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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)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF SUBSIDIARIES

THE DISPOSAL

On 25 July 2025 (after trading hours), the Vendor, an indirect non wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing approximately 66.67% of the issued share capital of the Target Company at the Consideration of HK$2,500,000. Upon Completion, the Target Company and its subsidiaries will cease to be subsidiaries of the Company.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, approximately 33.33% of the issued share capital of the Target Company is held by the Purchaser. Accordingly, the Purchaser is a connected person at the subsidiary level of the Company. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in relation to the Disposal is below 25% and the total consideration is less than HK$10,000,000, the Disposal is subject to the reporting and announcement requirements, but exempt from independent Shareholders' approval requirements under the Rule 14A.76(2)(b) of the Listing Rules.

As the highest applicable percentage ratio for the Disposal is above 5% but below 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The Board announces that on 25 July 2025 (after trading hours), the Vendor, an indirect non wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing approximately 66.67% of the issued share capital of the Target Company at the Consideration of HK$2,500,000. Upon Completion, the Target Company and its subsidiaries will cease to be subsidiaries of the Company.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date:	25 July 2025	
Parties:	Vendor:	Sense Field Group Limited
	Purchaser:	Guochuang Financial Limited (formerly known as Hong Kong Haoxuan Co., Limited)
Subject matter:	Disposal of the Sale Shares representing approximately 66.67% of the issued share capital of the Target Company. Further information of the Target Company is set out in the section headed "Information of the Target Group" in this announcement.	
Consideration:	The consideration for the Disposal is HK$2,500,000, payable by the Purchaser to the Vendor in cash at Completion.	
Conditions precedent:	Under the Agreement, Completion shall be subject to the satisfaction of the following conditions precedent:	

(1) all requisite consents, authorizations and approvals (or, as the case may be, the relevant waiver) from and all other filings and registrations with any governmental authorities or any other third party in connection with the entering into and performance of the terms of the Agreement having been obtained and completed by the Purchaser, the Vendor and members of the Target Group;

(2) the representations and warranties of the Purchaser and the Vendor set out in the Agreement remaining true, accurate and complete in all respects and not misleading in any material respect leading up to and as at Completion; and

(3) no breach of obligations and undertakings given by the Vendor in the Agreement to be performed before Completion.

Completion: Subject to the continuing fulfilment of the conditions precedent or waiver thereof, as the case may be, Completion shall take place at such time and place as agreed between the Vendor and Purchaser on a date falling within five (5) Business Days from the date on which the conditions precedent have been fulfilled or waived (as the case may be).

BASIS OF THE CONSIDERATION

The Target Group reported negative fair value of approximately HK$4,209,000, which comprises: (i) the unaudited consolidated net liabilities (including the book value of the Right-of-use assets and the Property of approximately HK$26,166,000) of the Target Group of approximately HK$5,727,000 as at 31 May 2025; and (ii) appraised market value of the Right-of-use assets and the Property of approximately RMB25,500,000 (equivalent to approximately HK$27,684,000) as at 30 June 2025 as indicated in the valuation report prepared by an independent qualified professional valuer, using market approach for the Right-of-use assets and cost approach for the Property.

The Consideration was arrived at after arm's length negotiations with the Purchaser, taking into account: (i) the negative fair value of the Target Group based on latest management accounts; (ii) the difficulties in realising the Target Group's real estate assets in the PRC; and (iii) the benefits of the Disposal to be brought to the Group as stated in the section headed "Reasons for and benefits of the Disposal" of this announcement, the Board considers that the consideration for the Disposal is fair and reasonable.

