

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

PROPOSAL FOR SHARE PREMIUM REDUCTION

At the AGM, a special resolution for the approval of the Share Premium Reduction will be proposed.

This announcement is made pursuant to rule 17.10 of the GEM Listing Rules.

Share Premium Reduction

As at the date of this announcement, the unaudited amount standing to the credit of the share premium account of the Company is estimated to stand at approximately HK\$97,676,000. According to the audited financial statements of the Company as at 31st December, 2006, the amount standing to the credit of the share premium account of the Company was HK\$97,676,000 and its accumulated losses were HK\$67,164,000.

It will be proposed at the AGM that, pursuant to the Share Premium Reduction and subject to fulfilment of its conditions as set out below, the entire amount standing to the credit of the share premium account of the Company on the Effective Date be reduced and the credits arising from the Share Premium Reduction be credited to the contributed surplus account of the Company where they will be utilised in accordance with the bye-laws of the Company and all applicable laws, including to set off the accumulated losses of the Company as at the Effective Date in full.

As at the date of this announcement, the unaudited amount of the contributed surplus account of the Company is estimated to stand at approximately HK\$73,718,000.

Reason for the Share Premium Reduction

The elimination of the amount standing to the credit of the share premium account and the crediting of such amount to the contributed surplus account of the Company will, in effect, eliminate the accumulated losses of the Company in full. The Board considers that this will give the Company more flexibility to declare dividends to the Members at the earliest opportunity in the future as and when the Board considers appropriate. The Board believes that the Share Premium Reduction is in the interests of the Company and the Members as a

whole. The Board does not have any present intention to declare dividends to the Members. Any dividend proposal will be considered at the relevant time by reference to, amongst other factors, the prevailing market conditions and financial performance of the Company and its subsidiaries.

Effect of the Share Premium Reduction

Implementation of the Share Premium Reduction will not affect the underlying assets, liabilities, business operations, management or financial position of the Company, other than related expenses incurred which are immaterial.

Conditions of the Share Premium Reduction

The Share Premium Reduction is conditional on:

1. the passing of a special resolution approving the Share Premium Reduction by the Members at the AGM; and
2. compliance with the requirements of section 46(2) of the Companies Act 1981 of Bermuda, including (a) the publication of a notice in relation to the Share Premium Reduction in Bermuda, and (b) the Directors being satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Share Premium Reduction would be, unable to pay its liabilities as they become due.

Assuming the above conditions are fulfilled, it is expected that the Share Premium Reduction will become effective on the date of the AGM at which the relevant special resolution approving the Share Premium Reduction is passed by the Members.

A circular containing, among other things, details of the Share Premium Reduction, together with a notice of the AGM and the related proxy form, will be sent to the Members on 7th June, 2007.

DEFINITIONS

“AGM”	the annual general meeting of the Company to be convened for and held at 3:00 p.m., on 29th June, 2007 at L’hotel Causeway Bay Harbour View Hong Kong, 18 King’s Road, Causeway Bay, Hong Kong
“Board”	the board of Directors
“Company”	Vodatel Networks Holdings Limited
“Directors”	the directors of the Company
“Effective Date”	the date on which the Share Premium Reduction shall become effective, being the date of the AGM at which the relevant special resolution approving the Share Premium Reduction is passed by the Members

“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
“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)
“Members”	holders of shares of HK\$0.10 each in the capital of the Company
“PRC”	The People’s Republic of China
“Share Premium Reduction”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company as at the Effective Date as set out in this announcement

By order of the Board
José Manuel dos Santos
Chairman

The Macao Special Administrative Region of the PRC, 6th June, 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 internet website operated by the Exchange for the purposes of GEM at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the date of posting and on www.vodatelsys.com.

* for identification purpose only