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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)

INSIDE INFORMATION ANNOUNCEMENT IN RESPECT OF ENTERING INTO NON-EXCLUSIVE MANUFACTURING AGREEMENT

This announcement is made by Synertone Communication Corporation (“**Company**”, together with its subsidiaries, “**Group**”) 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).

Reference is made to the Company’s announcement dated 20 November 2015 in respect of, among other things, the entering into the MOU with a public listed company headquartered in Israel and is an Independent Third Party (the “**Cooperating Partner**”) pursuant to which the parties intended to become strategic cooperating partners in a number of areas including but not limited to the manufacturing of satellite communication products (the “**Announcement**”). Capitalized terms used herein shall have the same meanings as those defined in the Announcement unless otherwise defined herein or the context otherwise requires.

Since the entering into of the MOU, the Company and the Cooperating Partner have been in close negotiation to explore any means of cooperation. The Board is pleased to announce that, on 24 November 2016 (after trading hours of the Stock Exchange), the Company entered into a non-exclusive manufacturing agreement with the Cooperating Partner (“**Manufacturing Agreement**”), pursuant to which the Cooperating Partner provided the Company with a non-exclusive license to manufacture certain of its products including the “Capricorn” and “Gemini” VSAT’s as set out in the Manufacturing Agreement (“**Products**”).

PRINCIPAL TERMS OF THE MANUFACTURING AGREEMENT

Pursuant to the Manufacturing Agreement, the Cooperating Partner may from time to time place orders for Products to the Company which will manufacture the Products in accordance with the terms of the Manufacturing Agreement intended solely for the use of the Cooperating Partner, subject to the right of the Company to manufacture and sell the Products to its customers using the services of the “Synertone 1” satellite within the territory of the PRC including Hong Kong, Macau Special Administrative Region of the PRC and Taiwan subject to the payment of royalty and license fee specified in the Manufacturing Agreement.

The Manufacturing Agreement shall remain in effect for an initial period of five years (unless earlier terminated) from the date of the Manufacturing Agreement. The Manufacturing Agreement shall be automatically renewed for successive periods of one year each, unless and until either party notifies the other to the contrary at least 90 days prior to the then current term.

REASONS FOR ENTERING INTO THE MANUFACTURING AGREEMENT

The Board expects to benefit from the increase in revenue generated from the services provided under the Manufacturing Agreement and the increase in revenue generated through manufacturing and sale of the Products to its customers. As such, the Board considers that the entering into of the Manufacturing Agreement represents a good opportunity for the Group to fully utilize its manufacturing facility, enhance its product capability and services enabling the Group to further expand its business and revenue base.

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

Hong Kong, 24 November 2016

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. Wang Chen and Ms. Li Mingqi.