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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 March, 2007, the Agreement relating to the sale of the Sale Shares, representing the entire issued share capital of STASA has been entered into between TCM and the Purchasers.

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.

THE AGREEMENT

- Date : 30th March, 2007
- Parties : 1. The Purchasers
2. TCM (as vendor)
- Assets to be disposed : The Sale Shares.
- Consideration : 1. €300,000 (approximately HK\$3,128,000), which shall be satisfied by the Purchasers in cash on Completion Date.
2. TCM will further assign the Intercompany Loans to the Purchasers.
3. TCM is further entitled to an earn-out payment of 10% of six times earnings before interests, taxation, depreciation and amortisation as per the annual

statutory financial statements of STASA to be approved no later than six months after the end of each year ending 31st December, 2007, 2008 and 2009, less Intercompany Loans. The earn-out payment will be made to TCM within thirty days from the approval date of the annual statutory financial statements.

Completion : Completion is conditional upon 1. TCM not taking any action which would affect, amongst other things, the value of STASA; and 2. the signing of a final sale and purchase agreement in respect of the Sale Shares. Consequently, if such final sale and purchase agreement is not signed, the transaction may not proceed.

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

THE CONSIDERATION

The Consideration was agreed after arm's length negotiations between TCM and the Purchasers by reference to the current client base and the net liability position of STASA. The net liability of STASA as at 31st December, 2006 including the Intercompany Loans, amounted to approximately €1,215,000 (approximately HK\$12,669,000). The expected gain to be accrued to the Company, calculated as the difference between the Consideration and the net liability value of STASA, is approximately €1,515,000 (approximately HK\$15,797,000). The Company expects the gain to be recognised in its income statement may be different to that disclosed herein as the final value of such gain to be recorded will be based on the net liability value of STASA as at 30th March, 2007 which is currently unavailable to the Company.

The Group intends to apply all of the proceeds resulting from the sale of the Sale Shares to settle part of the amounts due to short term trade creditors of TCM, being trading debts payable within twelve months of the date of their respective incurrences.

INFORMATION ON THE COMPANY

The Group carries the vision to deliver high quality solutions to customers allowing them to manage their businesses 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 integrated services in network and system infrastructure ranging from network and system planning, design and 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 was 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 IVR, interactive internet solutions and premium SMS.

Headquartered in Macao, the Group enjoyed a leadership position in Macao and sought to further expand its penetration into the global market.

INFORMATION ON THE PURCHASERS

The Purchasers are investment holding companies. To the best of the Director's knowledge, information and belief having made all reasonable enquires, the Purchasers and their respective ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company.

INFORMATION ON STASA

STASA is engaged in the provision of multi-media value-added services such as content and campaign management, distribution and billing via a number of platforms, such as IVR, interactive internet solutions and premium SMS focused on media, enterprise communications, entertainment for consumers and direct marketing markets in Spain.

STASA addresses principally the media and entertainment market and the enterprise and corporate services market, operating a revenue sharing business model through the offering of products and services through telecommunications service providers and media operators in the following three categories:

- IVR-based services covering 1. sales, promotion and infotainment such as call & win, voting and product information; 2. order and information services such as call & order, reservations and financial information; 3. market research such as polling, product test and client service; and 4. sweepstakes and entertainment such as virtual chat, horoscopes and tarot;
- SMS-based applications services, such as interactive chat, contests, voting, polls, quizzes, games talk-show applications, affinity-marketing programmes classified advertising, dating, co-marketing programmes and advertisements; and
- Internet-based application services including 1. Switch4xs internet billing solutions that provide access to a website or application at a fixed rate per minute by switching the modem to a premium rate number; and 2. Call4xs internet billing solutions that allow access to a website or application for a predefined period of time using a pin-code provided by calling a premium rate number.

The audited profits of STASA (in accordance with International Financial Reporting Standards approved by the International Accounting Standards Board) before and after taxation for the two years ended 31st December, 2005 and 31st December, 2006 were approximately €201,000 (approximately HK\$2,096,000) and €3,000 (approximately HK\$31,000) respectively.

REASONS FOR THE DISPOSAL

The Directors consider that through the disposal of all of its shareholding in STASA is in line with the strategy of the Group to refocus on the provision of network, 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 recourses to TCM to settle its amounts due to certain creditors. Following the disposal of the Sale Shares, the net asset value of the Group will increase by the same amount as the expected gain and there will be no change to the liabilities of the Group. Such disposal will not constitute a material adverse impact on the Group. As at 31st December, 2006, the net asset value of the Group, excluding STASA, was approximately HK\$70,352,000. After the disposal of the Sale Shares, the Group will continue to refocus on the provision of network, system software and infrastructure for telecommunications service providers in Mainland China and gaming and hotel operators and enterprises in Macao.

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 Purchasers and the terms of the Agreement are on normal commercial terms, fair and reasonable, and the entering into the Agreement by TCM are in the interests of the Company and the Members as a whole.

There is no prior transaction with the Purchasers which requires aggregation for the purpose of rule 19.22 of the GEM Listing Rules.

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. A further announcement will be made by the Company regarding the entering into the final sale and purchase agreement on the Completion Date.

DEFINITIONS

“Agreement”	the heads of agreement entered into between the Purchasers and TCM on 30th March, 2007
“Board”	the board of Directors
“Company”	Vodatel Networks Holdings Limited
“Completion Date”	the date of signing of a final sale and purchase agreement for the acquisition of the Sale Shares
“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
“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)
“Intercompany Loans”	the amount due from TCM to STASA on Completion Date, which as at 31 December 2006, amounted to approximately €1,742,000 (approximately HK\$18,164,000)
“IVR”	interactive voice response
“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
“Purchasers”	Copperhead Trading LLC, a company incorporated under the laws of Delaware, USA with limited liability and International Telemedia LLC, a company incorporated under the laws of Arkansas, USA with limited liability. The Purchasers are not Connected Persons of the Company
“Sale Shares”	150,000 ordinary registered shares of €6.01021 (approximately HK\$63) each of STASA, being the entire issued share capital of STASA
“SMS”	short message services
“Spain”	The Kingdom of Spain
“STASA”	Servicios Telefónicos de Audiotex, Sociedad Anónima, incorporated in Spain with limited liability, an indirectly owned subsidiary of the Company prior to the completion of the sale of the Sale Shares
“TCM”	Teleconcept-Multimedia N.V., incorporated in the Kingdom of the Netherlands with limited liability and a 60% indirectly owned subsidiary of the Company

“USA”

The United States of America

“€”

Euro, the lawful currency of the European Union

For the purpose of this announcement, conversions of € into HK\$ are made, for illustration purposes only, at the rate of € 1.00 = HK\$10.42716. No representation is made that any amounts in € 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, 2nd April, 2007

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