reducing the par value of each issued Consolidated Share from HK\$1.25 to HK\$0.1 by cancelling the paid up share capital to the extent of HK\$1.15 per issued Consolidated Share
“Capital Reorganisation”	the Share Consolidation, the Capital Reduction and the Sub-division
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 3,200 Shares to 6,400 Consolidated Shares
“Companies Act”	the Companies Act (2022 Revision) of the Cayman Islands, as consolidated and revised

DEFINITIONS

“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\$1.25 each in the issued and unissued share capital of the Company upon the Share Consolidation becoming effective
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Capital Reorganisation
“First Effective Date”	the date on which the Share Consolidation shall become effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	28 November 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) with a par value of HK\$0.1 each in the share capital of the Company immediately following the Capital Reorganisation becoming effective

DEFINITIONS

“Second Effective Date”	the date on which the Capital Reduction and Sub-division shall become effective
“Share(s)”	ordinary share(s) with a par value of HK\$0.25 each in the share capital of the Company prior to the Share Consolidation becoming effective
“Shareholder(s)”	the holder(s) of the Share(s), Consolidated Share(s) or the New Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every five (5) issued and unissued Shares with a par value of HK\$0.25 each into one (1) Consolidated Share with a par value of HK\$1.25
“Share Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, the address of which is at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-division”	the sub-division of each authorised but unissued Consolidated Share into 12.5 New Shares
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation and the Change of Board Lot Size is set out below. The expected timetable is subject to the results of the EGM and satisfaction of the respective conditions to the Capital Reorganisation and the Change of Board Lot Size, and is therefore for indicative purpose only. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

Save where otherwise specified, all times and dates in this circular refer to Hong Kong local times and dates.

Event	Time and Date
Despatch date of circular with notice of the EGM	Friday, 2 December 2022
Latest time for lodging share transfer in order to qualify for attending and voting at the EGM	4:30 p.m. on Wednesday, 14 December 2022
Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive).	Thursday, 15 December 2022 to Tuesday, 20 December 2022
Latest time for lodging forms of proxy for the EGM	3:00 p.m. on Sunday, 18 December 2022
Date and time of the EGM	3:00 p.m. on Tuesday, 20 December 2022
Announcement of voting results of the EGM	Tuesday, 20 December 2022
 The following events are conditional on the fulfillment of the conditions relating to the implementation of the Share Consolidation and the Change of Board Lot Size and therefore the dates are tentative only.	
Expected effective date of the Share Consolidation (i.e. the First Effective Date)	Thursday, 22 December 2022
Commencement of dealing in the Consolidated Shares	Thursday, 22 December 2022
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Thursday, 22 December 2022
Original counter for trading in existing Shares in board lot of 3,200 existing Shares (in the form of existing share certificates) temporarily closes.	9:00 a.m. on Thursday, 22 December 2022

EXPECTED TIMETABLE

Event	Time and Date
Temporary counter for trading in Consolidated Shares in board lot of 640 Consolidated Shares (in the form of existing share certificates) opens.	9:00 a.m. on Thursday, 22 December 2022
Original counter for trading in Consolidated Shares in board lot of 6,400 Consolidated Shares (in the form of new share certificates for Shares) re-opens	9:00 a.m. on Tuesday, 10 January 2023
Parallel trading in the Consolidated Shares and existing Shares (in the form of new share certificates and existing share certificates) commences.	9:00 a.m. on Tuesday, 10 January 2023
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of Consolidated Shares	9:00 a.m. on Tuesday, 10 January 2023
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of Consolidated Shares	4:00 p.m. on Thursday, 2 February 2023
Temporary counter for trading in the Consolidated Shares in board lot of 640 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Thursday, 2 February 2023
Parallel trading in Consolidated Shares (in the form of existing share certificates and new share certificates) ends	4:10 p.m. on Thursday, 2 February 2023
Last day for free exchange of existing share certificates into new share certificates for Consolidated Shares	Monday, 6 February 2023

EXPECTED TIMETABLE

The following events are conditional on the fulfillment of the conditions relating to the implementation of the Capital Reduction and the Sub-division, and therefore the dates are tentative only.

