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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

DISCLOSEABLE TRANSACTION in relation to the disposal of Sale Shares

SUMMARY

The Board is pleased to announce that on 30th May, 2006, the Agreement relating to the sale of the Sale Shares, representing 61.05% of the entire issued share capital of MIHL, for an aggregate of HK\$10,378,500 (or approximately HK\$0.0318 per Sale Share) has been entered into between VHL and the Purchaser.

The sale of the Sale Shares contemplated under the Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules. A circular containing details of the transaction will be dispatched to Members as soon as practicable.

At the request of the Company, trading in the Shares have been suspended with effect from 9:30 a.m. on 1st June, 2006 pending the release of this announcement. An application has been made by the Company to the Exchange for the resumption of trading of the Shares from 9:30 a.m. on 7th June, 2006.

THE AGREEMENT

- Date : 30th May, 2006
- Parties : 1. The Purchaser
2. VHL
3. The Company, as the warrantor of VHL
4. Sun Ho, as the warrantor of the Purchaser
- Assets to be disposed : The Sale Shares.
- Consideration : HK\$10,378,500 in aggregate (or approximately HK\$0.0318 per Sale Share), which shall be satisfied by the Purchaser in cash.

Conditions

: Completion is conditional upon:

1. the Shares of MIHL remaining listed and traded on GEM at all times from the date of the Agreement up to (and including) the Completion Date, save for any temporary suspension not exceeding ten consecutive Business Days for the purposes of clearing any announcement and circular in relation to the sale and purchase of the Sale Shares and/or the Offer by the regulatory authorities;
2. trading in the Shares of MIHL on GEM not being revoked or withdrawn at any time prior to the Completion Date;
3. there being no indication from the Exchange or the SFC prior to the Completion Date that listing of the Shares of MIHL will be suspended, revoked or withdrawn at any time after Completion, whether in connection with any of the transactions contemplated by the Agreement or otherwise;
4. all necessary Members' approval as may be required by the Company in respect of the sale of the Sale Shares and the transactions contemplated under the Agreement and under the GEM Listing Rules;
5. the warranties of the Purchaser remaining true and accurate in all material respects;
6. the warranties of VHL remaining true and accurate in all material respects; and
7. the publication of the joint announcement in relation to the Agreement by or on behalf of MIHL and the Purchaser which has been cleared by the Exchange and SFC.

The Purchaser may at any time by notice in writing to VHL waive any of the conditions set out in 1, 2, 3, 6 and 7 above and such waiver may be made subject to such terms and conditions as are determined by the Purchaser. VHL may at any time by notice to the Purchaser waive the conditions set out in 5 above and such waiver may be made subject to such terms and conditions as are determined by VHL. If any of the conditions set out above has not been satisfied and/or waived at or before 12:00 noon on 29th July, 2006 being the date falling sixty days after the date of the Agreement or such other date as both the Purchaser and VHL may agree, the Agreement shall cease and determine and none of the parties thereto shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

Save for continuing compliance of conditions 1,2,3,5 and 6 prior to the Completion Date, the conditions set out above have been fulfilled.

Completion Date : Completion shall take place on the fifth Business Day after satisfaction and/or waiver of all the conditions of the Agreement, which is expected to be on 13th June, 2006.

MIHL will cease to be a subsidiary of the Company following completion of the Agreement and thereafter, the Company has no more shareholding interest in MIHL.

THE CONSIDERATION

The Consideration was agreed after arm's length negotiations between VHL and the Purchaser by reference to recent similar market transactions and the financial effects of the transaction on the Group. The disposal represented a premium of approximately HK\$7,139,000 to the 61.05% of the net asset value of MIHL as at 31st March, 2006, which is also the expected gain to be accrued to the Company, calculated as the difference between the Consideration and the share of the Company of the net asset value of MIHL.

The Consideration per Sale Share represents an estimated profit of HK\$0.01 based on the net asset value of each Sale Share as reflected in the unaudited consolidated balance sheet of MIHL as at 31st March, 2006. Since its listing, MIHL had not declared any dividends.

The Group intends to retain the proceeds resulting from the sale of the Sale Shares as general working capital.

INFORMATION ON THE COMPANY

The Group carries the vision to deliver high quality solutions to customers allowing them to manage their business and reach out for infotainment services, anywhere and anytime. The Group principally engages in the provision of network and system infrastructure, enterprise solutions and multimedia value-added services.

The Group provides an integrated services in network and system infrastructure ranging from network and system planning, design, provision of network equipment and software, installation and implementation to maintenance and technical support for public telecommunications service providers, such as China Telecom, China Netcom, China Unicom and China Mobile, and enterprises in selected vertical markets in Mainland China and Macao, such as gaming operators, cable TV operators, electricity bureaus and governmental authorities.

The Group is also engaged in the provision of multimedia value-added services in the Asia Pacific Region and Europe, offering mobile and fixed line services such as content and campaign management, distribution and billing via a number of platforms including interactive voice response, interactive internet solutions and premium rate short message services.

