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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 TRANSACTION
SALE AND PURCHASE OF RESPIRATOR MASKS**

The Board is pleased to announce that on 2 May 2020, LakeWest, a wholly-owned subsidiary of the Company, has entered into the Sale Contract and the Purchase Contract for the sale and purchase of respirator masks.

PURCHASE CONTRACT

LakeWest (a wholly-owned subsidiary of the Company), as purchaser, has entered into the Purchase Contract with Indiko Co, as seller, for the sale and purchase of respirator masks for a total amount of US\$1,870,000.

SALE CONTRACT

LakeWest (a wholly-owned subsidiary of the Company), as seller, has entered into the Sale Contract with SOG, as purchaser, for the sale and purchase of respirator masks for a total amount of US\$2,530,000.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Sale Transaction exceeds 5% but is less than 25%, the Sale Transaction constitutes a discloseable transaction for the Company under Chapter 14 and is subject to the notification and announcement requirements under the Listing Rules.

The Board is pleased to announce that on 2 May 2020, LakeWest, a wholly-owned subsidiary of the Company, has entered into the Sale Contract and the Purchase Contract for the sale and purchase of the Products.

PURCHASE CONTRACT

LakeWest has entered into the Purchase Contract with Indiko Co for the purchase of the Products from Indiko Co. The salient terms of the Purchase Contract are summarised below.

Date

2 May 2020

Parties

Seller: Indiko Co, ultimately beneficially owned by Ms. Lee Kyung Sook as to 100%

Purchaser: LakeWest, a wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Indiko Co and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject of the Purchase

According to the Purchase Contract, LakeWest has agreed to purchase from Indiko Co, and Indiko Co has agreed to sell to LakeWest, the Products for a total amount of US\$1,870,000.

Purchase Price

The Purchase Price for the Products shall be paid by LakeWest to Indiko Co in the following manner:

- (i) 55% of the Purchase Price shall be paid upon the signing of the Purchase Contract; and
- (ii) the remaining balance of 45% of the Purchase Price shall be paid within 48 hours after the Products having obtained US customs clearance.

The Purchase Price was arrived at based on normal commercial terms after arm's length negotiations between the parties to the Purchase Contract after taking into account of (i) the global market demand for and supply of respirator masks currently; (ii) the prevailing market price for procurement of respirator masks; and (iii) with reference to the Selling Price of the Products.

SALE CONTRACT

LakeWest has entered into the Sale Contract with SOG for the sale of the Products to SOG with delivery to a designated address in the US. The salient terms of the Sale Contract are summarised below.

Date

2 May 2020

Parties

Seller: LakeWest, a wholly-owned subsidiary of the Company

Purchaser: SOG, ultimately beneficially owned by Mr. Yeap as to 100%

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, SOG and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject of the Sale

According to the Sale Contract, LakeWest has agreed to sell to SOG, and SOG has agreed to purchase from LakeWest, the Products for a total amount of US\$2,530,000.

Selling Price

SOG shall pay the Selling Price to LakeWest no later than six business days upon receipt of the Products in the US and the fund shall be deposited into the designated account of LakeWest.

The Selling Price was arrived at based on normal commercial terms after arm's length negotiations between the parties to the Sale Contract after taking into account of (i) the global market demand for and supply of respirator masks currently; (ii) the prevailing market price for procurement of respirator masks; and (iii) with reference to the Purchase Price of the Products.

Mr. Yeap agreed (i) to procure payment to LakeWest for the Products within six business days upon receipt of the Products in the US; and (ii) in the event SOG fails to make payment to LakeWest, he shall personally pay the Selling Price to LakeWest.

REASONS FOR AND BENEFITS OF THE SALE TRANSACTION

As COVID-19 epidemic outbreak continues to spread worldwide without a clear sign of improvement, there is a persistent shortage of medical supplies, in particular the respirator masks, in many foreign countries. The Group is keen to support people who are in need of help in this difficult time by responding to the exigent demand for face masks with the primary objective to save lives.

The terms of the Sale Transaction were determined on arm's length negotiations between the Group and each of Indiko Co and SOG, respectively. Having considered the financial resources currently available to the Group and the expected trading debt turnover for the Sale Transaction, the Board believes that the Sale Transaction will enable the Group to recognize a secured profit while it intends to fulfill its social and ethical responsibility.

The Directors consider that the terms of the Sale Transaction are fair and reasonable and on normal commercial terms, and the Sale Transaction is in the interests of the Company and its Shareholders as a whole.

GENERAL

Information of the Company, the Group and LakeWest

The Company is a limited liability company incorporated in the Cayman Islands and its shares are listed and traded on the Stock Exchange. It is principally engaged in investment holding.

The Group is principally engaged in (i) design, development and sale of automation control systems and (ii) design, research and development, manufacture and sale of intelligent building system including video intercom and surveillance system for buildings.

LakeWest is a limited liability company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company. It is principally engaged in corporate administration and management.

Information of Indiko Co

Indiko Co is a limited liability company incorporated in Korea and is ultimately beneficially owned as to 100% by Ms. Lee. Indiko Co is principally engaged in the trading of respirator masks.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Indiko Co and Ms. Lee are Independent Third Parties.

Information of SOG

SOG is a limited liability company incorporated in Hong Kong and is ultimately beneficially owned as to 100% by Mr. Yeap. It is principally engaged in trading activities.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, SOG and Mr. Yeap are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Sale Transaction exceeds 5% but is less than 25%, the Sale Transaction constitutes a discloseable transaction for the Company under Chapter 14 and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties independent of the Company and its connected persons

“Indiko Co”	Indiko Co, a company incorporated in Korea with limited liability
“LakeWest”	LakeWest Holdings Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yeap”	Mr. Yeap Jonathan Soon Pin, an experienced investor and businessman in trading business
“Ms. Lee”	Ms. Lee Kyung Sook, a Korean investor in the face mask business
“Products”	certain amount of respirator masks, which obtained the US FDA approval and were in the same class as N95 quality standard
“Purchase Contract”	the purchase contract dated 2 May 2020 entered into between Indiko Co, as the seller, and LakeWest, as the purchaser, for the sale and purchase of the Products
“Purchase Price”	an amount of US\$1,870,000, being the consideration for the Products under the Purchase Contract
“Sale Contract”	the sale contract dated 2 May 2020 entered into between SOG, as the purchaser, and LakeWest, as the seller, for the sale and purchase of the Products
“Sale Transaction”	the transactions contemplated under the Purchase Contract and the Sale Contract
“Selling Price”	an amount of US\$2,530,000, being the consideration for the Products under the Sale Contract
“Shareholders”	holder(s) of the shares of the Company

“SOG”	SOG Trading Limited, a company incorporated in Hong Kong with limited liability and is ultimately beneficially owned as to 100% by Mr. Yeap
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	the United States of America
“US\$”	United States dollar(s), the lawful currency of the US

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

Hong Kong, 2 May 2020

As at the date of this announcement, the executive Director is Mr. Han Weining; and the independent non-executive Directors are Mr. Lam Ying Hung Andy, Mr. Wang Chen and Ms. Li Mingqi.