Event	Time and Date
Expected effective date of the Capital Reduction and the Sub-division (i.e. the Second Effective Date)	Before 9:00 a.m. on Friday, 17 March 2023
Commencement of dealings in the New Shares	9:00 a.m. on Friday, 17 March 2023
First day of free exchange of share certificates for new share certificates for the New Shares	9:00 a.m. on Friday, 17 March 2023
Last day of free exchange of share certificates for new share certificates for New Shares	4:30 p.m. on Thursday, 20 April 2023

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Han Weining (*Chief Executive Officer*)

Ms. Wang Jie

Independent non-executive Directors:

Mr. Lam Ying Hung Andy

Mr. Wang Chen

Ms. Li Mingqi

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business in

Hong Kong:

Room 1012, 10/F

Tsim Sha Tsui Centre

66 Mody Road

Kowloon, Hong Kong

2 December 2022

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED CAPITAL REORGANISATION;
(2) CHANGE IN BOARD LOT SIZE; AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 16 November 2022 in relation to the proposed Capital Reorganisation and the Change in Board Lot Size.

The purpose of this circular is to provide you with information regarding the proposed Capital Reorganisation and the Change in Board Lot Size, together with a notice convening the EGM for the purpose of considering, and if thought fit, approving the resolutions to be proposed.

LETTER FROM THE BOARD

PROPOSED SHARE CONSOLIDATION, CHANGE IN BOARD LOT SIZE, CAPITAL REDUCTION OF ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$400,000,000 divided into 1,600,000,000 Shares with a par value of HK\$0.25 each, of which 1,301,563,200 Shares have been issued and are fully paid or credited as fully paid. The Board proposes the Capital Reorganisation to be implemented in the following manner:

- (i) the Share Consolidation whereby every five (5) issued and unissued Shares of HK\$0.25 each will be consolidated into one (1) Consolidated Share of HK\$1.25;
- (ii) the Capital Reduction whereby the par value of each of the issued Consolidated Shares will be reduced from HK\$1.25 to HK\$0.1 per issued Consolidated Share by cancelling the paid up share capital to the extent of HK\$1.15 per issued Consolidated Share;
- (iii) the Sub-division, immediately following the Share Consolidation and the Capital Reduction, whereby each of the authorised but unissued Consolidated Shares with a par value of HK\$1.25 each will be sub-divided into 12.5 unissued New Shares with a par value of HK\$0.1 each;
- (iv) upon the Capital Reduction becoming effective, the credit arising from the Capital Reduction will be applied towards offsetting the Accumulated Losses and the balance of any such credit remaining after offsetting the Accumulated Losses will be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner as permitted by the applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate; and
- (v) each of the New Shares arising from the Capital Reorganisation shall rank *pari passu* in all respects with each other and shall have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on the following conditions being fulfilled:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reduction and the Sub-division;
- (iii) an order being made by the Court confirming the Capital Reduction;
- (iv) the compliance with any conditions which the Court may impose in relation to the Capital Reduction;

LETTER FROM THE BOARD

- (v) the registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and
- (vi) the Listing Committee granting the listing of, and permission to deal in, Consolidated Shares and the New Shares arising from the Capital Reorganisation.

The Capital Reorganisation will become effective when the conditions mentioned above are fulfilled. Upon the fulfillment of condition (ii) above, the legal advisors to the Company (as to the Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and further announcement(s) will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Application for listing of the Consolidated Shares

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

Subject to the granting of the 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, 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 dealing in the Consolidated Shares on the Stock Exchange or 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

None of the existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be 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

Any fractional Consolidated Share arising from the Share Consolidation, 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 benefit 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 share certificates held by such holder.

LETTER FROM THE BOARD

Arrangement on odd lot trading and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed an agent to provide matching services, on a best-effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from 9:00 a.m. on Tuesday, 10 January 2023 to 4:00 p.m. on Thursday, 2 February 2023. Shareholders who wish to take advantage of this service should contact Mr. Leung Siu Wa of Cinda International Securities Limited at 45/F Cosco Tower, 183 Queen's Road Central, Hong Kong or at telephone number (852) 2235 7801 during office hours (i.e. 9:00 a.m. to 4:00 p.m.) of such period.

Shareholders should note that matching of the sale and purchase of odd lots of Consolidated Shares is not guaranteed. Shareholders, who are in any doubt about the odd lot arrangement, are recommended to consult their own professional advisers.

