



VODATEL NETWORKS HOLDINGS LIMITED

愛達利網絡控股有限公司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 8033)

FIFTH QUARTER REPORT

2004

* *for identification purpose only*

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in Gazetted Newspapers. Accordingly, prospective investors should note that they need to have access to the GEM Website in order to obtain up-to-date information on GEM-listed issuers.

The Exchange takes no responsibility for the contents of this document, 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 document.

This document, 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 document 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 the document misleading; and 3. all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

BUSINESS AND FINANCIAL HIGHLIGHTS FOR THE THREE-MONTH PERIOD AND FIFTEEN-MONTH PERIOD

- Turnover for the Three-Month Period and the Fifteen-Month Period amounted to HK\$89.7 million and HK\$465.3 million respectively. Net profit for the Fifteen-Month Period was HK\$10.0 million
- Over HK\$130 million worth of contracts secured as at 30th September, 2004 from the Government of Macao, the Macao 4th East Asian Games Organising Committee and various telecommunications service providers in Mainland China
- TideStone successfully secured a contract from Chongqing China Telecom for the installation of our Operation Support System
- Completed the acquisition of 100% equity interest of CAOCL, one of the leading distributors of mobile handsets in Macao with an established distribution network of over 100 local mobile handsets retailers
- MIHL completed development of 2 new applications, namely an automatic traffic clearance system and a hospitality and logistics management system

FIFTH QUARTER RESULTS

On behalf of the Board, I am pleased to present the unaudited consolidated results of the Group for the Three-Month Period and Fifteen-Month Period as follows:

		Three months ended 30th September, 2003	Fifteen-Month Period	Twelve months ended 30th June, 2003
	Note	Three-Month Period (Unaudited) HK\$'000	(Unaudited) (Unaudited) HK\$'000	(Unaudited) (Unaudited) HK\$'000
Turnover		89,678	83,715	465,261
Cost of sales		(71,724)	(64,492)	(371,825)
Gross profit		17,954	19,223	93,436
Other revenues		4,973	204	9,335
Selling and administrative expenses		(32,767)	(17,627)	(102,815)
Operating profit/(loss)		(9,840)	1,800	(44)
Finance cost		(906)	(198)	(2,102)
Deemed disposal gain	2	—	—	10,769
Share of loss of associated companies		(214)	(276)	(771)
Profit/(loss) before taxation		(10,960)	1,326	7,852
Taxation	3	829	(209)	41
Profit/(loss) after taxation		(10,131)	1,117	7,893
Minority interests		(714)	(415)	2,116
Profit/(loss) attributable to shareholders		(10,845)	702	10,009
Dividend	4	—	—	6,413
Earnings/(loss) per share (HK cents)	5			
— Basic		(1.8)	0.1	1.6
— Diluted		(1.8)	0.1	1.6

NOTES:

1. Principal accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the accounts of the Group for the year ended 30th June, 2003.

2. Deemed disposal gain

On 19th January, 2004, the shares of MIHL, previously a wholly-owned subsidiary of the Company, were listed on GEM. As a result, the shareholding of the Company in MIHL has been diluted to 61.05%, which resulted in a gain of HK\$10,769,000 arising from the deemed disposal.

3. Taxation

No provision for the profits tax of Hong Kong has been made in the accounts, as the Group does not have any estimated assessable Hong Kong profits for the periods under review.

The complimentary profits tax of Macao has been calculated at 15.75% on the estimated assessable profits of Subsidiaries operating in Macao for the periods under review.

The profits tax in Mainland China has been calculated at 33% on the estimated assessable profits of Subsidiaries operating in Mainland China.

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Subsidiaries of the Company operate.

The amount of taxation charged to the consolidated profit and loss account represents:

	Three-Month Period HK\$'000	Three months ended 30th September, 2003 HK\$'000	Fifteen-Month Period HK\$'000	Twelve months ended 30th June, 2003 HK\$'000
Hong Kong profits tax	—	—	—	—
Macao complimentary profits tax/(overprovision)	(257)	74	65	2,392
Mainland China profits tax	75	135	541	266
Overseas taxation overprovision in prior year	(647)	—	(647)	—
	<u>(829)</u>	<u>209</u>	<u>(41)</u>	<u>2,658</u>

There was no material unprovided deferred taxation for the Three-Month Period and Fifteen-Month Period (three months ended 30th September, 2003 and twelve months ended 30th June, 2003: Nil).

4. Dividend

The Board does not recommend dividend payment for the Three-Month Period (three months ended 30th September, 2003: Nil).

