SYNERTONE

SYNERTONE COMMUNICATION CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1613)

VERY SUBSTANTIAL ACQUISITION AND RESUMPTION OF TRADING

Financial adviser to Synertone Communication Corporation

CLC INTERNATIONAL LIMITED
創僑國際有限公司

Reference is made to the announcement of the Company dated 30 December 2012, whereby it was disclosed that VAST and the Vendor has entered into the Framework Agreement in relation to a possible acquisition of the Assets.

THE ACQUISITION

The Board is pleased to announce that, on 29 March 2013, VAST entered into the Definitive Agreement with the Vendor, pursuant to which VAST conditionally agreed to acquire from the Vendor and the Vendor conditionally agreed to provide to VAST (i) the Bandwidth Capacity and the Bandwidth Capacity Service and (ii) the Right To Use for the transmission of broadband Internet access and other applications throughout the Service Period.

CONSIDERATION

The Consideration amounts to US$80.0 million, which consists of (i) cash installments in aggregate of approximately US$75.9 million payable annually by VAST to the Vendor during the Service Period in accordance with the payment schedule set out in the Definitive Agreement; and (ii) the 64,000,000 Consideration Shares amounting to approximately US$4.1 million to be allotted and issued at the Issue Price on the Commencement Date.

The number of Consideration Shares represents (i) approximately 5.33% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

SERVICE COMMENCEMENT

Service Commencement will take place on the first business day after all conditions set out in the Definitive Agreement are fulfilled or waived by VAST and the Vendor. If all the conditions have not been met or waived on or before 30 September 2013, the Definitive Agreement shall automatically terminate.

A further announcement will be made by the Company when all of the conditions to Service commencement have been fulfilled or waived (as the case may be).

REVENUE SHARING AGREEMENT

VAST agreed to share its revenue derived from the service provision of the Bandwidth Capacity and Right To Use to its customers with the Vendor. VAST and the Vendor agreed that during the agreement term, revenue entitled to receive by VAST shall be shared with the Vendor at 8% of the sum of revenue derived from (i) the revenue entitled to receive by VAST through CTS's service providers or customers; and (ii) the revenue entitled to receive by VAST through VAST's customers.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to approval by the Shareholders. The EGM will be convened to seek approval from the Shareholders for the transactions contemplated under the Definitive Agreement and the Revenue Sharing Agreement. No Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM regarding the transactions contemplated under the Definitive Agreement and the Revenue Sharing Agreement.

A circular containing, among other matters, (i) details of the Acquisition and the transactions contemplated under the Definitive Agreement and Revenue Sharing Agreement, (ii) financial information of the Group, (iii) financial information of the Assets, (iv) a valuation report on the Assets, (v) unaudited pro forma financial information of the Enlarged Group; (vi) a PRC legal opinion on the legality of the Group to carry out the IPSTAR Business in the PRC; and (vii) the notice of the EGM will be despatched to Shareholders on or before 23 May 2013, as more time is required to prepare the financial information of the Assets to be included therein.

As the Service Commencement is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not be completed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 April 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 16 April 2013.

Reference is made to the announcement of the Company dated 30 December 2012, whereby it was disclosed that VAST and the Vendor has entered into the Framework Agreement in relation to a possible acquisition of the Assets.

The Board is pleased to announce that, on 29 March 2013, VAST entered into the Definitive Agreement with the Vendor, pursuant to which VAST conditionally agreed to acquire from the Vendor and the Vendor conditionally agreed to provide to VAST (i) the Bandwidth Capacity and the Bandwidth Capacity Service and (ii) the Right To Use for the transmission of broadband Internet access and other applications throughout the Service Period.

DEFINITIVE AGREEMENT

Date: 29 March 2013

Parties:

(1) VAST, a wholly-owned subsidiary of the Company, as the purchaser; and

(2) the Vendor, a subsidiary of Thaicom, as the vendor.

The Vendor is a company established under the laws of British Virgin Islands and a subsidiary of Thaicom, the issued shares of which are listed on The Stock Exchange of Thailand. The Vendor has been granted the exclusive right to use and operate the Satellite, and has operation of the IPSTAR Business throughout the Asia-Pacific region.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its associates are independent of and not connected with the Company and its connected persons as defined in the Listing Rules as at the date of this announcement.

Assets to be acquired:

Pursuant to the Definitive Agreement, VAST has conditionally agreed to acquire from the Vendor and the Vendor has conditionally agreed to provide to VAST (i) the Bandwidth Capacity and the Bandwidth Capacity Service and (ii) the Right To Use for the transmission of broadband Internet access and other applications throughout the Service Period.

The Vendor gives the exclusive right for the Service Period to VAST in the Territory to acquire the Bandwidth Capacity from the Vendor and the Right To Use in order to use, offer, sub-lease and manage the provision of Bandwidth Capacity to other service providers and its end-user customers in the Territory, including all the Vendor's existing service providers as at the Commencement Date.

Details of the Assets are set out in the section headed "Information of the Assets" below.

Consideration:

The aggregate Consideration amounts to US$80.0 million (equivalent to approximately HK$620.0 million), which shall be paid by ten installments as follows:

(i) The first installment of US$8.0 million (equivalent to approximately HK$62.0 million), will be settled within 15 days after the Commencement Date in the following manner:

   (a) as to approximately US$4.1 million (equivalent to approximately HK$31.8 million) by the allotment and issue of 64,000,000 Consideration Shares at the Issue Price of HK$0.5034 per Share;

   (b) as to US$600,000 (equivalent to approximately HK$4.7 million) by offsetting the deposit of US$600,000 (equivalent to approximately HK$4.7 million) paid by VAST to the Vendor under the Framework Agreement; and

   (c) as to the balance of approximately US$3.3 million (equivalent to approximately HK$25.6 million) by cash.