Exchange of share certificates for the Consolidated Shares

Subject to the Share Consolidation becoming effective, Shareholders may, on or after Thursday, 22 December 2022 until Monday, 6 February 2023 (both days inclusive) between 9:00 a.m. and 4:30 p.m. on any business day, submit the existing share certificates for the existing Shares (in blue colour) to the Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong to exchange, at the expense of the Company, for new share certificates of the Consolidated Shares (in orange colour).

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 each (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Share Registrar for each share certificate for the existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates involved is higher.

After 4:10 p.m. on Thursday, 2 February 2023, trading will only be in Consolidated Shares which share certificates will be issued in orange colour. Existing share certificates in blue colour for the existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

Adjustments in relation to other securities of the company

As at the Latest Practicable Date, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into any Shares.

Change in Board Lot Size

The Board announces that the board lot size for trading in the Shares on the Stock Exchange, conditional upon the Share Consolidation becoming effective, will be changed from 3,200 existing Shares to 6,400 Consolidated Shares.

LETTER FROM THE BOARD

Effect of the Capital Reorganisation

Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to the date on which the Capital Reorganisation effective, the share capital structure of the Company immediately after the Capital Reorganisation becoming effective will be as follows:

	As at the Latest Practicable Date	Immediately after the Share Consolidation becoming effective but prior to the Capital Reorganisation becoming effective	Immediately after the Capital Reorganisation becoming effective
Par value	HK\$0.25 per Share	HK\$1.25 per Consolidated Share	HK\$0.1 per New Share
Amount of the authorised share capital	HK\$400,000,000	HK\$400,000,000	HK\$400,000,000
Number of authorised Shares	1,600,000,000 Shares	320,000,000 Consolidated Shares	4,000,000,000 New Shares
Amount of the issued share capital	HK\$325,390,800	HK\$325,390,800	HK\$26,031,264
Number of issued shares	1,301,563,200 Shares	260,312,640 Consolidated Shares	260,312,640 New Shares

As at the Latest Practicable Date, 1,301,563,200 Shares have been issued and are fully paid or credited as fully paid. After the Share Consolidation becoming effective, there will be 260,312,640 Consolidated Shares with a par value of HK\$1.25 each in issue, which shall be reduced to HK\$0.1 per issued Consolidated Share by cancelling the paid up share capital to the extent of HK\$1.15 per issued Consolidated Share, so as to form issued New Shares with a par value of HK\$0.1 each. The Company's existing issued share capital of HK\$325,390,800 will be reduced by HK\$299,359,536 to HK\$26,031,264. In addition, immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares with a par value of HK\$1.25 each will be sub-divided into 12.5 unissued New Shares of HK\$0.1 each. The New Shares will rank *pari passu* in all respects with each other.

LETTER FROM THE BOARD

Exchange of new share certificates for the New Shares

As the Court hearing dates have yet to be fixed, the Second Effective Date is not ascertainable at present. Should the Capital Reduction and the Sub-division become effective, Shareholders may submit the existing share certificates for the Consolidated Shares (in orange colour) to the Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong to exchange, at the expense of the Company, for new share certificates of the New Shares (in green colour). Details of such free exchange of share certificates will be announced as soon as the Second Effective Date is ascertained.

The Company will publish further announcement(s) to update the Shareholders when the Court hearing dates, the Second Effective Date, and the period when the Shareholders can submit share certificates for the Consolidated Shares to exchange for new share certificates for the New Shares is/are ascertained and/or updated as and when appropriate.

All existing certificates of the Consolidated Shares or (as the case may be) the existing Shares will continue to be evidence of title to such Shares but all existing certificate of the existing Shares will cease to be valid for trading and settlement purpose.

Application for listing of the New Shares

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

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the New Shares on the Stock Exchange or 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

At the time both the Capital Reduction and the Sub-division become effective, the New Shares in issue will not be 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.

REASONS FOR AND EFFECTS OF THE CAPITAL REORGANISATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules and with reference to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange on 28 November 2008 and updated on 1 October 2020 (the “**Stock Exchange Guide**”), (i) where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities; and (ii) the expected value per board lot should be greater than HK\$2,000. On this basis, the Board considers that it is appropriate to undertake the Share Reorganisation.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Shares were traded in board lots of 3,200 Shares. Conditional upon the Share Consolidation becoming effective, the Board proposes to change the board lot size for trading on the Stock Exchange from 3,200 Shares to 6,400 Consolidated Shares.

