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[April 04, 2012]

## VelaTel Global acquires 75% stake in Herlong Investments (Novi-Net and Montenegro Connect)

Apr 04, 2012 (Datamonitor Financial Deals Tracker via COMTEX) -- VelaTel Global Communications, Inc., a US-based provider of wireless broadband and telecommunications engineering and construction services, has acquired a 75% controlling interest in Herlong Investments Limited, and its operating subsidiaries, Novi-Net, d.o.o. and Montenegro Connect, d.o.o.



Herlong is a Cyprus-based company and the sole shareholder of Novi-Net and Montenegro Connect. Both Novi-Net and Montenegro Connect, hold radio frequency spectrum licenses suitable for delivery of wireless broadband access to household, business and government subscribers in Croatia and Montenegro, respectively.

Announcement (December 8, 2011): VelaTel has entered into a business cooperation agreement to acquire a 75% controlling interest in Herlong Investments.

In exchange for its 75% equity stake, VelaTel will contribute all CAPEX and OPEX necessary to deploy and operate the Croatia and Montenegro networks until the companies are cash flow positive. VelaTel's service level commitment is for 75 new BTS (base transceiver stations) plus the core equipment, other infrastructure and software needed to support up to 150,000 subscribers. Based on pro formas the parties have developed, VelaTel's commitment includes its ability to leverage 85% vendor financing from its strategic partner, ZTE Corporation. VelaTel has already placed the equipment order and paid the \$713,000 down payment for the equipment, which ZTE has already manufactured. Based on an estimated delivery date during February 2012, VelaTel expects to complete the deployment of the new equipment during the summer of 2012.

The transaction is expected to close in January 2012.

Deal Type Acquisition Sub-Category Majority Acquisition Deal Status Completed: 2012-04-02 Deal Participants Target (Company) Herlong Investments Limited Acquirer (Company) VelaTel Global Communications, Inc. (Formerly China Tel Group, Inc.) Deal Rationale The acquisition will allow VelaTel Global to enter into the geographic center of the Balkan countries to lead to other opportunities in the region.

% Acquisition 75%

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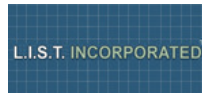
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