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VODATEL NETWORKS HOLDINGS LIMITED

愛達利網絡控股有限公司*

(incorporated in Bermuda with limited liability)

ANNOUNCEMENT

PROPOSED SEPARATE LISTING OF MEGAINFO HOLDINGS LIMITED ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

SUMMARY

The Board is pleased to announce that it is currently considering the proposed spin-off of the MegaInfo Group from the Group and the Separate Listing on GEM. An application for the Separate Listing of MegaInfo Shares on GEM was made to the Stock Exchange on 30 January 2003.

The business of the MegaInfo Group originated within the Group in 1998 and is currently an independent, separate and stand-alone operating unit of the Group's principal business of the provision of network solutions for telecommunications service providers in the PRC. The MegaInfo Group is an independent provider of enterprise solution with a focus on the self-developed digital image processing management solution.

After the spin-off of the MegaInfo's business, the Remaining Group will continue to focus on its principal business in the provision of network solutions for telecommunications service providers in the PRC. The MegaInfo Group will continue to focus on the provision of enterprise solution with a focus on the self-developed digital image processing management solution for selected vertical markets, such as telecommunications, medical and financial sectors.

The Board believes that the Separate Listing will give rise to benefits for both the Remaining Group and the MegaInfo Group.

The exact structure of the Separate Listing (subject to finalization) may involve a distribution in specie of MegInfo Shares to shareholders of the Company on a particular record date (to be determined by the Company), or a new issue of MegInfo Shares, or a combination of both. It is currently proposed that MegaInfo will still remain as a non wholly-owned subsidiary of the Group upon listing of the MegaInfo Shares.

The Separate Listing, depending on its final structure, may involve, inter alia, the adoption of a separate share option scheme by MegaInfo and hence may require approval from shareholders of the Company. A further announcement will be made and, if applicable, a circular containing, inter alia, details of the Separate Listing and a notice of a special general meeting to be convened by the Company to approve the distribution of MegaInfo shares and the adoption of a separate share option scheme by MegaInfo and related issues will be dispatched to shareholders of the Company as soon as practicable once the exact structure of the Separate Listing has been finalized.

As the Separate Listing may or may not proceed, shareholders of the Company are reminded to exercise caution when dealing in the shares of the Company.

INTRODUCTION

The Board is pleased to announce that it is currently considering the proposed spin-off of the MegaInfo Group from the Group and the Separate Listing on GEM. An application for the Separate Listing of MegaInfo Shares on GEM was made on the Stock Exchange on 30 January 2003. CSC Asia Limited and REXCAPITAL (Hong Kong) Limited have been appointed as the sponsor and the co-sponsor to the Separate Listing respectively.

INFORMATION ON MEGAINFO

MegaInfo is a company incorporated in Bermuda as an exempted company with limited liability. The business of the MegaInfo Group originated within the Group in 1998 and is currently an independent, separate and stand-alone operating unit of the Group's principal business of the provision of network solutions for telecommunications service providers in the PRC. The MegaInfo Group is an independent provider of enterprise solution with a focus on the

self-developed digital image processing management solution. It is proposed that pursuant to a reorganization to be implemented, all business and subsidiaries of the Group currently engaged in the provision of the enterprise solution with a focus on the self-developed digital image processing management solution will be injected into the MegaInfo Group. The solutions, namely *VodaImage* and *VodaMax*, enable the capture and storage of documents and images under a centralized management database, allowing efficient retrieval and further processing of information at multiple locations. This application best suits industries that need to deal with significant volume of documents and/or images.

INFORMATION ON REMAINING BUSINESSES OF THE GROUP

After the spin-off of MegaInfo's business, the Remaining Group will continue to focus on its principal business of the provision of network solutions for telecommunications service providers in the PRC.

REASONS FOR AND BENEFITS OF THE SEPERATE LISTING

The Board believes that both the MegaInfo Group and the Remaining Group will both benefit from the Separate Listing. As an independent listed vehicle, the MegaInfo Group will enable investors to have access to much more information and avenues of communication to interact with and evaluate. The MegaInfo Group will have direct access to capital markets to finance its future development and business expansion. At the same time, the Remaining Group will be able to apply its financial resources in its core business in the provision of network solutions for telecommunication services provider. With MegaInfo still remaining as a non wholly-owned subsidiary of the Remaining Group upon listing of the shares of MegaInfo, it would still allow the Group to share the future growth of MegaInfo. The Separate Listing would allow both entities to allocate more resources and to focus on the future development and business expansion in their respective business fields, and enhance the decision-making process, shorten response time to market changes, improve operational efficiency and expedite business development.