Headquartered in Macao and listed on GEM, the Group enjoys a leadership position in Macao and seeks to further expand its penetration into the global market.

INFORMATION ON THE PURCHASER

The Purchaser is an investment holding company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and Sun Ho are not Connected Persons of the Company, and that the Directors believe that Sun Ho is the sole director and the ultimate beneficial owner of the Purchaser.

INFORMATION ON MIHL

Headquartered in Macao, MIHL is principally engaged in the provision of enterprise solutions for targeted customers in Macao and Mainland China. Shares of MIHL are listed on GEM. MIHL specialises in the research and development of innovative and quality value-added applications that aim to increase operating effectiveness and efficiencies of enterprises. MIHL offers an array of enterprise solutions including *MegaImage* (document imaging application), *MegaMax* (surveillance solution), *MegaDMS* (document management system) and *MegaERP* (enterprise resource planning application), and a range of services including installation, testing and commissioning, after-sales support and scanning services. Targeted customers of MIHL include mobile service bureaus, telecommunications service providers, governmental authorities, hospitals and enterprises in Macao and Mainland China.

The audited losses of MIHL before and after taxation for the two years ended 30th June, 2004 and 30th June, 2005 were approximately HK\$6,589,000 and HK\$22,621,000 respectively. The unaudited losses of MIHL was approximately HK\$2,495,000 for the nine-month period ended 31st March, 2006.

REASONS FOR THE DISPOSITION

The Directors consider that through the disposal of all its shareholding in MIHL will allow the Group to further focus on the provision of network and system software and infrastructure for telecommunications service providers in Mainland China and gaming and hotel operators and enterprises in Macao and to provide further financial resources to the Group for general working capital.

The Board considers that the terms of the Agreement were arrived at after arm's length negotiations with the Purchaser and the terms of the Agreement are fair and reasonable, and the entering into the Agreement by VHL, with the Company as the warrantor of VHL, are in the interests of the Company and the Members as a whole.

A circular containing details of the Agreement will be dispatched to Members as soon as practicable in accordance with rule 19.38 of the GEM Listing Rules.

At the request of the Company, trading in the Shares have been suspended with effect from 9:30 a.m. on 1st June, 2006 pending the release of this announcement. An application has been made by the Company to the Exchange for the resumption of trading of the Shares from 9:30 a.m. on 7th June, 2006.

DEFINITIONS

“Agreement”	the sale and purchase agreement entered into between VHL, the Purchaser, the Company and Sun Ho on 30th May, 2006
“Board”	the board of Directors
“Business Days”	days (other than Saturdays and days on which a typical cyclone warning signal number 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	Vodatel Networks Holdings Limited
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“Completion Date”	the date falling on the fifth Business Day after satisfaction and/or waiver of all the conditions of the Agreement, which is expected to be on 13th June, 2006
“Connected Persons”	has the meaning ascribed thereto in the GEM Listing Rules
“Directors”	the directors of the Company
“Exchange”	The Stock Exchange of Hong Kong Limited, a company incorporated in Hong Kong with limited liability
“Financial Adviser”	Partners Capital International Limited, a company incorporated in Hong Kong with limited liability and the financial adviser to the Purchaser in respect of the Offer
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC (not applicable to The Stock Exchange of Hong Kong Limited)
“Macao”	the Macao Special Administrative Region of the PRC
“Mainland China”	the PRC, other than the regions of Hong Kong, Macao and Taiwan
“Member(s)”	holder(s) of Shares
“MIHL”	MegaInfo Holdings Limited, incorporated in Bermuda with limited liability, an indirectly owned subsidiary of the Company prior to completion of the sale of the Sale Shares and Shares of MIHL are listed on GEM
“Offer”	the unconditional cash offer to be made by the Financial Adviser on behalf of the Purchaser (subject to Completion) to the holders of the Shares of MIHL (other than the Purchaser and parties with whom the Purchaser are acting in concert (as such term is defined in the Takeovers Code)) for their Shares of MIHL in compliance with the Takeovers Code, and the comparable offer to be made in accordance with the Takeovers Code by the Purchaser for other equity securities of MIHL
“PRC”	The People’s Republic of China
“Purchaser”	MAXPROFIT GLOBAL INC, a company incorporated in BVI with limited liability. The Purchaser is not a Connected Person of the Company
“Sale Sales”	326,617,500 Shares of MIHL
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shares of MIHL”	shares of HK\$0.01 each in the capital of MIHL
“SFC”	the Securities and Futures Commission established under section 3 of the Securities and Futures Commission Ordinance and continuing in existence under Section 3 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as amended from time to time

“Takeovers Code” the Hong Kong Code on Takeovers and Mergers as amended from time to time

“VHL” Vodatel Holdings Limited, incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company

By order of the Board
José Manuel dos Santos
Chairman

Hong Kong, 6th June, 2006

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 Announcements” page of the internet website operated by the Exchange for the purpose of GEM for at least seven days from the date of publication and on www.vodatelsys.com.

** for identification purpose only*