For illustrative purposes only, with reference to the closing price of HK\$0.128 per Share as quoted on the Stock Exchange at the Latest Practicable Date, (i) the value of each board lot of 3,200 Shares would be HK\$409.6; (ii) after the Share Consolidation becoming effective, the theoretical closing price per Consolidated Share would be HK\$0.640, and each board lot of 3,200 Consolidated Shares would be HK\$2,048; and (iii) after the Share Consolidation becoming effective and the board lot size has been changed to 6,400 Consolidated Shares, the theoretical value for each new board lot would be HK\$4,096, which complies with the market price of the securities of an issuer and the expected value per board lot as set out in the Stock Exchange Guide.

The Company has considered other alternative ratios for the Share Consolidation and have proposed the current consolidation ratio after taken into account factors, including, the recent notable market volatility, the size of board lot would make the Shares more marketable and suitable for trading by existing Shareholders and potential investors. If the consolidation ratio is notably less than the proposed consolidation of every five (5) issued and unissued Shares into one (1) Consolidated Share (the “**Proposed Consolidation Ratio**”), the value per board lot would be relatively close to or below the stipulated HK\$2,000 per board lot level as set out in the Stock Exchange Guide. If the consolidation ratio is notably higher than the Proposed Consolidation Ratio, the entry amount of one board lot of Shares may become too high and less attractive to existing Shareholders and/or potential investors and possibly leading to lower trading volume. On this basis, the Company considered that the Proposed Consolidation Ratio to be reasonable and appropriate. In view of the foregoing, the Company considers the Share Consolidation to be justifiable notwithstanding the potential costs and impact arising from creation of odd lots (if any) to Shareholders. The Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

It is expected that the Share Consolidation and the Change in Board Lot Size will increase the value of each board lot of the Consolidated Shares to more than the stipulated minimum board lot value of HK\$2,000 as set out by the Stock Exchange Guide. Therefore, the Board considers that the Share Consolidation and the Change in Board Lot Size are justifiable and in the interests to the Company and the Shareholders as a whole.

Based on the annual report of the Company for the year ended 31 March 2022, the Company recorded accumulated losses as at 31 March 2022. The credit arising from the Capital Reduction will be applied towards offsetting the Accumulated Losses. The balance of any such credit remaining after offsetting the Accumulated Losses will be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner as permitted by the applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate. However, based on information available as at the Latest Practicable Date, the Board does not expect any remaining credit to be transferred to a distributable reserve account of the Company after the credit arising from the Capital Reduction is applied towards offsetting the Accumulated Losses.

LETTER FROM THE BOARD

The Board is of the opinion that the proposed Capital Reorganisation will enable the Company to offset its Accumulated Losses, provide the Company with greater flexibility to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's then performance and when the Board considers that it is appropriate to do so in the future.

Since the Shares have been trading below par value in the recent period, the Capital Reorganisation will reduce the par value of the Consolidation Shares from HK\$1.25 to HK\$0.1 each, which shall further enhance the Company's flexibility to issue new shares in the future given that the Company is not permitted, without order of the Court, to issue new shares below their par value. It is important for Shareholders to note that, as at the Latest Practicable Date, there can be no assurance that any dividends will be declared or paid in the future, or that the Company will issue new shares, even if the Capital Reorganisation takes effect.

As such, the Directors are of the view that the Capital Reorganisation is in the interests of the Company and its Shareholders as a whole.

Save for applying the credit arising from the Capital Reduction towards offsetting the Accumulated Losses and the expenses to be incurred in relation to the Capital Reorganisation, the Directors consider that the Capital Reorganisation will have no material effect on the underlying assets, business operations, financial position of the Company as a whole.

In the event that the Company conducts any corporate action(s) and/or arrangement(s) in the future, the Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

As at the Latest Practicable Date, save as disclosed in the interim results announcement of the Company dated 22 November 2022 (the "**2022 Interim Results Announcement**"), the Company does not have any intention to carry out any corporate action or arrangement that may undermine the intended purpose of the Share Consolidation in the coming 12 months.

