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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)

**(I) INSIDE INFORMATION: MEMORANDUM OF UNDERSTANDING ON
STRATEGIC COOPERATION
AND
(II) DISCLOSEABLE TRANSACTION: PURCHASE OF GATEWAY
EQUIPMENT AND RELEVANT SOFTWARE**

INTRODUCTION

The Board is pleased to announce that on 20 November 2015, (i) the Company entered into the MOU with Gilat in relation to the strategic cooperation between the parties; and (ii) the Company has nominated Vastsuccess (being its wholly-owned subsidiary) to entered into the Sales Agreement with Gilat for purchasing gateway equipment, a right to use the NMS software and related technical support services. Gilat is an Independent Third Party.

THE MOU

Under the MOU, it is contemplated by the Company and Gilat to develop a strategic cooperation in the areas of Synertone 1 ground system upgrade, manufacturing of satellite communication products, and the research and development of the next generation of satellite communication products.

The MOU is valid for a period of one (1) year from the date of signing and may be extended by a written agreement signed between the Company and Gilat.

SALES AGREEMENT

In order to upgrade the ground network segment of Synertone 1 satellite, Vastsuccess, a wholly-owned subsidiary of the Company, entered into the Sales Agreement with Gilat for purchasing gateway equipment, a right to use the NMS software and related technical support services at a total consideration of US\$12,392,924 (equivalent to approximately HK\$96.7 million).

As one or more of applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the transaction contemplated under the Sales Agreement exceed 5% but are less than 25%, the transaction contemplated under the Sales Agreement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that the proposed cooperation contemplated under the MOU may or may not materialize, save as Sales Agreement, no definitive agreement has been executed between the parties and discussions are still in progress.

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 20 November 2015, (i) the Company entered into the MOU with Gilat in relation to the strategic cooperation between the parties; and (ii) the Company has nominated Vastsuccess (being its wholly-owned subsidiary) to entered into the Sales Agreement with Gilat for purchasing gateway equipment, a right to use the NMS software and related technical support services.

THE MOU

The major terms of the MOU are as follows:

Date : 20 November 2015

Parties : (i) The Company

(ii) Gilat

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Gilat, a public listed company, is an Independent Third Party, and the Company is unaware who Gilat's ultimate beneficial owner is.

THE PROPOSED COOPERATION UNDER THE MOU

The MOU set out the framework for discussing the objectives of the Company and Gilat of exploring opportunities for cooperation to expand business opportunities as follow:

- (a) the parties shall jointly develop the next generation of satellite communication products with strong competitive advantages.
- (b) the parties shall cooperate to utilize the advanced productivity of Shenzhen and the market potential of China and Asia pacific area.

Under the MOU, it is contemplated by the Company and Gilat to develop a strategic cooperation in the areas of Synertone 1 ground system upgrade, manufacturing of satellite communication products, and the research and development of the next generation of satellite communication products.

Upon entry into force of the MOU, the parties will within the validity of the MOU, through consultations and negotiations to prepare separate definitive agreements to define the rights and obligations of the parties in the matters under the specific cooperation project and so forth.

The MOU is valid for a period of one (1) year from the date of signing and may be extended by a written agreement signed between the Company and Gilat.

THE SALES AGREEMENT

In order to upgrade the ground network segment of Synertone 1 satellite, Vastsuccess, a wholly-owned subsidiary of the Company, entered into the Sales Agreement with Gilat for purchasing gateway equipment, a right to use the NMS software and related technical support services at a total consideration of US\$12,392,924 (equivalent to approximately HK\$96.7 million).

Terms of the Sales Agreement are summarised as follows:

Date : 20 November 2015

Parties : Vastsuccess, a wholly-owned subsidiary of the Company, as nominated by the Company as the purchaser

Gilat, an Independent Third Party, as the supplier

Consideration : The aggregate consideration payable under the Sales Agreement is US\$12,392,924 (equivalent to approximately HK\$96.7 million)

Under the Sales Agreement, Vastsuccess agreed to purchase from Gilat the Hub Station Equipment and VSAT Equipment, a right to use the equipment software provided by Gilat and loaded in the equipment as updated from time to time and the program management, site surveys, equipment installation services (including acceptance testing), training services and maintenance services, which will increase the capacity of Synertone 1 satellite substantially.

The Consideration would be paid according to the following schedule:

- (1) A non-refundable down payment of US\$1,174,164.40 (equivalent to approximately HK\$9.16 million) would be made to Gilat within five (5) days after the Sales Agreement was entered into.
- (2) the remaining Consideration would be made according to the purchase orders issued by Vastsuccess under the Sales Agreement.

The Consideration was determined based on normal business terms and after arm's length negotiations between Vastsuccess and Gilat with reference to the market price for similar projects, terms, size and territory and after taking into account the reasons and benefits of the equipment purchased as described under the section below headed "Reasons and Benefits of the Sales Agreement".

THE SUPPLIER

Gilat, is a public listed company headquartered in Israel that develops and sells a wide range of satellite ground segment equipment and VSATs. Gilat specializes in fixed and on-the-move communications for commercial and government entities.

REASONS AND BENEFITS OF THE SALES AGREEMENT

The Group is primarily engaged in the design and development of products and technologies relating to digital trunking and satellite communication systems through its own research and development and acquisition of relevant intellectual property rights and technology know-how from third parties. Following the acquisition of the "Synertone 1" (IPSTAR) satellite bandwidth in October 2013, the Group has started the business of satellite communication operation which provides broadband internet access.

“Company”	Synertone Communication Corporation, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1613)
“Consideration”	the total consideration of the Sales Agreement, being US\$12,392,924 (equivalent to approximately HK\$96.7 million)
“Director(s)”	the director(s) of the Company
“Gilat”	Gilat Satellite Networks Ltd. is a public company headquartered in Israel that develops and sells a wide range of satellite ground segment equipment and VSATs. Its shares are traded on the NASDAQ Global Select Market and on the Tel Aviv Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person/entity who/which is a third party independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 20 November 2015 entered into between the Company and Gilat in relation to the strategic cooperation between the parties
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sales Agreement”	the agreement entered into between Vastsuccess and Gilat dated 20 November 2015 for the purchase by Vastsuccess from Gilat of gateway equipment, a right to use the NMS software and related technical support services

“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vastsuccess”	Vastsuccess Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“VSAT”	Very Small Aperture Terminal, is a two-way satellite ground station with a dish antenna, which is commonly used to transmit narrowband data or broadband data for transportable and on-the-move communication
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the Board
Synertone Communication Corporation
Wong Chit On
Chairman and Executive Director

Hong Kong, 20 November 2015

As at the date of this announcement, the executive directors are Mr. Wong Chit On and Mr. Han Weining; and the independent non-executive directors are Mr. Lam Ying Hung Andy, Mr. Hu Yunlin and Mr. Wang Chen.

In this announcement, amount in US\$ has been translated, for illustration purpose only, into HK\$ at the exchange rate of US\$1.00 = HK\$7.80.