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SYNERTONE
SYNERTONE COMMUNICATION CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1613)

**SUPPLEMENTAL AGREEMENTS TO THE DEFINITIVE
AGREEMENT AND THE REVENUE SHARING AGREEMENT IN
RELATION TO VERY SUBSTANTIAL ACQUISITION;
AND
FURTHER DELAY IN DESPATCH OF CIRCULAR**

Reference is made to the Announcement in relation to the, among other things, the Acquisition and the announcements of the Company dated 23 May 2013, 26 June 2013 and 30 August 2013 respectively in relation to the delay in despatch of the circular.

DA SUPPLEMENTAL AGREEMENT

On 13 September 2013 (after trading hours), VAST and the Vendor entered into the DA Supplemental Agreement to vary certain terms of and incorporate certain new terms to the Definitive Agreement.

Pursuant to the DA Supplemental Agreement, the payment term for the first installment of US\$8.0 million (equivalent to approximately HK\$62.0 million) would be amended as follows:

- (a) as to US\$1.85 million (equivalent to approximately HK\$14.3 million) will be settled within 15 days after the Commencement Date, of which US\$600,000 (equivalent to approximately HK\$4.7 million) will be offset by the deposit of US\$600,000 paid by VAST to the Vendor under the Framework Agreement and the balance of US\$1.25 million (equivalent to approximately HK\$9.7 million) will be settled by cash;
- (b) as to US\$4.15 million (equivalent to approximately HK\$32.2 million) will be settled within 17 days after the Commencement Date by the allotment and issue of 64,000,000 Consideration Shares at the Issue Price of HK\$0.5034 per Consideration Share; and

(c) as to US\$2.0 million (equivalent to approximately HK\$15.5 million) will be settled within 180 days after the Commencement Date by cash.

Under the DA Supplemental Agreement, the commencement date of the service period should be amended from 1 January 2013 to the Commencement Date and the terms of the Service Period should now be nine and a half (9.5) years commencing from the Commencement Date. In view of the amendment of the commencement date of the Service Period, the Transition Period is no longer applicable to the Definitive Agreement. As such, the arrangement during the Transition Period as set out under the paragraph headed "Arrangement during Transitional Period" in the Announcement is deleted.

Pursuant to the DA Supplemental Agreement, a major term to the first right of refusal has been incorporated, it provides that subject to the relevant laws and/or regulations, if successor territory capacity or other territory capacity is accounted for 67% or more of the total bandwidth capacity of the successor satellite or other satellite and/or payload at an orbital position other than the orbital position currently located by the Satellite, respectively, and VAST has entered into a written commitment to purchase from the Vendor the successor territory capacity or other territory capacity (as the case may be) at a reasonable price agreed by the Vendor and VAST, the Vendor and VAST agree that the decision in relation to all aspect of the successor satellite or other satellite and/or payload at an orbital position other than the orbital position currently located by the Satellite, including without limitation to satellite design, technologies, research, development, launch, and the design and construction of the satellite control stations and gateways shall mutually be agreed and made by the Vendor and VAST.

Pursuant to the DA Supplemental Agreement, the Vendor and the Purchaser agreed to extend the long stop date for the fulfillment of conditions precedent of the Definitive Agreement from 30 September 2013 to 15 October 2013.

Pursuant to the DA Supplemental Agreement, VAST is entitled to use non-IPSTAR ground system, including user terminals and/or antennas at its own cost to access the Bandwidth Capacity, provided that (i) such use shall comply with the provision as specified in the Definitive Agreement; or (ii) if the specific technical specifications of non-IPSTAR ground system used by VAST varies from the technical requirements as specified in the Definitive Agreement, VAST shall take full responsibility to coordinate with necessary administrative and/or government authorities for such variation of technical requirements.

RS SUPPLEMENTAL AGREEMENT

In view of the variation of and incorporation of new terms to the Definitive Agreement by entering into the DA Supplemental Agreement as discussed above, the terms of the Revenue Sharing Agreement shall be amended such that the terms of which shall be in conformity with the amendments made to the Definitive Agreement. As such, on 13 September 2013 (after trading hours), VAST and the Vendor entered into the RS Supplemental Agreement, pursuant to which the commencement date of the Revenue Sharing Agreement shall be amended from 1 January 2013 to the Commencement Date and the terms of which shall now be a period of nine and a half years commencing from the Commencement Date, unless further extended or earlier terminated according to the terms of the Revenue Sharing Agreement.

Save as amended by the DA Supplemental Agreement and RS Supplemental Agreement as disclosed below, all other terms and conditions of the Definitive Agreement and the Revenue Sharing Agreement remain unchanged.