Although the Board currently has no concrete plans on debt and/or equity fund raising exercises and that the Company has not entered into any agreement and/or arrangement with any party in this connection as at the Latest Practicable Date, the Company may conduct debt and/or equity fund raising exercises in the next 12 months when suitable fund raising opportunities arise in order to, among others, support the operations and future development of the Group. For further details, please refer to the 2022 Interim Results Announcement.

The Directors will consider carefully the likely impact to the Shareholders and the Group as a whole before the Company proceeds with any such debt/equity fund raising exercises. The Company will make further announcement(s) in this respect as required by the Listing Rules as and when appropriate.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the proposed resolutions in relation to the Capital Reorganisation to be put forward at the EGM is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of the resolutions to be proposed at the EGM.

EGM

The EGM will be held at 5th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 20 December 2022 at 3:00 p.m. for the purpose of considering and, if thought fit, to approve the resolutions regarding the Capital Reorganisation. To ascertain shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 15 December 2022 to Tuesday, 20 December 2022, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 14 December 2022.

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. by 3:00 p.m. on Sunday, 18 December 2022) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions approving the Capital Reorganisation at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore the chairman of the meeting will demand a poll on the resolutions regarding the Capital Reorganisation at the EGM. An announcement will be made by the Company on the poll results of the EGM.

SPECIAL ARRANGEMENTS RELATING TO COVID-19

The Company wishes to remind the Shareholders that attendance in person at the EGM is not necessary for the exercise of voting rights, as Shareholders may submit forms of proxy and appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM. Shareholders are recommended to read the instructions contained in the notice of the EGM carefully.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

MISCELLANEOUS

In case of any inconsistency between the English version and the Chinese translation of this circular, the English version shall prevail.

WARNING

Shareholders should take note that the Capital Reorganisation and the Change of Board Lot Size are conditional upon satisfaction of respective conditions set out in this circular. Therefore, the Capital Reorganisation and the Change of Board Lot Size may or may not proceed. Shareholders and potential investors 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.

Yours faithfully,
For and on behalf of the Board of
Synertone Communication Corporation
Han Weining
Executive Director and Chief Executive Officer

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Synertone Communication Corporation (the “**Company**”) will be held at 5th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 20 December 2022 at 3:00 p.m. (or any adjournment thereof) to consider and, if thought fit, pass with or without amendments, the following resolutions:

ORDINARY RESOLUTION

1. “**THAT** subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the Consolidated Shares (as defined below) upon the Share Consolidation (as defined below) becoming effective; and (ii) the compliance with the relevant procedures and requirements under the laws of the Cayman Islands and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) to effect the Share Consolidation, with effect from the second business day immediately following the date on which this resolution is passed or the above conditions are fulfilled (whichever is later):
 - a. every five (5) issued and unissued shares with a par value of HK\$0.25 each (the “**Existing Share(s)**”) in the existing share capital of the Company be and are consolidated (the “**Share Consolidation**”) into one (1) share with a par value of HK\$1.25 (the “**Consolidated Share(s)**”), and such Consolidated Shares shall rank *pari passu* in all respects with each other and shall have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the memorandum and articles of association of the Company;
 - b. any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation will be disregarded and will not be issued to the holders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the directors of the Company (the “**Directors**”) may think fit;
 - c. immediately following the Share Consolidation, the authorised share capital of the Company be changed from HK\$400,000,000 divided into 1,600,000,000 Existing Shares to HK\$400,000,000 divided into 320,000,000 Consolidated Shares; and

NOTICE OF EGM

- d. the Directors be and are hereby authorised to do all such acts and things and execute (under hand or as a deed and where appropriate, under the common seal of the Company) all documents which are ancillary to the Share Consolidation and of administrative nature, on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the implementation of the Share Consolidation.”

