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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

### **BUSINESS AND FINANCIAL HIGHLIGHTS FOR THE THREE-MONTH PERIOD AND THE NINE-MONTH PERIOD**

- Despite a drop in revenue, stronger performance of TSTSH pushed gross profit margin of the Group to reach 32.64% for the Three-Month Period and achieved breakeven to its net profit
- The Group secured the largest project ever, winning a contract from Galaxy Resort valued total HK\$313,592,000 to build a surveillance system at their mega resort in Cotai
- TSTSH continued to score new wins, securing HK\$5,800,000 worth of contracts during the Three-Month Period
- Due to market competition in Timor-Leste, TTSA reported a drop in its revenue and EBITDA of 10% and 21.2% respectively for the Nine-Month Period
- Net cash and cash equivalents and value of yield-enhanced financial instruments aggregated HK\$133,920,000 or HK\$0.22 per Share
- The Directors do not recommend payment of an interim dividend for the Nine-Month Period

## THIRD QUARTER RESULTS

The Board is pleased to present the unaudited consolidated results of the Group for the Three-Month Period and Nine-Month Period as follows:

	Note	Unaudited			
		Three-Month Period HK\$'000	Three months ended 30th September 2012 HK\$'000	Nine-Month Period HK\$'000	Nine months ended 30th September 2012 HK\$'000
<b>Revenue</b>		<b>60,949</b>	72,212	<b>155,783</b>	164,253
Cost of sales		(41,058)	(56,203)	(106,579)	(127,687)
<b>Gross profit</b>		<b>19,891</b>	16,009	<b>49,204</b>	36,566
Selling, marketing costs and administrative expenses		(20,180)	(19,593)	(57,589)	(57,320)
Other (loss)/income		(504)	211	1,725	33,237
<b>Operating (loss)/profit</b>		<b>(793)</b>	(3,373)	<b>(6,660)</b>	12,483
Finance income		1,046	657	2,698	3,587
Finance costs		(26)	—	(28)	—
Finance income-net		1,020	657	2,670	3,587
Share of (loss)/profit of associates		(237)	2,073	512	4,311
<b>(Loss)/profit before income tax</b>		<b>(10)</b>	(643)	<b>(3,478)</b>	20,381
Income tax expense	1	(56)	(27)	(78)	(42)
<b>(Loss)/profit for the period</b>		<b>(66)</b>	(670)	<b>(3,556)</b>	20,339
<b>(Loss)/profit attributable to:</b>					
– Owners of the Company		162	(909)	(2,609)	21,575
– Non-controlling interests		(228)	239	(947)	(1,236)
		<b>(66)</b>	(670)	<b>(3,556)</b>	20,339
<b>Earnings/(loss) per Share attributable to owners of the Company</b>					
		<b>HK cent per Share</b>	<b>HK cent per Share</b>	<b>HK cent per Share</b>	<b>HK cents per Share</b>
– Basic earnings/(loss) per Share	2(a)	<b>0.03</b>	(0.15)	<b>(0.43)</b>	3.51
– Diluted (loss)/earnings per share	2(b)	<b>Not applicable</b>	(0.15)	<b>Not applicable</b>	3.51
<b>Dividends</b>	3	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
		—	—	—	—

## Notes to the condensed consolidated income statement

### 1 Income tax expense

Hong Kong profits tax was provided at the rate of 16.5% (nine months ended 30th September 2012: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits was calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the regions in which the Group operated.

### 2 Earnings per Share

#### (a) Basic

Basic earnings per Share was calculated by dividing the profit attributable to owners of the Company by the weighted average number of Shares in issue during the Nine-Month Period.

	<b>Nine-Month Period HK\$'000</b>	<b>Nine months ended 30th September 2012 HK\$'000</b>
(Loss)/profit attributable to owners of the Company	<b>(909)</b>	<b>21,575</b>
Weighted average number of Shares in issue (thousands)	<b>613,819</b>	<b>613,819</b>

#### (b) Diluted

Diluted earnings per Share was calculated by adjusting the weighted average number of Shares outstanding to assume conversion of all dilutive potential Shares. No diluted earnings per Share for the Nine-Month Period was presented as there were no options, warrants or other convertible instruments in issue as at 30th September 2013. As at 30th September 2012, the Company had Options as dilutive potential Shares. A calculation was done to determine the number of Shares that could have been acquired at fair value (determined as the average market Share price of the Shares) based on the monetary value of the subscription rights attached to outstanding Options. The number of Shares calculated as above was compared with the number of Shares that would have been issued assuming the exercise of the Options. The conversion of all potential Shares arising from the Options would have an anti-dilutive effect on the earnings per Share for the period ended 30th September 2012. Accordingly, diluted earnings per Share was identical to basic earnings per Share for the period ended 30th September 2012.