FURTHER DELAY IN DESPATCH OF CIRCULAR

As the Company requires additional time to update the contents of the Circular, the date of despatch of the Circular is expected to be further postponed to a date falling on or before 26 September 2013. As the Acquisition may or may not be completed, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

This announcement is made by the Board pursuant to Rule 14.36 of the Listing Rules.

Reference is made to the announcement of the Company (the “**Announcement**”) dated 15 April 2013 in relation to the, among other things, the Acquisition and the announcements of the Company dated 23 May 2013, 26 June 2013 and 30 August 2013 respectively in relation to the delay in despatch of the circular. Unless otherwise stated herein, capitalised terms used herein should have the same meanings as those defined in the Announcement unless the context requires otherwise.

Pursuant to the Definitive Agreement, 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.

On 13 September 2013 (after trading hours), VAST and the Vendor entered into a supplemental agreement (the “**DA Supplemental Agreement**”) to vary certain terms of and incorporate certain new terms to the Definitive Agreement. On the even date, the VAST and the Vendor also entered into a supplemental agreement (the “**RS Supplemental Agreement**”) to vary certain terms of the Revenue Sharing Agreement such that the terms of which will be in conformity with the amendments made to the Definitive Agreement. The major variation and the new terms contemplated under the DA Supplemental Agreement and RS Supplemental Agreement are set out as follows:

DA SUPPLEMENTAL AGREEMENT

Amendments to the payment terms under the Definitive Agreement

Pursuant to the Definitive Agreement, 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.

Pursuant to the DA Supplemental Agreement, the payment term for the first installment of US\$8.0 million (equivalent to approximately HK\$62.0 million) is amended as follows:

- (a) as to US\$1.85 million (equivalent to approximately HK\$14.3 million) will be settled within 15 days after the Commencement Date, of which US\$600,000 (equivalent to approximately HK\$4.7 million) will be offset by the deposit of US\$600,000 paid by VAST to the Vendor under the Framework Agreement and the balance of US\$1.25 million (equivalent to approximately HK\$9.7 million) will be settled by cash;
- (b) as to US\$4.15 million (equivalent to approximately HK\$32.2 million) will be settled within 17 days after the Commencement Date by the allotment and issue of 64,000,000 Consideration Shares at the Issue Price of HK\$0.5034 per Consideration Share; and
- (c) as to US\$2.0 million (equivalent to approximately HK\$15.5 million) will be settled within 180 days after the Commencement Date by cash.

Amendments to the Service Period

Pursuant to the Definitive Agreement, the terms of the Service Period should be nine and a half years commencing from 1 January 2013. Under the DA Supplemental Agreement, the commencement date of the Service Period should be amended from 1 January 2013 to the Commencement Date and the terms of the Service Period should now be nine and a half (9.5) years commencing from the Commencement Date.

Amendments to the Transitional Period

Pursuant to the Definitive Agreement, the Transitional Period is defined as the period from 1 January 2013 to the Commencement Date. In view of the amendment of the commencement date of the Service Period from 1 January 2013 to the Commencement Date as disclosed above, the Transitional Period is no longer applicable to the Definitive Agreement. Under

the DA Supplemental Agreement, the arrangement during the Transitional Period as set out under the paragraph headed “Arrangement during Transitional Period” in the Announcement is deleted.

Incorporation of new term to the first right of refusal

Pursuant to the Definitive Agreement, as disclosed under the paragraph headed “First right of refusal” in the Announcement, VAST shall have the first right of refusal 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.

Pursuant to the DA Supplemental Agreement, a major term to the first right of refusal has been incorporated. The term provides that subject to the relevant laws and/or regulations, if successor territory capacity or other territory capacity is accounted for 67% or more of the total bandwidth capacity of the successor satellite or other satellite and/or payload at an orbital position other than the orbital position currently located by the Satellite, respectively, and VAST will enter into a written commitment to purchase from the Vendor the successor territory capacity or other territory capacity (as the case may be) at a reasonable price agreed by the Vendor and VAST, the Vendor and VAST agree that the decision in relation to all aspect of the successor satellite or other satellite and/or payload at an orbital position other than the orbital position currently located by the Satellite, including without limitation to satellite design, technologies, research, development, launch, and the design and construction of the satellite control stations and gateways shall mutually be agreed and made by the Vendor and VAST.