SPECIAL RESOLUTION

2. “**THAT** subject to and conditional upon (i) the Share Consolidation becoming effective; (ii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares (as defined below) in issue and to be issued upon the Capital Reduction (as defined below) and the Sub-division (as defined below) becoming effective; (iii) the Grand Court of the Cayman Islands (the “**Court**”) granting an order confirming the Capital Reduction (as defined below); (iv) the compliance with any conditions which the Court may impose in relation to the Capital Reduction (as defined below); (v) the registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction (as defined below) and the minute approved by the Court containing the particulars required under the Companies Act (2022 Revision) of the Cayman Islands with respect to the Capital Reduction (as defined below); (vi) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Capital Reduction (as defined below) and the Sub-division (as defined below); and (vii) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reduction (as defined below) and the Sub-division (as defined below), with effect from the date on which the above conditions are fulfilled (the “**Second Effective Date**”):
- a. the issued share capital of the Company be reduced by cancelling the paid-up capital of the Company to the extent of HK\$1.15 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.25 to HK\$0.1 (the “**Capital Reduction**”);
- b. immediately following the Capital Reduction becoming effective, each of the authorised but unissued Consolidated Shares with a par value of HK\$1.25 each be subdivided (the “**Sub-division**”) into 12.5 unissued new shares with a par value of HK\$0.1 each (the “**New Shares**”), and such New Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the memorandum and articles of association of the Company;
- c. immediately following the Capital Reduction and the Sub-division, the authorised share capital of the Company be changed from HK\$400,000,000 divided into 320,000,000 Consolidated Shares to HK\$400,000,000 divided into 4,000,000,000 New Shares;
- d. the credit arising from the Capital Reduction be applied towards offsetting the accumulated losses of the Company as at the Second Effective Date (the “**Accumulated Losses**”) and the balance of any such credit remaining after offsetting the Accumulated Losses be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner as permitted under the applicable laws and the memorandum and articles of association of the Company; and

NOTICE OF EGM

- e. the Directors be and are hereby authorised to do all such acts and things and execute (under hand or as a deed and where appropriate, under the common seal of the Company) all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the implementation of the Capital Reduction and the Sub-division.”

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

Hong Kong, 2 December 2022

Registered office:

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 1012, 10/F
Tsim Sha Tsui Centre
66 Mody Road
Kowloon, Hong Kong

Notes:

- a. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or if he/she/it is a holder of more than one share of the Company, one or more proxies to attend and vote in his/her/its stead in accordance with the articles of association of the Company. A proxy need not be a member of the Company, but must be present to represent the member.
- b. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power of attorney or other authority, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong not later than 3:00 p.m. on Sunday, 18 December 2022 or not less than 48 hours before the time for holding of the adjourned meeting. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM convened or any adjournment thereof, if he/she/it so wish. In such event, the form of proxy previously submitted shall be deemed to be revoked.
- c. To ascertain the shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 15 December 2022 to Tuesday, 20 December 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the EGM, all transfer of shares of the Company accompanied by the relevant share certificate(s) must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 December 2022.
- d. Pursuant to Rule 13.39(4) of the Listing Rules, at any general meeting a resolution put to the vote of the meeting shall be decided by poll.
- e. Where there are joint holders of shares of the Company, any one of such joint holders may vote at the EGM (or any adjournment thereof), either in person or by proxy, in respect of such share of the Company as if he/she/it is solely entitled thereto; but if more than one of such joint holders be present at the EGM in person or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share of the Company will alone be entitled to vote in respect thereof.
- f. References to time and dates in this notice are to Hong Kong time and dates.
- g. As at the date of this notice, the executive Directors are Mr. Han Weining and Ms. Wang Jie; and the independent non-executive Directors are Mr. Lam Ying Hung Andy, Mr. Wang Chen and Ms. Li Mingqi.

NOTICE OF EGM

PRECAUTIONARY MEASURES FOR THE EGM

Taking into account the recent developments of the coronavirus disease 2019 (COVID-19), the Company will implement the following prevention and control measures at the EGM to safeguard the health and safety of the shareholders attending the EGM:

1. Compulsory body temperature check will be conducted for every shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius will not be admitted to the venue.
2. Every shareholder or proxy is required to wear a surgical face mask throughout the meeting.
3. No refreshments will be served and no corporate gifts will be distributed.

Shareholders, particularly those who are subject to quarantine in relation to COVID-19, are reminded that they may appoint any person or the chair of the EGM as a proxy to attend and vote at the EGM, instead of attending and voting in person. A form of proxy for use at the EGM is enclosed with the circular convening the EGM and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.synertone.net>).