(ii) The second installment of US$5.0 million (equivalent to approximately HK$38.8 million), the third installment of US$7.0 million (equivalent to approximately HK$54.3 million), the fourth up to the ninth installment of US$9.0 million each (equivalent to approximately HK$69.8 million) and the tenth installment of US$6.0 million (equivalent to approximately HK$46.5 million), shall be paid on 30 September of each subsequent calendar year after the Commencement Date. Accordingly, the second installment shall be paid on 30 September 2014 and the last installment shall be paid on 30 September 2022.

The cash portion of the Consideration will be funded by internal resources and/or bank borrowings of the Group. The net proceeds from the issuance of the new Shares as stated in the Company's prospectus dated 30 March 2012 will not be used to finance the Acquisition.

The Consideration was determined based on normal commercial terms after arm's length negotiations between VAST and the Vendor taking into account primarily the following factors:

(i) the Group's business plan for the operation of the IPSTAR Business in the Territory based on the Group's business model;

(ii) the revenue sharing arrangement under the Revenue Sharing Agreement particularly described in the paragraph headed "Revenue Sharing Agreement" below; and

(iii) the Group's business risks resulting from the under-performance of the Assets in the past and the relatively long Service Period.

The Directors (including the independent non-executive Directors) consider that the terms of Acquisition (including the Consideration), are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Consideration Shares

The Consideration Shares represent (i) approximately 5.33% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Issue Price

The Issue Price of HK$0.5034 per Consideration Share was determined after arm's length negotiation between VAST and the Vendor taking into account the prevailing market price of the Shares and with reference to the volume weighted average price of the Shares of the last sixty days prior to the date of the Framework Agreement. The Issue Price represents:

(i) a premium of approximately 4.9% to the closing price per Share of HK$0.480 as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 6.0% to the average closing price per Share of approximately HK$0.475 as quoted on the Stock Exchange for the last five consecutive trading days prior to the Last Trading Day;

(iii) a premium of approximately 6.4% to the average closing price per Share of approximately HK$0.473 as quote on the Stock Exchange for the last ten consecutive trading days prior to the Last Trading Day; and

(iv) a premium of approximately 132.0% to the consolidated net assets value of the Group of approximately HK$0.217 per Share as at 30 September 2012 (based on the unaudited consolidated net assets value of the Group of approximately HK$260,855,000 as at 30 September 2012 and 1,200,000,000 Shares in issue as at the date of this announcement).

Mandate to allot and issue the Consideration Shares and their ranking

The Consideration Shares will be allotted and issued to the Vendor pursuant to the specific mandate to be obtained from and approved by the Shareholders at the EGM and will rank *pari passu* with the Shares in issue as at the date of the issue of the Consideration Shares.

Restriction on transfer

The Consideration Shares to be allotted and issued shall be subject to a lock-up period of one year from the date of allotment and issue of the Consideration Shares.

Application for listing approval to the Consideration Shares

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Service Period:

The terms of the Definitive Agreement shall be nine and a half years commencing from 1 January 2013.

In the event that the remaining service life of the Satellite extends beyond the Service Period (the "**Extended Period**"), the Vendor agrees that VAST shall still have the exclusive right to utilise and receive the Bandwidth Capacity and the Bandwidth Capacity Service on an as-is basis without any payment, except for the Gateways operation expense during the Extended Period, until the end of the operational life of the Satellite as determined by the remaining fuel life on the Satellite, provided always that the utilisation shall be in compliance with the technical requirements as specified in the Definitive Agreement and/or any other technical guidelines and additional reasonable technical or operational requirements as VAST and the Vendor may agree in writing.

Pursuant to the Definitive Agreement, at any time after first three service years, if VAST fails to make payment based on the payment schedule set out in the Definitive Agreement as detailed above under the paragraph headed "Definitive Agreement — Consideration" in this announcement and the cooperation model under the Definitive Agreement needs to be adjusted due to the market or other reasons, the Vendor agrees that VAST shall have the right to modify the cooperation model. If such modification occurs, (i) VAST agrees to give up the exclusive right in the Bandwidth Capacity, (ii) the Vendor shall have the right to resell the bandwidth of the Bandwidth Capacity that has not been utilised (the "**Remaining Bandwidth**"), and (iii) VAST shall have the right to continue to use the Bandwidth Capacity that has been utilised (the "**Utilised Bandwidth**") for the remaining years of the Service Period.

In the event that the remaining service life of the Satellite following the date of the Definitive Agreement shall be shorter than the Service Period, the Vendor shall (i) refund free of interest the remaining unutilised service fee paid by VAST; and (ii) subject to the limitation set out in the Definitive Agreement, be liable to and indemnify VAST for and against, among others, losses and damages as a result of or arising therefrom.

Except otherwise specified in the Definitive Agreement, VAST shall, by itself or through its partners, be responsible for handling all regulatory matters in the Territory (if any) related to the provision and use of the Bandwidth Capacity and the Bandwidth Capacity Service and Right To Use, and the frequency band to be used by the Satellite, including but not limited to relevant permit, necessary and required license approvals, excluding other matters which should be handled by satellite operator such as satellite frequency coordination with adjacent satellites in order to facilitate the utilisation of the Bandwidth Capacity and the Bandwidth Capacity Service in the Territory.