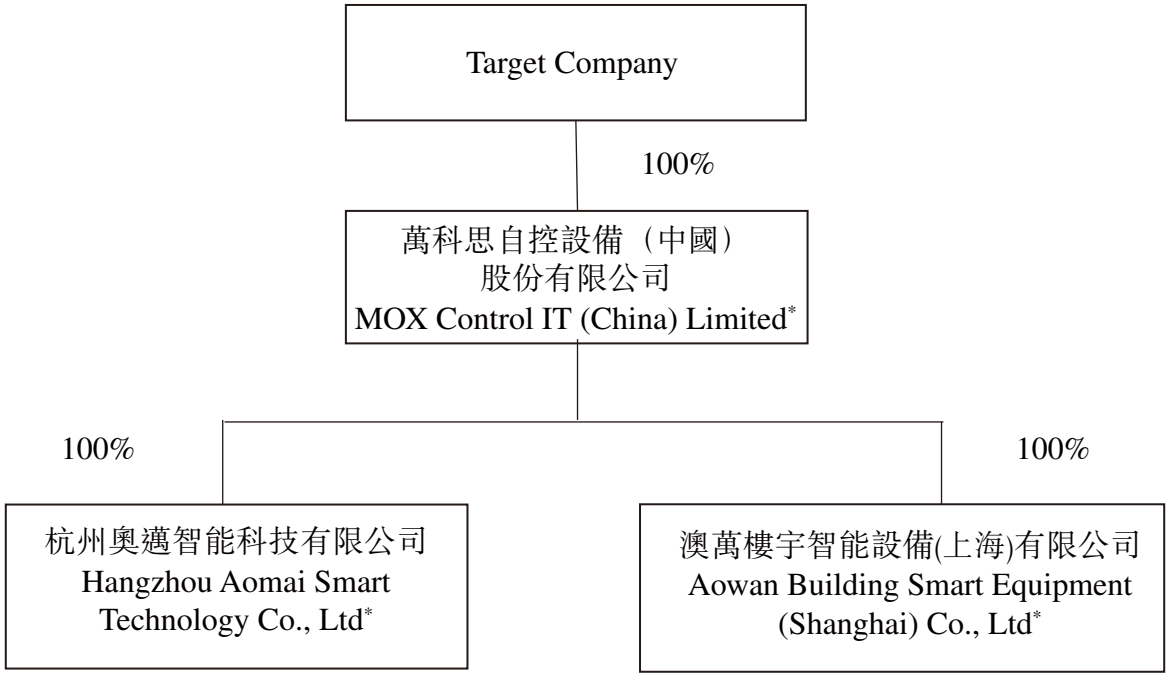
INFORMATION OF THE VENDOR AND THE PURCHASER

The Vendor is a company incorporated in the British Virgin Islands and an indirect non wholly-owned subsidiary of the Company, and is principally engaged in investment holding.

The Purchaser is a limited liability company incorporated in Hong Kong and is principally engaged in the the provision of financial consultancy service, and its entire issued share capital is ultimately beneficially owned by Mr. Ma Wenkui, who is a businessperson resided in the PRC.

INFORMATION OF THE TARGET GROUP

The Target Company, a company incorporated in the British Virgin Islands with limited liability, is an indirect non wholly-owned subsidiary of the Company prior to the Completion, together with its wholly-owned subsidiaries incorporated in the PRC, are principally engaged in design, research and development, manufacture and sales of intelligent building system including video intercom and surveillance system for buildings. The structure of the Target Group is as follows as at the date of this announcement:



Set out below certain unaudited consolidated financial information in relation to the Target Group, which was prepared in accordance with the Hong Kong Financial Reporting Standards as below:

	For the year ended 31 March	
	2025	**2024**
	HK$'000	*HK$'000*
Revenue	1,291	6,044
Net loss before taxation	(6,664)	(2,957)
Net loss after taxation	(6,664)	(2,957)

The unaudited consolidated net liabilities value of the Target Group as at 31 May 2025 was approximately HK$5,727,000.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Target Company and its subsidiaries will cease to be subsidiaries of the Company and the financial statements of the Target Group will no longer be consolidated into the Group's financial statements.

It is estimated that the Group will recognise a loss of approximately HK$60,000 from the Disposal. The estimated loss is based on the difference between (i) the Consideration; (ii) the Group's share of unaudited consolidated net liabilities of the Target Group of approximately HK$4,268,000 as at 31 May 2025; and (iii) the release of foreign currency translation reserve of approximately HK$6,828,000 upon the Disposal.

The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to the review and final audit by the auditors of the Company. The net proceeds will be used for the Group's general working capital.

