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SYNERTONE
SYNERTONE COMMUNICATION CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1613)

**INSIDE INFORMATION: SIGNING OF
MEMORANDUM OF UNDERSTANDING**

This announcement is made by Synertone Communication Corporation (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 of directors of the Company (the “**Board**”) is pleased to announce that on 7 March 2014, the Company entered into a non-binding co-operative memorandum of understanding (the “**MOU**”) with China Telecom Satellite Communications Limited (“**CTS**”) under which, it is contemplated by the parties that:

- (1) CTS shall act as the principal agent of the Company in the People’s Republic of China (the “**PRC**”) to sell 2,000 sets of the Company’s “On-the-move” communication products within two years, including the sales of:
 - D300 Model at a suggested market price of RMB300,000 per set;
 - D450 Model at a suggested market price of RMB390,000 per set;
 - D600 Model at a suggested market price of RMB580,000 per set; and
 - “Synertone 1 (or IPSTAR)” Minimized Model at a suggested market price of RMB100,000 per set.
- (2) CTS shall include the above-mentioned “On-the-move” communication products in its product line, marketing channel and sales platforms throughout the PRC;
- (3) The Company shall offer to its customers satellite bandwidth resources together with its “On-the-move” communication products as a collaborative communication solution to provide one-stop services in accordance with the needs of its customers;

- (4) The parties shall explore the provision of “1349” telephone line in the PRC to the Company in order to enable the Company to develop its new business in the provision of satellite telephone communication services; and
- (5) CTS shall become a strategic partner of the Company to develop the satellite communication industry in the PRC under the support of “Synertone 1 (or IPSTAR)” satellite bandwidth resources and the “Beidou” satellite navigation system.

To the best knowledge, information and belief of the directors of the Company having made all reasonable enquiries, CTS is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

The terms of the MOU shall be the basis for the parties to negotiate a formal legally-binding agreement. Although the MOU does not set out a time frame for the signing of the formal agreement, the MOU is not performable unless and until a formal agreement is signed and executed.

Shareholders and potential investors of the Company should note that the proposed cooperation contemplated under the MOU may or may not materialize and accordingly, they should exercise caution when dealing in the securities of the Company.

For and on behalf of the Board
Synertone Communication Corporation
Wong Chit On
Chairman and executive director

Hong Kong, 7 March 2014

As at the date of this announcement, the executive directors are Mr. Wong Chit On, Mr. Han Weining, Mr. Zhang Jinbing and Mr. Wang Shaodong, the non-executive director is Mr. Zhang Xuebin, and the independent non-executive directors are Mr. Lam Ying Hung Andy, Mr. Hu Yunlin and Mr. Cai Youliang.