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This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



Vodatel Networks Holdings Limited
(incorporated in Bermuda with limited liability)

ANNOUNCEMENT

Summary

The Company has entered into an Agreement on 19th April, 2000 with Crossland Technology, an Australian information technology company, to acquire from Crossland Technology 40% equity interest in King Glory, a wholly-owned subsidiary of the Vendor. King Glory beneficially owns 100% interest in CBSL and OSL. Upon the completion of the Agreement, King Glory will be renamed as Vodatel Crossland and it will focus on eCommerce solutions, business process re-engineering and R&D of communication and transaction input devices.

The Acquisition

The board (the “Board”) of directors (the “Directors”) of Vodatel Networks Holdings Limited (the “Company”) wishes to announce that the Company has entered into a conditional sale and purchase agreement (the “Agreement”) on 19th April, 2000 with Crossland Technology Group Limited (the “Vendor” or “Crossland Technology”) to acquire (the “Acquisition”) 40% equity interest in King Glory Holdings Group Limited (“King Glory”), a newly set up wholly-owned subsidiary of the Vendor. King Glory beneficially owns 100% equity interest in Crossland Business Solution Limited (“CBSL”) and Oriental

Skill Limited (“OSL”). Upon the completion of the Agreement, King Glory will be renamed as Vodatel Crossland Technology Holdings Limited (“Vodatel Crossland”). The Acquisition is conditional upon, inter alia, the completion by the Company to its satisfaction of a due diligence review and the consolidated net tangible assets of King Glory and its subsidiaries will not less than HK\$6 million as at the completion date of the Acquisition which is expected to be 30th June, 2000. For the financial year ended 31st March, 1999, CBSL recorded an unaudited net loss of HK\$11,107 whereas OSL recorded an audited net profit of HK\$105,511. For the nine months ended 31st December, 1999, CBSL and OSL recorded an unaudited net loss of HK\$85,155 and HK\$289,426 respectively. The Company will be entitled to 40% of the income generated by Vodatel Crossland whereas the Vendor will have entitlement to the remaining 60% of the interest. As to the board composition of Vodatel Crossland, the Company will appoint three of the directors whereas the Vendor will appoint the remaining three. CBSL specializes in eCommerce solutions and business process re-engineering while OSL focuses on the R&D of communication and transaction input devices.

Background Information of the Vendor

Crossland Technology was established by a group of IT talent in Australia in 1994. Crossland Technology specializes in real-time transaction processing system, multilingual technologies, large-scale database systems and customized data input products. An extensive real-time totalization system named CrossTos was developed and is currently used by several jockey clubs in Asia. The Vendor and its shareholders are independent third parties not related to the Company’s directors, chief executive, substantial shareholders, management shareholders and their respective associates.

Consideration

The aggregate consideration of the acquisition is HK\$28 million which was based on Vodatel Crossland’s future profit potential and was determined after arm’s length negotiation between the Vendor and the Company. The consideration will be fully satisfied in cash and financed by the net proceeds raised from the listing of the Company’s shares on the GEM. The Directors confirm that there is no further capital commitment or injection required for Vodatel Crossland pursuant to the agreement. Despite the Acquisition, the Company will continue to carry out business plans as stated in the “Statement of Business Objective” section of the Company’s listing prospectus dated 16th February, 2000 (the “Prospectus”). The Acquisition will not have any negative impact on the Company’s use of proceeds schedule. On the contrary, the

Directors believe that the Acquisition is both time and cost effective in allowing the Company to expand into e-commerce business, develop internet related products and enhance its R&D capability. Although it was not stipulated in the Prospectus that the Company will enter into the Acquisition with Crossland Technology, it was disclosed in the Prospectus that approximately HK\$25 million will be used for the development of ISP, e-commerce and internet-related products and business and approximately HK\$20 million will be used for R&D and in promotion of Internet access equipment. The progress of expansion into e-commerce business is faster than scheduled as a result of the Acquisition, the Directors consider it is to the Company's interest that it can react fast and seize opportunities whenever they arise given the fast changing nature of the IT industry. The Directors are in the view that the terms as set out in the Agreement are fair and reasonable.

Business Scope of Vodatel Crossland

Crossland Technology Group is a leading New Economy Trading Enabler ("NETE"). Vodatel Crossland's service will be based on a practical New Economy Trading Enabling Methodology ("NETEM") and a scalable New Economy Trading Platform ("NETP"). Vodatel Crossland aims at assisting organizations to establish their eCommerce businesses in a timely manner. NETP has been adopted in different eCommerce businesses, such as Stock, Books, Cars and Horse Racing.

The combined strength of the Company and Crossland Technology enables Vodatel Crossland to become a leading NETE. Vodatel Crossland provides organizations with the following services.

1. **Technology Transfer** — Vodatel Crossland has developed several vertical eCommerce solutions based on a scalable NETP. Organizations can acquire the solutions to move their businesses online. Having obtained the technology transfer support from Vodatel Crossland, organizations can focus on the product development and operations of their businesses.
2. **Outsourcing** — Vodatel Crossland possesses a strong IT force which consists of telecommunication specialists, networking experts, software engineers, hardware R&D engineers and business analysts. They can help entrepreneurs to develop new businesses based on their innovative ideas.
3. **Service Bureau** — For organizations that do not want to own and maintain their own eCommerce platforms, Vodatel Crossland can act as a service bureau to lease the solutions to them. This approach can facilitate the

eCommerce business with a minimum starting fund. Once the eCommerce solutions have been proven to be significant, the organizations can employ Vodatel Crossland's technology transfer and outsourcing services to advance their eCommerce business.

Save as disclosed above, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are disclosable under Chapter 19 to 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

By order of the Board
Vodatel Networks Holdings Limited
José Manuel dos Santos
Chairman

Hong Kong, 19th April, 2000

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