Conditions to Service Commencement:

The Service Commencement shall be conditional on the fulfilment of all of the following conditions:

(a) the Acquisition and the issue by the Company of the Consideration Shares being approved by the Company's shareholders in general meeting;

(b) the listing of, and permission to deal in, the Consideration Shares having been granted by the Stock Exchange and not having been revoked prior to the Service Commencement;

(c) the Vendor, VAST and CTS have entered into a binding agreement in relation to the time schedule of the relocation of the gateways in Guangzhou and Shanghai, work division, and specifications and performance of the gateways in Guangzhou and Shanghai after the relocation, provided that the Vendor shall be responsible for all costs incurred for the relocation;

(d) there being no event existing or having occurred and no condition being in existence which would constitute a material breach of any of the representations and warranties set out in the Definitive Agreement;

(e) there shall not have occurred any material adverse effect or any event, change, effect or development (including without limitation change in any relevant laws, regulations or policies in any of the jurisdictions in which the IPSTAR Business is carried out (whether coming into effect prior to, on or before the Commencement Date) that could or reasonably be expected to have a material adverse effect on the IPSTAR Business; and

(f) no order or law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by the Definitive Agreement has come into effect prior to the Commencement Date.

VAST and the Vendor undertake to use commercially reasonable efforts to cause each of the conditions to be fulfilled. VAST shall use commercially reasonable efforts to procure the Company to comply in all material respects with the applicable notification, publication and/or Shareholders' approval requirements under Chapters 13 and 14 of the Listing Rules in relation to Acquisition and the issue of the Consideration Shares. The Vendor shall use commercially reasonable efforts to provide the information, materials and assistance as required to comply with the foregoing requirements.

VAST shall be entitled at its absolute discretion at any time on or before the Commencement Date by notice in writing to the Vendor waive any of the conditions (save and except the conditions set out in (a) and (b) above which cannot be waived) either in whole or in part. If any of the conditions that are not waived either in whole or in part by VAST have not been fulfilled on or before 30 September 2013, the Definitive Agreement shall automatically terminate, and no party shall have any claim under the Definitive Agreement of any nature whatsoever against the other party.

In the event the Definitive Agreement is terminated in accordance with terms set out above, within seven business days of such termination, with respect to the deposit of US$600,000 (equivalent to approximately HK$4.7 million) previously paid by VAST to the Vendor:

(a) the Vendor shall be entitled to forfeit 100% of the deposit if the relevant non-fulfillment of the conditions is attributable to VAST or the Company (including the Company's shareholders);

(b) the Vendor shall refund to VAST 90% of the deposit if the relevant non-fulfillment of the conditions is attributable to CTS or the Stock Exchange; and

(c) the Vendor shall refund to VAST 100% of the deposit if the relevant non-fulfillment of the conditions is not attributable to VAST, the Company (including the Company's shareholders), CTS or the Stock Exchange.

As at the date of this announcement, none of the conditions above have been fulfilled, and neither the Company nor VAST has any intention to waive any of the conditions.

Reason for certain condition to Service Commencement

Pursuant to the Definitive Agreement, the Assets to be acquired by VAST include, among others, the exclusive right to use the existing IPSTAR gateways in Beijing, Shanghai and Guangzhou. However, among these gateways, only the gateway in Beijing is located in CT's earth station, while the gateways in Shanghai and Guangzhou are located in the earth stations of another company. In order to facilitate better operation and management of the Gateways by CTS, VAST and CTS requests to relocate these two gateways to CT's earth stations. As such, the relocation of such gateways is one of the conditions to Service Commencement. However, without such relocation, CTS can still fulfill its obligations under the Assignment Agreement, and VAST can still carry out the IPSTAR Business in the PRC through its cooperation with CTS. For such reason, the aforementioned condition to Service Commencement is waiveable.

Arrangement during Transitional Period:

Under the cooperation model during the Transitional Period, VAST and the Vendor agreed that any and all revenue derived from IPSTAR Business in the Territory with regard to the provision of the Bandwidth Capacity by the Vendor during the Transitional Period shall be distributed as follows:

(a) if all the conditions have been fulfilled or waived on or before 30 September 2013, VAST should be entitled to all such revenue and be responsible for all related expenses, provided that the Vendor has received the 1st instalment of the consideration amounting to US$8.0 million (equivalent to approximately HK$62.0 million) from VAST; and

(b) if all the conditions have not been fulfilled or waived on or before 30 September 2013, the Vendor shall be entitled to all such revenue provided that the Vendor shall pay commission to VAST at the rate to be agreed by the parties and failing such agreement, at reasonable rate, on a case by case basis based on the revenue that the Vendor received for the provision of Bandwidth Capacity from any contracts with the new customers who brought in during the period from 1 January 2013 until 30 September 2013 by VAST. VAST shall be entitled to such commission for the entire contract period of such particular new customers' contracts.

Service Commencement:

Service Commencement shall take place on the first business days (or such other date the Vendor and VAST may agree in writing) following the fulfillment and waiver (as the case may be) of the conditions to Service Commencement.

First right of refusal

VAST shall have the First-Right-of-Refusal ("**FRR**") to co-invest in and/or co-own any multiple spot beam satellite or payload for serving the Territory.

In the event that the Vendor has a right in a successor satellite and/or payload with coverage of the Territory, or in the event that the Vendor contracts to own or owns a satellite and/or payload with coverage of the Territory at an orbital position other than the orbital position currently located by the Satellite, the Vendor shall make a written offer to VAST to co-invest in such satellite and/or payload upon certain terms and conditions, including price.

Corporate guarantee

In relation to the Definitive Agreement, (i) the Company has guaranteed to the Vendor the due and punctual performance by VAST of all its obligations under the Definitive Agreement, and has further undertaken to indemnify the Vendor against losses and/or damages arising out of or in connection with any breach of or failure to perform by VAST of any of VAST's obligations or the terms under the Definitive Agreement; and (ii) Thaicom has guaranteed to VAST the due and punctual performance by the Vendor of all its obligations under the Definitive Agreement, and has further undertaken to indemnify VAST against losses and/or damages arising out of or in connection with any breach of or failure to perform by the Vendor of any of the Vendor's obligations or the terms under the Definitive Agreement.