### 3 Dividends

Dividends of HK\$12,276,000 that related to the period to 31st December 2012 was paid in July 2013 (2012: HK\$3,069,000).

The Directors do not recommend payment of interim dividend for the Nine-Month Period (nine months ended 30th September 2012: HK\$3,069,000).

### 4 Reserves

	Contributed surplus HK\$'000	Other reserve HK\$'000	Capital redemption reserve HK\$'000	Available- for-sale investments HK\$'000	Merger reserve HK\$'000	Statutory reserve HK\$'000	Translation HK\$'000	Total HK\$'000	(Accumulated losses)/ retained earnings HK\$'000
As at 1st January 2012	97,676	4,178	702	23,730	35,549	49	3,450	165,334	(19,611)
Revaluation-gross	—	—	—	(10,103)	—	—	—	(10,103)	—
Currency translation differences	—	—	—	—	—	—	(156)	(156)	—
Profit for the nine months ended 30th September 2012	—	—	—	—	—	—	—	—	21,575
Dividends relating to 2011 paid in July 2012	—	—	—	—	—	—	—	—	(3,069)
Interim dividend	—	—	—	—	—	—	—	—	(3,069)
As at 30th September 2012	<u>97,676</u>	<u>4,178</u>	<u>702</u>	<u>13,627</u>	<u>35,549</u>	<u>49</u>	<u>3,294</u>	<u>155,075</u>	<u>(4,174)</u>
As at 1st January 2013	97,676	4,178	702	90,661	35,549	49	3,178	231,993	3,525
Revaluation-gross	—	—	—	6,330	—	—	—	6,330	—
Currency translation differences	—	—	—	—	—	—	77	77	—
Loss for the Nine-Month Period	—	—	—	—	—	—	—	—	(2,609)
Dividends relating to 2012 paid in July 2013	—	—	—	—	—	—	—	—	(12,276)
As at 30th September 2013	<u>97,676</u>	<u>4,178</u>	<u>702</u>	<u>96,991</u>	<u>35,549</u>	<u>49</u>	<u>3,255</u>	<u>238,400</u>	<u>(11,360)</u>

## **BUSINESS REVIEW**

### ***Business in Macao, Hong Kong and Mainland China***

Macao continued to provide ample business opportunities to the Group. During the Three-Month Period, the Group secured a contract from Galaxy Resort, valued total HK\$313,592,000, to build a surveillance system at their mega resort in Cotai, covering system and network design, supply and installation of equipment, and testing and commissioning of the system. This win is of great significance to the Group as it is the largest win ever secured. More importantly, it reinforces the market positioning of the Group in Macao as a trusted partner and a reliable provider in the area of surveillance.

During the Three-Month Period, the Group also secured numerous projects to provide turnkey solutions in the areas of surveillance and networking infrastructure, trunking radio, server and office platforms for the Government of Macao, University of Macau, different gaming operators, educational institutions, hospitals, banks and utilities, adding to the order book of the Group by over HK\$26,000,000.

In Hong Kong, the Group remains a key provider of networking infrastructure to different regional telecommunications service providers to support the expansion of the data networks of these clients in the Asia Pacific region, securing total contracts worth HK\$5,000,000 for the Three-Month Period. Moreover, the Group also won total contracts of HK\$4,500,000 for the provision of maintenance and support services from various telecommunications service providers in the provinces of Anhui, Shanxi, Hunan and Guangdong and in the municipality of Shanghai in the same period.

### ***TSTSH***

During the Three-Month Period, TSTSH continued to contribute to the EBITDA of the Group by focusing on completing the final acceptances of contracts previously secured and winning new and expansion projects of its customer network management system from various telecommunications service providers in the municipality of Chongqing and in the provinces of Hubei and Jiangxi and from an armed police force to expand the operational control and duty carrying information module. Total contracts secured during the period reached approximately HK\$5,800,000.