5. Earnings/(loss) per Share

The calculation of the basic and diluted earnings/(loss) per Share is based on the following data:

	Three-Month Period <i>HK\$'000</i>	Three months ended 30th September, 2003 <i>HK\$'000</i>	Fifteen- Month Period <i>HK\$'000</i>	Twelve months ended 30th June, 2003 <i>HK\$'000</i>
Earnings/(loss)				
Earnings/(loss) for the purpose of basic earnings/(loss) per Share	(10,845)	702	10,009	10,594
Effect of dilutive potential ordinary Shares:				
Interest on convertible bonds	—	46	—	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Earnings/(loss) for the purpose of diluted earnings/(loss) per Share	<u>(10,845)</u>	<u>748</u>	<u>10,009</u>	<u>10,594</u>
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Number of Shares				
Weighted average number of ordinary Shares for the purpose of basic earnings/(loss) per Share	613,819	613,819	613,819	609,966
Effect of dilutive potential ordinary Shares:				
Convertible bonds	—	4,863	—	3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Weighted average number of ordinary Shares for the purpose of diluted earnings/(loss) per Share	<u>613,819</u>	<u>618,682</u>	<u>613,819</u>	<u>609,969</u>

6. Reserves

	Capital Investment							Total HK\$'000
	Share premium	redemption reserve	Capital revaluation reserve	Merger reserve	Exchange reserve	Statutory reserve	Retained earnings	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st July, 2003	97,676	702	(4,158)	35,549	108	49	149,146	279,072
Surplus on revaluation of non-trading securities	—	—	12,249	—	—	—	—	12,249
Exchange differences arising on translation of accounts of overseas Subsidiaries	—	—	—	—	56	—	—	56
Group reorganization	—	—	—	4,094	—	—	—	4,094
Profit attributable to Members	—	—	—	—	—	—	10,009	10,009
2002/2003 Final dividend paid	—	—	—	—	—	—	(3,069)	(3,069)
Special interim dividend paid	—	—	—	—	—	—	(3,344)	(3,344)
2003/2004 Interim dividend paid	—	—	—	—	—	—	(3,069)	(3,069)
At 30th September, 2004	<u>97,676</u>	<u>702</u>	<u>8,091</u>	<u>39,643</u>	<u>164</u>	<u>49</u>	<u>149,673</u>	<u>295,998</u>

	Capital Investment			Merger reserve	Exchange reserve	Statutory reserve	Retained earnings	Total
	Share redemption premium	reserve	revaluation reserve					
	HK\$'000	HK\$'000	HK\$'000					
At 1st July, 2002	86,590	702	(2,372)	35,549	(10)	—	147,779	268,238
Share premium on issuance of Shares	11,086	—	—	—	—	—	—	11,086
Surplus on revaluation of non-trading securities	—	—	114	—	—	—	—	114
Reserves transferred to profit and loss account upon disposal of a non-trading security	—	—	(1,900)	—	—	—	—	(1,900)
Exchange differences arising on translation of accounts of overseas Subsidiaries and an associated company	—	—	—	—	118	—	—	118
Provision of Macao statutory reserve	—	—	—	—	—	49	(49)	—
Profit attributable to Members	—	—	—	—	—	—	10,594	10,594
2001/2002 Final dividend paid	—	—	—	—	—	—	(3,040)	(3,040)
2002/2003 Interim dividend paid	—	—	—	—	—	—	(6,138)	(6,138)
At 30th June, 2003	<u>97,676</u>	<u>702</u>	<u>(4,158)</u>	<u>35,549</u>	<u>108</u>	<u>49</u>	<u>149,146</u>	<u>279,072</u>

REVIEW OF BUSINESS ACTIVITIES

Networks Infrastructure

Sluggish capital spending by telecommunications service providers on data networking infrastructure and increasing competition from local equipment manufacturers in Mainland China continued to put pressure on the networks infrastructure business of the Group in Mainland China during the Three-Month Period. Nevertheless, as the Group moved into the end of 2004, it witnessed a slight comeback of capital spending by telecommunications service providers. As at 30th September, 2004, the Group has secured over HK\$60 million from various telecommunications service providers and enterprises, including Heilongjiang Cable TV operator, Zhejiang China Telecom and Guangdong China Telecom.

The strong business momentum of Macao continued to provide numerous business opportunities for the Group. During the Three-Month Period, the Group concluded a contract to provide the networking infrastructure at the core dome that will host major events during the 2005 East Asian Games and the project, which the Group partnered with Motorola Asia Pacific Limited, for the supply of a digital TETRA radio system for the police department of the Government of Macao.

Aggregate value of total contracts awarded as at 30th September, 2004, including Mainland China and Macao, amounted to over HK\$130 million.