Other major terms:

Gateways Operation

Pursuant to the Definitive Agreement, the Vendor agrees to be responsible for the Gateways operation expense throughout the Service Period. During the Service Period, VAST will have the exclusive right to use the Gateways while the title of the Gateways will still belong to the Vendor. Therefore, the Vendor will bear the Gateways operation expense throughout the Service Period.

Furthermore, pursuant to the Definitive Agreement, the Vendor agrees to absolutely and irrevocably transfer, assign, set over and convey unto VAST any and all of its rights, title and interest in, to and under the Gateways free from all encumbrances on the date on which VAST make payment in full as mentioned under the paragraph headed "Definitive Agreement — Consideration" above. Upon completion of the aforementioned assignment, the title of the Gateways will belong to VAST and VAST will bear the Gateways operation expense.

Cooperation

After the entering into of the Definitive Agreement, the parties to the Definitive Agreement shall negotiate the bandwidth sales deal for beams covering Democratic People's Republic of Korea and Taiwan Region.

Furthermore, if the cooperation is successful in the Territory, VAST and the Vendor agree to cooperate to explore communication products or application in other markets, and the Vendor should treat VAST as a preferred partner.

REVENUE SHARING AGREEMENT

As disclosed previously in the announcement of the Company dated 30 December 2012, a revenue sharing agreement will be entered into by VAST and the Vendor at or before the Service Commencement. On 29 March 2013, VAST and the Vendor entered into the Revenue Sharing Agreement pursuant to which VAST will share its revenue derived from the service provision of the Bandwidth Capacity and Right To Use to its customers with the Vendor.

Parties:

(1) VAST; and

(2) the Vendor

Revenue share arrangement

Pursuant to the Revenue Sharing Agreement, VAST and the Vendor agreed that during the agreement term, revenue entitled to receive by VAST shall be shared with the Vendor at 8% of the sum of revenue derived from (i) the revenue entitled to receive by VAST through CTS's service providers or customers, and (ii) the revenue entitled to receive by VAST through VAST's customers.

In the event that VAST offers bandwidth tariffs to its customers lower than the agreed tariff set out in the Revenue Sharing Agreement, VAST shall seek consent from the Vendor for the offered tariff. In this case, the revenue share to the Vendor shall be at 8% of the offered tariff netted off withholding tax.

The 8% of the revenue share was determined after the arm's length negotiation between VAST and the Vendor and taking into account that the revenue to be shared pursuant to the Revenue Sharing Agreement is considered as part of the total consideration paid to the Vendor by VAST for acquiring the Assets. The aforementioned revenue share arrangement allows the Group to share the business risk with the Vendor, and lessen the pressure on the cash flow of the Group by lowering the final amount of the Consideration.

Agreement term

The Revenue Sharing Agreement provides that the term of the agreement commences on 1 January 2013 and shall be continue for a period of nine and a half years, unless further extended or earlier terminated according to the terms specified in the Revenue Sharing Agreement.

The term of the Revenue Sharing Agreement will automatically extend according to the period of which the Bandwidth Capacity under the Definitive Agreement can still be utilised during Extended Period.

There are no conditions precedent under the Revenue Sharing Agreement. As disclosed in the paragraph headed "Definitive Agreement — Arrangement during Transitional Period" above, pursuant to the Definitive Agreement, if the conditions precedent under the Definitive Agreement have not been fulfilled or waived, VAST is not entitled to receive any revenue derived from the IPSTAR Business and hence no revenue will be shared with the Vendor under the Revenue Sharing Agreement. Accordingly in effect, revenue sharing arrangement under the Revenue Sharing Agreement will only be operative if all the conditions precedent under the Definitive Agreement have been fulfilled or waived on or before 30 September 2013. Notwithstanding the foregoing, the Company will seek approval from the Shareholders for the Revenue Sharing Agreement and the transactions contemplated thereunder at the EGM.

As disclosed in the paragraph headed "Definitive Agreement — Conditions to Service Commencement" above, if any of the conditions under the Definitive Agreement that are not waived either in whole or in part by VAST have not been fulfilled on or before 30 September 2013, the Definitive Agreement shall automatically terminate. The Revenue Sharing Agreement will automatically terminate upon the termination of the Definitive Agreement.

In the event that the Definitive Agreement is terminated for reason that VAST fails to make payment in accordance with the payment schedule set out in the Definitive Agreement and the cooperation model under the Definitive Agreement needs to be adjusted due to the market or other reasons, the agreement term of the Revenue Sharing Agreement shall still continue and be valid until the termination of the new agreement that VAST and the Vendor will enter into pursuant to the terms set out in the Definitive Agreement.

ASSIGNMENT AGREEMENT

Date: 30 December 2012

Parties:

1. the Company;

2. the Vendor; and

3. CTS

Background

The IPSTAR Business is a restricted business in the PRC. Therefore, in order to carry out the IPSTAR Business in the PRC, the Vendor had to engage a PRC satellite communication company which is duly authorised and approved by the relevant PRC government authority to conduct such business in the PRC (the "Approved Company"). As such, the Vendor has chosen CTS, which is one of the Approved Companies, as its business partner. Accordingly, the Vendor had signed the ICA Documents with CTS, pursuant to which CTS and the Vendor have confirmed a series of rights and obligations in relation to the business cooperation to develop IPSTAR service in the PRC.

For the aforementioned reason, VAST will continuously engage CTS as its business partner to carry out the IPSTAR Business in the PRC after the Service Commencement. Hence, VAST and CTS have entered into the Assignment Agreement on 30 December 2012 to re-define each party's roles and responsibilities in providing IPSTAR service in the PRC in the event the Definitive Agreement is entered into by VAST and the Vendor.