For the Nine-Month Period, TSTSH sold its customised off-the-shelf food production quality control and trace module to over sixty-five manufacturers of wine, tea, additives and health products, generating over HK\$2,800,000 of revenue.

## **Investments Holding Activities**

### ***TTSA***

During the Nine-Month Period, TTSA continued to be affected by market competition. TTSA generated revenue of HK\$368,372,000 and EBITDA of HK\$185,319,000, representing a decrease of 10% and 21.2% respectively over the corresponding nine-month period of 2012. Since the introduction of new competition to the market, TTSA continued to upgrade its mobile infrastructure, introduce new offers and competitive tariffs on its mobile broadband and data service plans and to improve its distribution networks.

### ***GTGIL***

During the Three-Month Period, GTGIL completed the acquisition of a property development project company in Mainland China, which owns four parcels of land in the Yangjiang City, Guangdong Province with the purpose for the development of villas, commercial and residential units. In the same period, GTGIL changed its name.

As at 30th September 2013, the Group held 115,419,392 GTGIL Shares, with the intention to dispose majority of its shareholding over the next three to six months.

## **FINANCIAL REVIEW**

During the Three-Month Period, although there was a drop to revenue registered from HK\$72,212,000 to HK\$60,949,000, effectuating a corresponding decrease in revenue for the Nine-Month Period over the corresponding period, the Group continued to experience improvement to its gross profit margin, attributable to TSTSH successfully signing off final acceptances on contracts previously secured and undertaking increasing number of software-based projects, which carried higher margins. Consequently, gross profit margin of the Group jumped to 32.64% for the Three-Month Period as compared to 22.17% from the same corresponding period of last year. As a result of the improvement to gross profit margin, the Group reported an operating loss of HK\$793,000 and almost achieving breakeven to its net profit for the Three-Month Period.

The balance sheet of the Group remained strong and healthy with no external debts (save for and except normal trade payables). Net cash and cash equivalents and value of yield-enhanced financial instruments aggregated HK\$133,920,000 or HK\$0.22 per Share. Close monitoring of its level of trade receivables to avoid doubtful debts and inventories level to avoid stock obsolescence continued.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30th September 2013, the relevant interests and short positions of the Directors or Chief Executive in the Shares, underlying Shares and debentures of the Company or its Associated Corporations which will be required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which he took or deemed to have taken under such provisions of SFO) or required pursuant to Section 352 of SFO, to be entered in the register referred to therein or required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Exchange were as follows:

### Aggregate long positions in the Shares

Name of Director	Nature of interest	Number of Shares held	Approximate % of the issued share capital of the Company
José Manuel dos Santos	Settlor of a discretionary trust (note 1)	301,538,000	49.12
Yim Hong	Personal (note 2)	7,357,500	1.20
Kuan Kin Man	Personal (note 3)	22,112,500	3.60
Monica Maria Nunes	Personal (note 4)	2,452,500	0.40
Fung Kee Yue Roger	Personal (note 5)	210,000	0.03

#### Notes:

- As at 30th September 2013, these Shares were held in the name of ERL. The entire issued share capital in ERL was held by OHHL, a company wholly-owned by HSBCITL, which is a trustee of the existing trust whereby the family members of José Manuel dos Santos (the settlor of the trust) were the discretionary objects and which assets included a controlling stake of 49.12% of the issued share capital of the Company.
- The personal interest of Yim Hong comprised 7,357,500 Shares. The aforesaid interest was held by Yim Hong as beneficial owner.
- The personal interest of Kuan Kin Man comprised 22,112,500 Shares. The aforesaid interest was held by Kuan Kin Man as beneficial owner.
- The personal interest of Monica Maria Nunes comprised 2,452,500 Shares. The aforesaid interest was held by Monica Maria Nunes as beneficial owner.
- The personal interest of Fung Kee Yue Roger comprised 210,000 Shares. The aforesaid interest was held by Fung Kee Yue Roger as beneficial owner.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

The register of Substantial Shareholders required to be kept under Section 336 of Part XV of SFO showed that as at 30th September 2013, the Company was notified of the following Substantial Shareholders' interests, being 5% or more of the issued share capital of the Company. These interests were in addition to those disclosed above in respect of the Directors and Chief Executive:

### Aggregate long positions in the Shares

Name	Nature of interest	Number of Shares held	Approximate % of the issued share capital of the Company
ERL	Corporate interest (note 1)	301,538,000	49.12
OHHL	Corporate interest (note 1)	301,538,000	49.12
HSBCITL	Corporate interest (note 1)	301,538,000	49.12
Lei Hon Kin	Family interest (note 2)	301,538,000	49.12

*Notes:*

- 1 As at 30th September 2013, these Shares were held in the name of ERL. The entire issued share capital in ERL was held by OHHL, a company wholly-owned by HSBCITL, being the trustee of the existing trust.
- 2 Lei Hon Kin, the spouse of José Manuel dos Santos, was deemed to be interested in all the interests of José Manuel dos Santos.

## COMPETING BUSINESS

As at 30th September 2013, none of the Directors, or any person who was (or group of persons who together were) entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and who was (or were) able, as a practical matter, to direct or influence the management of the Company or any of their respective Associates had any interest in a business, which competed or might compete with the business of the Group.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not redeem any of the Shares during the Nine-Month Period. Neither the Company nor any of its subsidiaries purchased or sold any of the Shares during the Nine-Month Period.



## DEFINITIONS

“Associate”	has the meaning ascribed thereto in the GEM Listing Rules
“Associated Corporation”	<p>a corporation:</p> <ol style="list-style-type: none"><li>1 which is a subsidiary or holding company of the Company or a subsidiary of the holding company of the Company; or</li><li>2 (not being a subsidiary of the Company) in which the Company has an interest in the shares of a class comprised in its share capital exceeding in nominal value one-fifth of the nominal value of the issued shares of that class</li></ol>
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Chief Executive”	a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the Board for the conduct of the business of the Company
“Company”	Vodatel Networks Holdings Limited
“Director”	the director of the Company
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“ERL”	Eve Resources Limited, a company incorporated in BVI with limited liability
“Exchange”	The Stock Exchange of Hong Kong Limited, a company incorporated in Hong Kong with limited liability
“Galaxy Resort”	Galaxy Resort & Casino, Cotai City, Macao
“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 (not applicable to Gold Tat Group International Limited)

“GTGIL”	Gold Tat Group International Limited (formerly known as Mobile Telecom Network (Holdings) Limited), a company incorporated in the Cayman Islands with limited liability and GTGIL Shares are listed on GEM
“GTGIL Shares”	ordinary shares of US\$0.01 each in the share capital of GTGIL
“HK cent”	Hong Kong Cent, where 100 HK cents equal HK\$1
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of PRC (not applicable to Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited)
“HSBCITL”	HSBC International Trustee Limited, a company incorporated in BVI with limited liability
“Macao”	the Macao Special Administrative Region of PRC
“Mainland China”	PRC, other than the regions of Hong Kong, Macao and Taiwan
“Nine-Month Period”	nine months ended 30th September 2013
“OHHL”	Ocean Hope Holdings Limited, a company incorporated in BVI with limited liability
“Option”	a right to subscribe for the Shares granted pursuant to the share option scheme approved by the holders of the Shares at a special general meeting on 5th November 2002
“PRC”	The People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share”	ordinary share of HK\$0.10 each in the share capital of the Company (not applicable to GTGIL Share)

“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
“Three-Month Period”	three months ended 30th September 2013
“Timor-Leste”	The Democratic Republic of Timor-Leste
“TSTSH”	泰思通軟件（上海）有限公司, incorporated in PRC with limited liability and an indirectly owned subsidiary of the Company
“TTSA”	Timor Telecom, S.A., a company incorporated in Timor-Leste with limited liability
“US\$”	United States Dollar, the lawful currency of the United States of America

By order of the Board  
**José Manuel dos Santos**  
*Chairman*

Macao, 12th November 2013

**Executive Directors**

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

**Independent non-executive Directors**

Fung Kee Yue Roger  
Wong Tsu Au Patrick  
Tou Kam Fai

*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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.*

*This announcement will remain on the Internet website operated by the Exchange for the purposes of GEM on the “Latest Company Announcements” page for at least seven days from the date of posting and on [www.irasia.com/listco/hk/vodatel/announcement/index.htm](http://www.irasia.com/listco/hk/vodatel/announcement/index.htm) and [www.vodatelsys.com](http://www.vodatelsys.com).*

\* for identification purpose only