During the Three-Month Period, TideStone in Shanghai continued to successfully capitalize on the customer base of the Group by cross selling its Operation Support System to Chongqing China Telecom and being awarded a contract.

MIHL

During the Three-Month Period, in addition to the continued development and enhancement of existing applications of MIHL, including MegaImage (document imaging application), MegaMax (surveillance solution), MegaERP (enterprise resources planning application) and MegaECM (effective communications management solution), to capitalize on the business opportunities brought from the introduction and promotion of e-government by the Government of Macao and the upcoming 2005 East Asian Games, MIHL has completed development of two new applications, namely an automatic traffic clearance system, which deploys the image counting application, to accommodate patrol of traffic, and a hospitality and logistics management system, which is a database and management system that handles mass volume of registrations, identification confirmations, accommodation, transportation, etc. With the vision of the Government of Macao to position Macao as an entertainment, gaming and tourism city, as well as an international city for hosting MICE, the 2 newly developed applications best-fit organizers of MICE to handle logistics arrangements and the security/police force to manage flow of traffic.

TCM

Our 60%-owned Subsidiary, TCM, continued to focus on media, enterprise communications, entertainment for consumers and direct marketing markets and is engaged in the provision of multi-media value-added services via IVR, interactive internet solutions and premium SMS. Supported by the IVR and SMS platforms of the Group, the rollout of interactive television and radio programs continued to be very successful. During the Three-Month Period, TCM supported a television operator in the Kingdom of Spain, to roll out various new television shows and supported radio stations to roll out a Call&Win radio program. The radio program is sponsored by a Spanish leading travel agent, that offers callers the chance to win different worldwide trips by calling in. In respect to SMS business, TCM introduced the “family names coat of arms” and has received positive responses with over hundreds of SMS per day during trail launching.

CAOCL

During the Three-Month Period, the Group acquired one of the leading distributors of mobile handsets in Macao. With an established distribution network of over 100 local mobile handsets retailers, CAOCL is the authorized distributor of mobile handsets of Siemens Mobile from the Federal Republic of Germany, Alcatel from the French Republic and LG, Pantech, Innostream and GEO from the Republic of Korea. CAOCL is also one of the largest mobile handsets repair and service centres in Macao, serving both retailers and telecommunications service providers.

The acquisition of CAOCL is another transformation move of the Group to broaden the business scope of the Group and a means to secure a more stable and recurring revenue base. The acquisition of CAOCL has also provided a solid foundation for the Group when tendering for the CDMA2000 1X services licence in Macao.

With rapid development in industries of gaming, tourism, conventions and exhibitions, and the hosting of large-scale sports and cultural activities, the Government of Macao is expecting that Macao will attract a large number of tourists and visitors for business or pleasure from all over the world. In anticipation that tourists and visitors may not necessarily adopt the GSM standard, therefore, the Government of Macao has introduced a CDMA2000 1X services licence so that tourists and visitors adopting the CDMA standard can still stay connected during their visits in Macao. As a means to further diversify our portfolio and strengthen the revenue base of the Group, it has submitted a bid to tender for the CDMA2000 1X services licence. It is expected that the result of the tender will be announced before end of March 2005.

REVIEW OF OPERATING RESULTS

Change of Financial Year End

To realign the financial and taxation year-end of the Subsidiaries of the Company, the financial year-end of the Company has been changed from 30th June to 31st December. Therefore, this report contained the fifth quarterly results of the Group for the Three-Month Period. Financial statements for 18 months ended 31st December, 2004 will be published and sent to Members on or before 31st March, 2005.

Turnover and Profitability

During the Three-Month Period, despite lowered turnover from our networks infrastructure business, revenue contribution from TCM and CAOCL effectuated turnover for the Three-Month Period to reach HK\$89.7 million and turnover for the Fifteen-Month Period to reach HK\$465.3 million. Nevertheless, attributable to weak operating results from networks infrastructure business of the Group, coupled with the share of loss of TCM due to poor responses to some advertising campaigns launched in the market during the Three-Month Period, amortization of the goodwill arose from the acquisition of TCM and the share of the loss of MIHL, total loss for the Three-Month Period amounted to HK\$10.9 million. Overall, attributable to the gains on disposal from spinning off of MIHL, we continued to registered net profit for the Fifteen-Month Period of HK\$10.0 million.