The Assignment

Pursuant to the Assignment Agreement, from the Assignment Date, (i) the Vendor shall assign to VAST all its rights and obligations under the ICA Documents relating to the IPSTAR Business in the PRC; (ii) VAST agrees to undertake the assignment, and to perform the obligations of the Vendor and to enjoy the rights of the Vendor under the ICA Documents as from the Assignment Date, thereby replacing the Vendor to continue the cooperation with CTS in conducting the IPSTAR Business in the PRC in accordance with the terms set out in the ICA Documents.

Furthermore, pursuant to the Assignment Agreement, CTS consented with such assignment from the Vendor to VAST of the entire rights and obligations under the ICA Documents provided that the existing cooperation model between CTS and the Vendor and CTS' position as an IPSTAR Business operator in the PRC remain unchanged.

Pursuant to the Assignment Agreement and ICA Documents, the major rights and obligations of CTS are as follows:

(i) operating and managing the Gateways;

(ii) acting as the Approved Company to conduct the IPSTAR Business in the PRC and receiving relating service fee;

(iii) paying the agreed tariff to VAST relating to CTS's utilisation of the Satellite for its own customers; and

(iv) collecting the Gateways operation expenses from VAST *(Note)*.

Pursuant to the Assignment Agreement and ICA Documents, the major rights and obligations of VAST are as follows:

(i) providing Bandwidth Capacity and Bandwidth Capacity Service to CTS in the PRC;

(ii) collecting revenue derived from the IPSTAR Business in the PRC from CTS based on the agreed tariff;

(iii) paying service fee to CTS (at a fixed percentage of the contract sum of the Satellite bandwidth sold to VAST's customers) in return for CTS's acting as the Approved Company to conduct the IPSTAR Business in the PRC; and

(iv) paying the Gateways operation expense to CTS *(Note)*.

Note: Pursuant to the Definitive Agreement, the Vendor will bear the Gateway operation expense, and it will pay VAST the amount of the Gateways operation expense based on the supporting documents received from CTS and VAST. VAST will then make the payment to CTS.

Term of the cooperation with CTS upon Assignment

Upon the Assignment Date, VAST shall replace the Vendor to cooperate with CTS, and cooperation shall be valid throughout the service life of the Satellite in accordance with the terms set out in the ICA Documents.

Termination of Assignment Agreement

As disclosed in the paragraph headed "Definitive Agreement — Conditions to Service Commencement" above, if any of the conditions under the Definitive Agreement that are not waived either in whole or in part by VAST have not been fulfilled on or before 30 September 2013, the Definitive Agreement shall automatically terminate. If, after the Definitive Agreement has been entered into, the Definitive Agreement terminates for whatsoever reason, the Assignment Agreement shall be automatically terminated. In this event, CTS and the Vendor shall perform their rights and obligations under the ICA Documents. The pending rights and obligations between VAST and CTS before such restoring activity, shall be discussed and settled in good faith by CTS, the Vendor and VAST. No matter in what situation, the normal operation of CTS shall not be affected, nor the obligations of CTS shall be increased except for performing the roles set out in the ICA Documents.

As advised by the Company's PRC legal advisers, (i) CTS has been duly approved by the relevant PRC government authority to conduct the IPSTAR Business in the PRC; (ii) VAST replacing the Vendor to cooperate with CTS to perform the rights and obligation under the ICA Documents in accordance with the Assignment Agreement does not affect CTS's qualification to conduct the IPSTAR Business in the PRC; and (iii) the cooperation between VAST and CTS does not violate the relevant laws and regulations of the PRC.

INFORMATION OF THE ASSETS

The Vendor is a subsidiary of Thaicom and is principally engaged in providing IPSTAR transponder services. It is one of the broadband satellite operators in Asia-Pacific region serving broadband satellite connectivity in 13 countries. The Vendor has been granted the exclusive right to use, and has operation of the IPSTAR Business.

The Satellite is a three-axis stabilized and geostationary orbit satellite utilizing Ku-band spectrum for user applications. The Satellite has 84 spot beams, 8 augmented beams and 3 shaped beams for two-way communications purpose and 7 wide-coverage beams for broadcasting purpose. The service area covers Asia-Pacific region. The Satellite uses Ka-band to communicate with the gateways. The Satellite payload consists of three service links: forward link, return link and broadcast link. The forward link provides connectivity between the gateways to the users for narrow-cast service. The return link provides connectivity between the users and the gateways. The broadcast link provides broadcast service from gateway uplinks to regional broadcast areas.

The Assets comprise of (i) the total bandwidth capacity of the Satellite of 7,598.5 MHz serving the Territory and (ii) the Right to Use. The aggregate valuation of the Assets was not less than US$533 million (equivalent to approximately HK$4,130.8 million) as at 28 February 2013 based on the preliminary valuation report prepared by the Independent Valuer. The Independent Valuer has adopted cost approach as the most appropriate approach and has employed replacement cost method to value the Assets. Replacement cost method reflects the cost of creating/repurchasing an asset of a like kind and quality to that of the Assets. The key assumption of the valuation is that the Assets should work with adequate auxiliary communication infra-structures including equipment. Further investment in the said infra-structure might be required.

When negotiating the Consideration, the Company and the Vendor did not take into account the aforementioned preliminary valuation of the Assets. The Directors are of the view that the reason for the Consideration of US$80.0 million (equivalent to approximately HK$620.0 million) to be substantially lower than such preliminary valuation of the Assets is that the replacement cost method was adopted to value the Assets, which does not take into account the discounting factors to the Consideration including (i) the revenue sharing arrangement as described under the paragraph head "Revenue Sharing Agreement" above; (ii) bulk purchase of the Satellite bandwidth; and (iii) the Group's business risks resulting from the under-performance of the Assets in the past and the relatively long Service Period.