REASONS FOR AND BENEFIT OF THE DISPOSAL

The Group is principally engaged in (i) design, development and sales of automation control systems and solutions, (ii) design, research and development, manufacture and sales of intelligent systems and other related products including video intercom and surveillance systems for residential homes and buildings, (iii) rental and maintenance in relation to computer equipment and machines, information technology infrastructure and other related services and advanced technologies such as robots; and (iv) smartphone distribution business.

The Directors considered that the Disposal will alleviate the Group's financial burden associated with the Target Group's net liabilities position of approximately HK$5,727,000 and therefore enhancing its overall financial position. In particular, the Group will be able to discharge its debt obligations of the Target Group attributed to a bank loan of approximately HK$43,757,000 as at 31 May 2025. Furthermore, the Target Group's financial performance has fallen short of expectations in the past few years, exhibiting consistently low and declining revenue and profitability. The Disposal will then allow the Group to reallocate its resources to business segments with stronger growth potential and profitability, thereby optimizing operational efficiency and supporting long-term strategic goals.

As stated in the annual results announcement of the Company dated 30 June 2025, the Group remains committed to leveraging its technical expertise, established sales network with brand recognition of "MOX" that is trademarked internationally, and especially the manufacturing capabilities to pursue new opportunities. The building intelligence business of the Target Group was originated in Australia and relocated to China in the past, however, due to the geopolitical tensions, and particularly the recent United State tariffs, it is now viable to relocate the manufacturing back to Australia, enable sales into markets wary of Chinese products as security risks, while avoiding tariff-related costs. Based on this change in the manufacturing landscape, the Group is actively pursuing this opportunity.

On the basis of the foregoing, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable, and the transactions contemplated under the Agreement are on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, approximately 33.33% of the issued share capital of the Target Company is held by the Purchaser, the Purchaser is a connected person at the subsidiary level of the Company. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in relation to the Disposal is below 25% and the total consideration is less than HK$10,000,000, the Disposal is subject to the reporting and announcement, but exempt from independent Shareholders' approval requirements under the Rule 14A.76(2)(b) of the Listing Rules.

As the highest applicable percentage ratio for the Disposal is above 5% but below 25%, the Disposal constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

None of the Directors has a material interest in the transaction contemplated under the Agreement or is required to abstain from voting on the resolution to approve the transactions contemplated under the Agreement.

DEFINITIONS

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

"Agreement"	the sale and purchase agreement regarding 50,000 ordinary shares of the Target Company dated 25 July 2025
"Board"	the board of Directors
"Business Day(s)"	any day (excluding a Saturday) on which banks in Hong Kong are open for business in Hong Kong generally throughout their normal business hours
"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"	completion of the Disposal
"connected person"	has the meaning ascribed to it in the Listing Rules
"Consideration"	HK$2,500,000, being the total consideration payable by the Purchaser to the Vendor for the Disposal
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Shares (being approximately 66.67% of the total issued share capital of the Target Company) in accordance with the terms and conditions of the Agreement

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China which, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Property"	the building situated on the land under the Right-of-use assets
"Purchaser"	Guochuang Financial Limited (formerly known as Hong Kong Haoxuan Co., Limited), a company incorporated in Hong Kong with limited liability
"Right-of-use assets"	the land numbered 1, 2, 3, 4, 5 on 130 Qun Xian Lu, Jiaxing, Zhejiang Province, PRC* (浙江省嘉興市群賢路130號1、2、3、4、5幢土地)
"Sale Shares"	50,000 ordinary shares of the Target Company representing approximately 66.67% of the entire issued share capital of the Target Company, beneficially and legally owned by the Vendor
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	MOX Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non wholly-owned subsidiary of the Company immediately prior to the completion of the Disposal

"Target Group"	the Target Company and its subsidiaries
"Vendor"	Sense Field Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non wholly-owned subsidiary of the Company
"%"	per cent.

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

Hong Kong, 25 July 2025

As at the date of this announcement, the executive Directors are Mr. Han Weining, Mr. You Yiyang and Mr. He Bianliu; 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.

* *For identification purpose only*