STRUCTURE OF THE SEPERATE LISTING

The exact structure of the Separate Listing (subject to finalization) may involve:

- a distribution in specie of the MegaInfo Shares to the shareholders of the Company on particular record date (to be determined by the Company), which will enable the existing shareholders of the Company to enjoy and participate directly in the equity of MegaInfo; and

- a new issue of MegaInfo Shares by way of placing, which will enable MegaInfo to raise additional capital for further business developments.

In relation to the distribution in specie stated above, the Board is also considering a cash alternative to existing shareholders of the Company who may not wish to hold the MegaInfo Shares and to overseas shareholders of the Company who are subject to legal and regulatory issues which may be burdensome or onerous on the Company to effect such distribution. Shareholders of the Company who elect for such cash alternative and the overseas shareholders as referred to above will not be transferred any MegaInfo Shares under the distribution in specie and the MegaInfo Shares which such shareholders would have been otherwise entitled to receive will be retained by the Company and will be offered for sale by way of placing.

The structure and implementation of the Separate Listing may be subject to the then conditions, the exact nature and terms of which are still under consideration by the Board. It is currently proposed that following implementation of the Separate Listing, MegaInfo will remain a non wholly-owned subsidiary of the Company.

GENERAL

The Separate Listing, depending on its final structure, may involve, inter alia, the adoption of a separate share option scheme by MegaInfo and hence may require approval from shareholders of the Company. A further announcement will be made and, if applicable, a circular containing, inter alia, details of the Separate Listing and a notice of a special general meeting to be convened by the Company to approve the distribution of MegaInfo Shares and the adoption of a separate share option scheme by MegaInfo. Separate Listing and related issues will be dispatched to shareholders of the Company as soon as practicable once the exact structure of the Separate Listing has been finalized.

Shareholders of the Company should note that the Board may or may not proceed with the Separate Listing in accordance with the terms set out above, or at all. A further announcement will be made as and when appropriate in respect of any material developments of the Separate Listing and/or any material change on the information contained in this announcement. The Board emphasizes that the specific terms and timing of the Separate Listing have yet to be finalized. The implementation of the Separate Listing may require certain consents and approvals, including

approval from the Stock Exchange and shareholders of the Company, and subject to any further conditions that may be imposed by the Stock Exchange. Such consents and approvals may or may not be obtained. Shareholders of the Company are therefore reminded to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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| “Board” | the board of directors of the Company |
| “Company” | Vodatel Networks Holdings Limited |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “Group” | the Company and its subsidiaries or, after the Separate Listing, the Company and its subsidiaries other than the MegaInfo Group |
| “MegaInfo” | MegaInfo Holdings Limited, a company incorporated in Bermuda with limited liability and at present a wholly-owned subsidiary of the Company |
| “MegaInfo Group” | MegaInfo and its subsidiaries, and where the context so requires, in respect of the period before MegaInfo becoming the holding company of its present subsidiaries, such subsidiaries as if they were the subsidiaries of MegaInfo at that time, and in respect of the period before the establishment of all of such subsidiaries, the operating division of the Group which previously carried on the location-based technology business now carried on by the MegaInfo Group. |
| “MegaInfo Shares” | the ordinary shares in the capital of MegaInfo |
| “PRC” | the People’s Republic of China, but for the purpose of this announcement and for geographical reference only excludes Taiwan and Hong Kong |
| “Remaining Group” | the Group other than the MegaInfo Group |

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| “Separate Listing” | the proposed separate listing of the MegaInfo Shares on GEM in connection with the proposed spin-off of the MegaInfo Group from the Group |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited |

By order of the Board
José Manuel dos Santos
Chairman

Hong Kong 30 January 2003

This announcement, for which the directors (the “Directors”) of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website and on the website of the Company at www.vodatelsys.com for at least seven days from the day of its posting.

** for identification only*