The preliminary valuation is subject to change upon finalisation and may or may not therefore the same as the final valuation. A copy of the final valuation report, including details of the assumptions, basis and methodology of the valuation, will be included in the circular to be despatched to the Shareholders in relation to the Acquisition.

After completion of the Acquisition, the Assets will be classified as a finance lease in the Group's accounts. In accordance with HKAS 17 Leases, finance leases shall be recognised as assets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. In accordance with HKAS 17 Leases and pursuant to the terms set out in the Definitive Agreement, the Assets will be recognised at the present value of the Consideration of US$80.0 million instead of the preliminary valuation of the Assets of not less than US$533 million.

The financial information of the Assets for the three years ended 31 December 2012 *(Note 1)* is set out below:

	For the year ended 31 December		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)
Operating revenue	7,737	3,929	4,052
Operating expense including the Gateway operation expense	(120,844)	(125,846)	(153,782)
Operating (losses)/profit	(113,107)	(121,917)	(149,730)

Notes:

1. the aforementioned financial information is provided by the Vendor based on the audited financial statement of Thaicom; and

2. the exchange rates adopted for the three years ended 31 December are Thai Baht$4.055: HK$1, Thai Baht$3.8913: HK$1 and Thai Baht$3.9844: HK$1 respectively for 2010, 2011 and 2012.

As far as the Directors are aware, the under-performance of the Assets in the past three years was mainly attributable to the Vendor's marketing and positioning strategy of IPSTAR Business. Since the Vendor was not familiar with the satellite communication market in the PRC, it took a considerable time for the Vendor to work with its local partners in developing a business model for the PRC market. However, such attempt had not been successful, which led to the low sales volume of such business during the same period. In the meantime, the Vendor still had to incur, among others, the gateway operation costs regardless of the sales volume and the depreciation expenses of the Satellite allocated to the Territory and the Gateways. As a result, the Assets had substantial operating losses in the past three years.

As such, the Company will adopt a different business model to operate the IPSTAR Business in the PRC, details of which are set out in the paragraph headed "Business model after completion of the acquisition" below in this announcement.

SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares are as follows:

Shareholders	**As at the date of this announcement**		**Immediately after the allotment and issue of the Consideration Shares**	
	Number of Shares	*%*	*Number of Shares*	*%*
Mr. Wong Chit On and Excel Time Investments Limited *(Note 1)*	810,000,000	67.50	810,000,000	64.08
Mr. Zhang Jinbing	40,000,000	3.33	40,000,000	3.16
Mr. Lu Zhijie and Jumbo Harbour Group Limited *(Note 2)*	30,000,000	2.50	30,000,000	2.37
Mr. Han Weining	12,000,000	1.00	12,000,000	0.95
The Vendor *(Note 3)*	—	—	64,000,000	5.06
Other public Shareholders	308,000,000	25.67	308,000,000	24.38
Total *(Note 4)*	1,200,000,000	100.00	1,264,000,000	100.00

Notes:

1. Mr. Wong Chit On is an executive Director. Mr. Wong Chit On is the beneficial owner of all the issued share capital of Excel Time Investments Limited ("Excel Time") which holds 810,000,000 Shares. Therefore, Mr. Wong Chit On is deemed, or taken to be, interested in all the Shares which are beneficially owned by Excel Time for the purposes of the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong) ("SFO"). Being the spouse of Mr. Wong Chit On, Ms. Ni Yun Zi is also deemed to be interested in all the Shares which are beneficially owned by Excel Time for the purposes of

the SFO. The shareholding interests of Mr. Wong Chit On and Excel Time in the Company as presented in the table above is based on the assumption that each of Mr. Wong Chit On and Excel Time will not dispose of nor acquire any Shares during the relevant period.

2. Mr. Lu Zhijie is a director of Jumbo Harbour Group Limited ("Jumbo") and the beneficial owner of 94.2% of the issued share capital of Jumbo which holds 30,000,000 Shares. Therefore, Mr. Lu Zhijie is deemed, or taken to be, interested in all the Shares which are beneficially owned by Jumbo for the purposes of the SFO.

3. Assuming that the Vendor will not dispose nor acquire any Shares during the relevant period save for the Consideration Shares allotted and issued pursuant to the Definitive Agreement on the Commencement Date.

4. Assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Consideration Shares during the relevant period.

REASON FOR THE ACQUISITION

VAST is an investment holding company. The principal operating activities of the Group include design and development of products relating to digital trucking and satellite communication systems. The Group also provides specialised communication network design and implementation that can be customarily devised according to the specific needs of client. Depending on the nature, scale and geographic coverage of the communication network or systems, the network or system designed and developed by the Group needs to be connected by various communication links such as fibers, microwave, satellite and phone lines.

The development of communication channel is shifting from wired network to wireless network, and from narrowband to broadband. The satellite communication, particularly specialised communication systems and network, becomes more and more important. However, satellite network is currently a scarce resource, which largely limits the development of satellite communication business.

