

The Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



VODATEL NETWORKS HOLDINGS LIMITED

愛達利網絡控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 8033

CONNECTED TRANSACTION

in relation to the acquisition of the Sale Equity

SUMMARY

The Board is pleased to announce that on 29th December, 2006, the Agreement relating to the acquisition of the Sale Equity for RMB500,000 (approximately HK\$500,000) has been entered into between GVDL and the Vendor. Following completion of the Acquisition, the approximate effective interest held by the Company in GTVL, which is an indirectly owned subsidiary of the Company, will be increased from 60% to 81.6%.

The Acquisition constitutes a connected transaction for the Company under the GEM Listing Rules as the Vendor was a Substantial Shareholder of GTVL prior to the Acquisition. Since each of the percentage ratios (other than the profits ratio) of the transaction is more than 2.5% but less than 25% and the total consideration is less than HK\$10,000,000, the Acquisition is subject to reporting and announcement requirements and is exempted from the independent Members' approval requirement under Chapter 20 of the GEM Listing Rules.

THE AGREEMENT

Date	:	29th December, 2006
Parties	:	1. The Vendor 2. GVDL 3. VCL
Assets to be acquired	:	The Sale Equity.
Consideration	:	RMB500,000 (approximately HK\$500,000), which shall be satisfied by GVDL in cash.
Completion date	:	31st December, 2006
Waiver of preemption rights	:	VCL as existing owner of 60% equity interest in GTVL waived its preemption right in respect of the Sale Equity.

The purchaser, GVDL, is indirectly owned as to 54% by the Company and is a subsidiary of the Company. Prior to completion of the Acquisition, GTVL was owned as to 60% by VCL, an indirect wholly-owned subsidiary of the Company, and 40% by the Vendor. By virtue of its 40% equity interest in GTVL, the Vendor is a Substantial Shareholder in one of the subsidiaries of the Company and therefore a connected person (has the meaning ascribed thereto in the GEM Listing Rules) of the Company and the Acquisition constitutes a connected transaction under GEM Listing Rules. Since each of the percentage ratios (other than the profits ratio) of the transaction is more than 2.5% but less than 25% and the total consideration is less than HK\$10,000,000, the Acquisition is subject to reporting and announcement requirements and is exempted from the independent Members' approval requirement under Chapter 20 of the GEM Listing Rules.

Following the completion of the Acquisition, GTVL will continue to be a subsidiary of the Company and the attributable interest of the Company in GTVL will increase from 60% to 81.6%. Prior to the Acquisition, the results of GTVL were consolidated in the financial statements of the Group and this will continue to be the case after the Acquisition. Subject to compliance with the terms of the articles of association of GTVL and the laws of the PRC, there will be no restriction which applies to subsequent sale of the Sale Equity.

THE CONSIDERATION

The consideration was agreed after arm's length negotiations between GVDL and the Vendor by reference to the financial information of GTVL as at 30th November, 2006. The unaudited losses before and after taxation attributable to the Sale Equity for the eleven-month period ended 30th November, 2006 were approximately RMB2,940,000 (approximately HK\$2,940,000) and RMB3,316,000 (approximately HK\$3,316,000) respectively. The unaudited net asset value attributable to the Sale Equity as at 30th November, 2006 was approximately RMB1,040,000 (approximately HK\$1,040,000). The financial figures were prepared in accordance with the accounting standards and the enterprise accounting system in the PRC.

The consideration will be funded by internally generated funds of the Group.

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 and system 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 the PRC, 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 short message services.

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

INFORMATION ON THE VENDOR

The Vendor has been devoted into providing broadband data and voice integration solutions.

INFORMATION ON GTVL

GTVL is engaged in the business of research and development of wireless data communications and internet related products in Mainland China. GTVL is also working on a trial programme to roll out a resources management application that offers value-added services in the areas of sales, inventory and production management under the BizNavigator programme.

The original costs of the Sale Equity to the Vendor as at 31st December, 2005 was approximately US\$602,000 (approximately HK\$4,678,000). The audited profits before and after taxation attributable to the Sale Equity for the two years ended 31st December, 2004 and 31st December, 2005 were approximately RMB136,000 (approximately HK\$136,000) and RMB659,000 (approximately HK\$659,000) respectively. The audited net asset value attributable to the Sale Equity as at 31st December, 2005 was approximately RMB4,092,000 (approximately HK\$4,092,000). The financial figures were prepared in accordance with the accounting standards and the enterprise accounting system in the PRC.

REASONS FOR THE ACQUISITION

The Group is positive with the development and rolling out of the resources management application that offers value-added services in the areas of sales, inventory and production management under BizNavigator programme currently engaged by GTVL. Acquisition of additional equity in GTVL will enable the Group to further participate in the future economic return so generated.

The Board (including the independent non-executive Directors) considers that the terms of the Agreement were arrived at after arm's length negotiations with the Vendor and the terms of the Agreement are on normal commercial terms and are fair and reasonable, and the entering into the Agreement by GVDL and VCL is in the interests of the Company and the Members as a whole.

DEFINITIONS

“Acquisition”	acquisition of the Sale Equity contemplated under the Agreement
“Agreement”	the sale and purchase agreement entered into between the Vendor, VCL and GVDL on 29th December, 2006
“Board”	the board of Directors
“Company”	Vodatel Networks Holdings Limited
“Directors”	the directors of the Company
“Exchange”	The Stock Exchange of Hong Kong Limited, a company incorporated in Hong Kong with limited liability
“GTVL”	Guangzhou Thinker Vodatel Limited, incorporated in the PRC with limited liability and an indirectly owned subsidiary of the Company
“GVDL”	廣州市愛達利發展有限公司 (Guangzhou Vodatel Development Limited*), incorporated in the PRC with limited liability and an indirectly owned subsidiary of the Company
“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 Dollar, 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
“Members”	holders of shares of HK\$0.10 each in the capital of the Company
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of Mainland China
“Sale Equity”	40% equity interest in GTVL
“Substantial Shareholder”	in relation to a company means a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the company
“US\$”	United States Dollar, the lawful currency of the United States of America
“VCL”	Vodatel China Limited, incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Vendor”	廣州創想科技有限公司 (Guangzhou Thinker Technology Company Limited*), a company incorporated in the PRC with limited liability

* for identification purpose only

For the purpose of this announcement, conversions of RMB and US\$ into HK\$ are made, for illustration purposes only, at the rate of RMB1.00 = HK\$1.00 and US\$1.00 = HK\$7.77. No representation is made that any amounts in RMB, US\$ or HK\$ could have been or could be converted at the above rates or at any other rates at all.

By order of the Board
José Manuel dos Santos
Chairman

Macao, 29th December, 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 purposes of GEM for at least seven days from the date of publication and on www.vodatelsys.com.