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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)

Stock Code: 8033

Disclosure pursuant to rule 17.21

- Upon publication of its 2004 Audited Accounts, the Company will be in technical breach of certain financial covenants under the Guarantee. Consequently, the Lenders are entitled to demand a prepayment of the loan which would otherwise have been due on 25th September, 2006 and the Company is making this announcement in accordance with rule 17.21 of the GEM Listing Rules.
- The principal amount outstanding as at 31st March, 2005 under the Agreement was US\$11,250,000 (approximately HK\$87,525,000). The Company is in discussion with the Lenders as to whether the loan should be repaid prior to its term or if it could be refinanced. In any event and for the time being, the Company will deposit an amount of US\$11,250,000 (approximately HK\$87,525,000) with the Agent pending the outcome of such discussions.
- As at 31st March, 2005, the Group had bank balances and cash of approximately HK\$147,721,000 (excluding a US\$5,000,000 (approximately HK\$38,900,000) yield-enhanced bonds) so that even after making the deposit to the Agent or making a full repayment, the operations of the Group would not be materially and adversely affected.

THE LOAN

The loan was of a principal amount of US\$15,000,000 (approximately HK\$116,700,000) is to be repaid by VHL in four half-yearly instalments of US\$3,750,000 (approximately HK\$29,175,000) each, due in March and September, 2005 and March and September, 2006 respectively. The purpose of the loan is for general corporate purpose and for general working capital. The first repayment was paid in March, 2005 and so the outstanding principal amount as at 31st March, 2005 was US\$11,250,000 (approximately HK\$87,525,000).

The following financial covenants under the Guarantee will, inter alia, be breached upon publication of the 2004 Audited Accounts:

- (i) the consolidated tangible net worth of the Company as at 31st December, 2004 was less than HK\$380,000,000 as agreed with the Lenders;
- (ii) the total consolidated liabilities of the Company as at 31st December, 2004 was higher than 125% of the consolidated tangible net worth as agreed with the Lenders;

- (iii) the ratio of consolidated current assets of the Company to its consolidated current liabilities as at 31st December, 2004 was lower than the ratio of 1.6:1 as agreed with the Lenders; and
- (iv) the ratio of dividend payout to the profits according to the 2004 Audited Accounts was higher than the ratio of 50% as agreed with the Lenders.

The Company is in discussion with the Lenders as to whether the loan should be repaid prior to its term or if it could be refinanced. In any event and for the time being, the Company will, with the consensus of the Lenders, deposit an amount of US\$11,250,000 (approximately HK\$87,525,000) with the Agent pending the outcome of such discussions.

As at 31st March, 2005, the Group had bank balances and cash of approximately HK\$147,721,000 (excluding a US\$5,000,000 (approximately HK\$38,900,000) yield-enhanced bonds) so that even after making the deposit to the Agent or making full repayment, the operations of the Group would not be materially and adversely affected.

This announcement is made pursuant to rule 17.21 of the GEM Listing Rules. The Company will comply with its obligations under rule 17.23 of the GEM Listing Rules and make disclosures in its subsequent half-year, quarterly and annual reports for so long as the circumstances giving use to the disclosure obligations under rule 17.21 continue to exist.

DEFINITIONS

“2004 Audited Accounts”	the audited accounts of the Company for the Eighteen-Month Period
“Agent”	Standard Chartered Bank (Hong Kong) Limited
“Agreement”	the loan facility agreement effective on 26th September, 2003 entered into between VHL and the Lenders referring to the US\$15,000,000 (approximately HK\$116,700,000) term loan facility
“Board”	the board of the Directors
“Company”	Vodatel Networks Holdings Limited
“Director(s)”	the director(s) of the Company
“Eighteen-Month Period”	the eighteen months ended 31st December, 2004
“Exchange”	The Stock Exchange of Hong Kong Limited, a company incorporated in Hong Kong with limited liability
“GEM”	the Growth Enterprise Market operated by the Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, made by the Exchange from time to time

“Group”	the Company and its subsidiaries, but for the purpose of this announcement, exclude MegaInfo Holdings Limited (incorporated in Bermuda with limited liability, an indirect owned subsidiary of the Company and whose shares of HK\$0.01 each in its capital are listed on GEM) and its subsidiaries
“Guarantee”	the deed of guarantee and indemnity executed by the Company in favour of the Lenders on 26th September, 2003 in respect of the obligation of VHL under the Agreement
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lenders”	Banco Comercial de Macau, S.A., CITIC Ka Wah Bank Limited, Industrial and Commercial Bank of China (Asia) Limited, HSH Nordbank AG, Hong Kong Branch and the Agent
“US\$”	United States Dollar, being the lawful currency of the United States of America
“VHL”	Vodatel Holdings Limited, incorporated in the British Virgin Islands with limited liabilities and a direct wholly-owned subsidiary of the Company

By order of the Board
José Manuel dos Santos
Chairman

Hong Kong, 14th April, 2005

Executive Directors:

José Manuel dos Santos
Yim Hong
Kuan Kin Man
Monica Maria Nunes

Independent non-executive Directors:

Chui Sai Cheong
Lo King Chiu Charles
Fung Kee Yue Roger

This announcement, for which the Directors 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, 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 Announcement” page on the internet website operated by the Exchange for the purposes of GEM for at least seven days from the date of publication and on www.vodatelsys.com.

* For identification purpose only