The Directors believe that the Acquisition enables the Group to explore new source of revenue and expand its customer base. Upon the Service Commencement, the Group is able to increase the sales of its existing specialised communication products as the Group can lease the Satellite bandwidth to customers who can connect the Group's communication products to the IPSTAR without sourcing satellite bandwidth from other satellite service providers in the PRC. Moreover, the Directors believe that the high performance and competitive pricing that the Vendor can offer will attract new customers such as telecommunication operators and governmental bodies so that the Group can increase its revenue and profit by leasing the Satellite bandwidth. As a result, the Acquisition is not only beneficial to the development of the Group's current business but also allowing the Group to diversify its business risk through new source of revenue and expanding base of customers. Further details of the Group's business model after completion of the Acquisition are set out in the paragraph headed "Business model after completion of the Acquisition" below. In addition, the Directors believe that acquisition would bring in the contribution of technology and international market access, and VAST would be able to materialise the business opportunities through its market base in the Territory. The Directors, therefore, believe that VAST and Vendor together would create a strategic partnership which is beneficial to the development of the satellite business in the Territory as a potential market. Therefore, the Directors are of the opinion that the Acquisition is in the interest of the Group and the Shareholders as a whole.

The Directors consider that the terms of the Definitive Agreement and the Revenue Sharing Agreement are on normal commercial terms, fair and reasonable are in the interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolutions to approve the transactions contemplated under the Definitive Agreement and the Revenue Sharing Agreement at the EGM to be held in this regard.

BUSINESS MODEL AFTER COMPLETION OF THE ACQUISITION

After completion of the Acquisition, the Group will continuously operate its existing business based on its business model as set out in the prospectus of the Company dated 30 March 2012. In addition to the operation of the Group's existing business, the Group will adopt the following business model to operate the IPSTAR Business in the Territory.

The Group has been a provider of core components of specialized communication system. It has designed and developed products relating to digital trucking and satellite communication systems, and has provided specialised communication network design and implementation that can be customarily devised according to the specific needs of client. Depending on the nature, scale and geographic coverage of the communication network or systems, the networks or systems designed and developed by the Group need to be connected by various communication links including, among others, satellite. Upon the Service Commencement, the Group can lease the Satellite bandwidth to the Group's customers of its existing business, who can connect the Group's communication products to the IPSTAR without sourcing satellite bandwidth from other satellite service providers in the Territory. In addition, the Group can offer the Satellite bandwidth together with the communication network designed by it to its customers as a collaborative communication solution to provide one-stop services to its customers. Accordingly, the Directors are of the view that the IPSTAR Business is complementary and has synergy with the Group's existing business.

After completion of the Acquisition, the Group will modify the Gateways system to enhance the compatibility of the IPSTAR. First, the Group will modify the Gateways system by using the Group's products to support communication under in-motion mode ("On-the-move Communication"). Subsequent to such modification, the IPSTAR will be able to connect to most of the On-the-move Communication systems, which will broaden the application of the Satellite bandwidth. Secondly, as the IPSTAR is currently compatible only to the modems and terminals of Thaicom, which limits the base of the potential customers, the Group will modify the Gateways system to enable the IPSTAR be compatible to most of the modems and terminals that commonly use in the market. As a result, the aforementioned modification of the Gateways system by the Group shall allow it to market the Satellite bandwidth to an expanded and diversified base of customers such as (i) satellite system integrated companies which offer satellite communication solutions in remote areas where the communication infrastructure is not fully in place, and (ii) shipping companies which require satellite communication during its maritime navigation. The Group plans to promote the IPSTAR Business in the Territory through, among others, participating in exhibitions and advertising on different media.

In addition, the Group will receive revenue from CTS in the event that CTS utilises the Satellite bandwidth for its own customers.

Accordingly, the Group plans to market the IPSTAR Business in the Territory and derive revenue from such business mainly through the following channels:

(i) leasing the Satellite bandwidth to the Group's existing and potential customers of its existing business as mentioned above;

(ii) leasing the Satellite bandwidth to an expanded and diversified base of customers by modifying the Gateways system to enhance the compatibility of the IPSTAR; and

(iii) receiving the agreed tariff from CTS relating to its utilisation of the Satellite bandwidth for CTS's own customers.

As explained in the paragraph headed "Assignment Agreement" above, the IPSTAR Business is a restricted business in the PRC. Therefore, pursuant to the Assignment Agreement and the ICA Documents, the Group will engage CTS as the Approved Company and cooperate with CTS to carry out the IPSTAR Business in the PRC. Regardless of the Group's marketing channels as mentioned above, all PRC customers solicited by the Group for the IPSTAR Business must enter into agreements with CTS to lease the Satellite bandwidth through CTS.

The principal costs to be incurred for operating the IPSTAR Business in the Territory are the Gateways operation expenses in the PRC which shall be borne by the Vendor pursuant to the Definitive Agreement. The Vendor also has to bear the depreciation expenses of the Satellite allocated to the Territory and the Gateways. After the completion of the Acquisition, the Group does not need to bear the aforementioned expenses whereas the major cost to be borne by the Group will be the amortisation expense of the Assets throughout the Service Period.

The Directors consider that in the past three years, the under-performance of the IPSTAR Business in the PRC is mainly attributable to the Vendor's unfamiliarity with the satellite communication market in the PRC, its reliance on local partners to develop the IPSTAR Business in the PRC market, the limited application of the Satellite bandwidth due to the current design of the Gateways system and the substantial amount of the Gateways operation expense and the depreciation expenses of the Satellite allocated to the Territory and the Gateways. However, given the Group's expertise in the specialised communication system and its experience and extensive knowledge in the PRC communication industry, the Directors are of the view that, by adopting the aforementioned business model, the IPSTAR Business in the Territory will be beneficial to the Group and will enhance the Group's overall business performance.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to approval by the Shareholders. The EGM will be convened to seek approval from the Shareholders for the transactions contemplated under the Definitive Agreement and the Revenue Sharing Agreement. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM regarding the transactions contemplated under the Definitive Agreement and the Revenue Sharing Agreement.