During the negotiation between the Vendor and VAST regarding the grant to VAST of the decision rights in relation to all aspect of the successor satellite or other satellite and/or payload as mentioned above, both the Vendor and VAST agreed that VAST should at least acquire from the Vendor more than two-third of the total bandwidth capacity of the successor satellite or other satellite and/or payload. As such, pursuant to the DA Supplemental Agreement, VAST shall acquire from the Vendor at least 67% or more of the total bandwidth capacity of the successor satellite or other satellite and/or payload in order to have the right of decision making.

Extension of long stop date

As disclosed in the Announcement, the Definitive Agreement is conditional upon the satisfaction or waiver of certain conditions precedent as set out in the Definitive Agreement on or before 30 September 2013.

Pursuant to the DA Supplemental Agreement, the Vendor and the Purchaser agreed to extend the long stop date for the fulfillment of conditions precedent of the Definitive Agreement from 30 September 2013 to 15 October 2013.

Other new terms of the DA Supplemental Agreement

Non-IPSTAR ground system

Pursuant to the DA Supplemental Agreement, VAST is entitled to use non-IPSTAR ground system, including user terminals and/or antennas at its own cost to access the Bandwidth Capacity, provided that (i) such use shall comply with the provision as specified in the Definitive Agreement; or (ii) if the specific technical specifications of non-IPSTAR ground system used by VAST varies from the technical requirements as specified in the Definitive Agreement, VAST shall take full responsibility to coordinate with necessary administrative and/or government authorities for such variation of technical requirements.

Both VAST and the Vendor shall establish practices and/or procedures, including but not limited to, test and product verification, to ensure the compatibility with the Satellite before the launch of the non-IPSTAR ground system service in the Territory.

In the event that the non-IPSTAR ground system service provided by VAST causes interference to the Satellite or other satellites, the Vendor shall send a written report containing details and evidence of such interference as soon as reasonably practicable and VAST shall take full responsibility at its own cost to resolve such interference caused to all affected third party(s) within forty-eight (48) hours of VAST receives the written report from the Vendor. If VAST fails to resolve such interference within such forty-eight (48) hours period, the Vendor has the right to immediately preempt or interrupt VAST's utilization of the Bandwidth Capacity Service for such non-IPSTAR ground system service. Regardless of such forty-eight (48) hours period, in case of emergency event, the Vendor reserves its right to immediately cease any transmission of the Bandwidth Capacity in accordance with terms as set out in the Definitive Agreement.

In the event that VAST is in the process of resolving any issue related to the compliance and/or necessary administrative and/or government authorities as specified in the Definitive Agreement, the Vendor shall not be entitled to exercise its termination rights under the Definitive Agreement if VAST provides evidences as reasonably requested by the Vendor that it is actively coordinating to resolve such issue.

The Directors consider that the incorporation of the new terms to the Definitive Agreement can provide the Company and its existing and/or new customers the flexibility in choosing the ground systems to access the Bandwidth Capacity. Furthermore in the event of emergency rescue operation, the flexibility in utilization of the ground systems can further facilitate the rescue action. The Directors consider that the incorporation of the new terms to the Definitive Agreement is therefore in the interests of the Company and the Shareholders as a whole.

RS SUPPLEMENTAL AGREEMENT

Pursuant to the Revenue Sharing Agreement, its terms should commence 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.

In view of the variation of and incorporation of new terms to the Definitive Agreement by entering into the DA Supplemental Agreement as disclosed above, the terms of the Revenue Sharing Agreement shall be amended such that the terms of which shall be in conformity with the amendments made to the Definitive Agreement. As such, on 13 September 2013 (after trading hours), VAST and the Vendor entered into the RS Supplemental Agreement, pursuant to which the commencement date of the Revenue Sharing Agreement shall be amended from 1 January 2013 to the Commencement Date and the terms of which shall now be a period of nine and a half years commencing from the Commencement Date, unless further extended or earlier terminated according to the terms of the Revenue Sharing Agreement.

GENERAL

The terms of the DA Supplemental Agreement and the RS Supplemental Agreement were arrived after arm's length negotiation between VAST and the Vendor. The Directors consider that the terms of the DA Supplemental Agreement and the RS Supplemental Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole. Save as amended by the DA Supplemental Agreement and RS Supplemental Agreement as disclosed above, all other terms and conditions of the Definitive Agreement and the Revenue Sharing Agreement remain unchanged.

FURTHER DELAY IN DESPATCH OF CIRCULAR

As the Company requires additional time to update the contents of the Circular, the date of despatch of the Circular is expected to be further postponed to a date falling on or before 26 September 2013. As the Acquisition may or may not be completed, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 13 September 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. Cai Youliang.