A circular containing, among other matters, (i) details of the Acquisition and the transactions contemplated under the Definitive Agreement and Revenue Sharing Agreement, (ii) financial information of the Group, (iii) financial information on the Assets, (iv) a valuation report on the Assets, (v) unaudited pro forma financial information of the Enlarged Group; (vi) a PRC legal opinion on the legality of the Group to carry out the IPSTAR Business in the PRC; and (vii) the notice of the EGM will be despatched to Shareholders on or before 23 May 2013, as more time is required to prepare the financial information of the Assets to be included therein.

As the Service Commencement is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not be completed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 April 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 16 April 2013.

DEFINITIONS

In this announcement, the following expressions have the following meanings set out below unless the context requires otherwise:

"Acquisition"	the acquisition of the Assets by VAST from the Vendor pursuant to the Definitive Agreement
"Assets"	the Bandwidth Capacity, the Bandwidth Capacity Service and the Right To Use
"Assignment"	the assignment by the Vendor to VAST of all its rights and obligations under the ICA Documents
"Assignment Agreement"	the tri-parties assignment agreement dated 30 December 2012 entered into between CTS, the Vendor and VAST in relation to the Assignment
"Assignment Date"	the date of the commencement of the Definitive Agreement
"Bandwidth Capacity"	the total and all bandwidth capacity on the Satellite for serving the Territory from time to time, which is 7,598.5 MHz in total, as provided by and through the relevant transponder equipment and any shared redundant equipment for transmitting and/or receiving the frequency bands in the spot, augment, shaped, and broadcast beams of the Satellite in the Territory

"Bandwidth Capacity Service"	the service of providing and the exclusive right to use the Bandwidth Capacity for the purpose of VAST's signal transmission, which may be transmitted by VAST or its subcontractor or the like, or its customers/partners
"Board"	the board of Directors
"Commencement Date"	the date on which Service Commencement takes place
"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 aggregate consideration payable by VAST to the Vendor for the acquisition of the Assets, which consists of cash and the Consideration Shares
"Consideration Shares"	64,000,000 new Shares of the Company to be allotted and issued by the Company pursuant to the specific mandate to the Vendor pursuant to the terms set out in the Definitive Agreement
"CT"	中國電信集團公司 (China Telecommunications Corporation), a company established under the laws of PRC
"CTS"	中國電信集團衛星通信有限公司 (China Telecom Satellite Communications Limited), a company established under the laws of PRC and a subsidiary of CT
"Definitive Agreement"	the definitive agreement dated 29 March 2013 as amended by an amendment agreement dated 10 April 2013 entered into between VAST and the Vendor to set out the terms and conditions with respect to the Acquisition
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the transactions contemplated under the Definitive Agreement and the Revenue Sharing Agreement
"Enlarged Group"	the Group as enlarged by the Acquisition upon the Service Commencement
"Framework Agreement"	the framework agreement dated 30 December 2012 entered into by VAST and the Vendor in relation to the Acquisition

"Gateways"	existing IPSTAR gateways in Beijing, Shanghai and Guangzhou used to access the Territory Payload
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"ICA Documents"	a series of documents or agreements entered into between Thaicom, the Vendor, China Satellite Communications Corporation and/or CTS in 2009, 2010 and 2012 in relation to IPSTAR service provided in the Territory, pursuant to which CTS and the Vendor have confirmed a series of rights and obligations
"Independent Valuer"	Castores Magi Asia Limited, a professional firm of Registered Business Valuers
"IPSTAR" or "Satellite"	THAICOM-4 satellite, commercially known as IPSTAR-1 located at 119.5 degree east orbital position
"IPSTAR Business"	the operation of the Satellite ground system for providing broadband Internet access services and other application
"Issue Price"	the issue price of HK$0.5034 per Consideration Share
"Lasting Trading Day"	28 March 2013, being the last trading day of the Shares prior to entering into the Definitive Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China which, for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau Special Administration Region and Taiwan
"Revenue Sharing Agreement"	a revenue sharing agreement dated 29 March 2013 entered into between VAST and the Vendor to set out the revenue sharing arrangement derived by VAST from the provision of the Bandwidth Capacity and the Right To Use
"Right To Use"	exclusive right to use the Gateways
"Service Commencement"	the commencement of the provision of the Bandwidth Capacity, the Bandwidth Capacity Service and the Right To Use under the Definitive Agreement
"Service Period"	the period of at least nine and a half years commencing from 1 January 2013

"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Territory"	the PRC's geographic territory (including Hong Kong and Macau Special Administration Region but excluding Taiwan region)
"Territory Payload"	all the capacity operated by the Vendor on the Satellite which covered locations within the Territory
"Thaicom"	Thaicom Public Company Limited, the issued shares of which are listed on The Stock Exchange of Thailand
"Transitional Period"	the period from 1 January 2013 to the Commencement Date
"VAST"	Vastsuccess Holdings Limited, a company established under the laws of British Virgin Islands and a wholly-owned subsidiary of the Company
"Vendor"	IPSTAR Company Limited, a company established under the laws of British Virgin Islands and a subsidiary of Thaicom
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"US$"	United States dollars, the lawful currency of the U.S.

Note: The exchange rate between United States dollars and Hong Kong dollars in this announcement, save for otherwise specified in the announcement, is US$1 = HK$7.75. The provision of such exchange rate does not mean that Hong Kong dollars could be converted into the United States dollars based on such exchange rate.

For and on behalf of the Board
Synertone Communication Corporation
Wong Chit On
Chairman and Executive Director

Hong Kong, 15 April 2013

As at the date of this announcement, the executive directors are Mr. Wong Chit On, Mr. Lu Zhijie, Mr. Han Weining and Mr. Zhang Jinbing, and the independent non-executive directors are Mr. Lam Ying Hung Andy, Mr. Hu Yunlin and Mr. Wu Xiaowen.