Capital Structure, Liquidity and Financial Resources

Despite weakened operating results for the Three-Month Period, the Group continued to maintain a healthy capital structure with cash on hand as at 30th September, 2004 of HK\$236.5 million. Total borrowings amounted to HK\$145.4 million, translating to a gearing ratio (total borrowings/shareholders' funds) of 40.6%.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30th September, 2004, 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 or Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or will be required pursuant to section 352 of the SFO, to be entered in the register referred to therein or will be required, pursuant to rules 5.46 to 5.68 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 and short positions in the Shares and (in respect of equity derivatives) underlying Shares

Name of Director	Long position/ short position	Nature of interest	Number of Shares held	Number of underlying Shares (in respect of share option) held	Approximate % of the issued share capital of the Company
José Manuel dos Santos	Long position	Corporate interest/founder of a discretionary trust (Note 1)	293,388,000	—	47.80%
	Long position	Personal (Note 2)	—	600,000	0.10%
	Short position	Corporate interest (Note 3)	—	15,188,000	2.47%
Yim Hong	Long position	Personal (Note 4)	7,357,500	900,000	1.35%
Kuan Kin Man	Long position	Personal (Note 5)	12,262,500	900,000	2.14%
Monica Maria Nunes	Long position	Personal (Note 6)	2,452,500	900,000	0.55%

Notes:

- (1) As at 30th September, 2004, these Shares were held in the name of ERL. The entire issued share capital in ERL was in turn held by LRL, a company wholly-owned by José Manuel dos Santos as trustee of Santos' Family Trust.
- (2) The personal interest of José Manuel dos Santos comprised 600,000 underlying shares in respect of share options granted by the Company to him. The aforesaid interest is held by José Manuel dos Santos as beneficial owner.

- (3) Options were granted by the Company under a share option scheme. Since José Manuel dos Santos was interested in more than one-third of the issued share capital of the Company at 30th September, 2004, he was deemed to have a short position in the 15,188,000 underlying Shares.
- (4) The personal interest of Yim Hong comprised 7,357,500 Shares and 900,000 underlying Shares in respect of share options granted by the Company to him. The aforesaid interest is held by Yim Hong as beneficial owner.
- (5) The personal interest of Kuan Kin Man comprised 12,262,500 Shares and 900,000 underlying Shares in respect of share options granted by the Company to him. The aforesaid interest is held by Kuan Kin Man as beneficial owner.
- (6) The personal interest of Monica Maria Nunes comprised 2,452,500 Shares and 900,000 underlying Shares in respect of share options granted by the Company to her. The aforesaid interest is held by Monica Maria Nunes as beneficial owner.

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

As at 30th September, 2004, the following persons (other than a Director or Chief Executive) had interests or short positions in the Shares and underlying Shares which is recorded in the register required to be kept under section 336 of the SFO:

Aggregate long and short positions in the Shares and (in respect of equity derivatives) underlying Shares

Name	Long position/ short position	Nature of interest	Number of Shares held	Number of underlying Shares (in respect of share option) held	Approximate % of the issued share capital of the Company
ERL	Long position	Corporate interest (Note 1)	293,388,000	—	47.80%
	Short position	Corporate interest (Note 2)	—	15,188,000	2.47%
LRL	Long position	Corporate interest (Note 1)	293,388,000	—	47.80%
	Short position	Corporate interest (Note 2)	—	15,188,000	2.47%
Lei Hon Kin (Note 3)	Long position	Family interest	293,988,000	—	47.89%
	Short position	Corporate interest	—	15,188,000	2.47%

Notes:

- (1) As at 30th September, 2004, these Shares were held in the name of ERL. The entire issued share capital in ERL is in turn held by LRL.
- (2) Options were granted by the Company under a share option scheme. Since both ERL and LRL were interested in more than one-third of the issued share capital of the Company at 30th September, 2004, they were deemed to have a short position in the 15,188,000 underlying Shares.
- (3) Lei Hon Kin, the spouse of José Manuel dos Santos, was deemed to be interested in all the interests of José Manuel dos Santos.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE BY CONTROLLING SHAREHOLDERS

The purpose of the loan is for general corporate purposes and for general working capital. VHL may only drawdown the loan between the period commencing on and including the date of the Agreement and ending on the date 6 months thereafter. VHL shall repay the loan drawn down by 4 consecutive equal semi-annual instalments commencing on the date 18 months after the date of the Agreement. Notwithstanding the above, all outstanding amount under the Agreement shall be repaid on the date 36 months after the date of the Agreement. The interest rate is London interbank offered rate plus 1.35%.

Under the GEM Listing Rules, the Company is required to make a disclosure where the Company or any of its Subsidiaries enters into other agreements that include a condition imposing specific performance obligations on any Controlling Shareholder and breach of such obligation will cause a default in respect of the loan that is significant to the operations of the Company. Under the Guarantee and the Agreement, the Company and VHL undertake with the Agent and each of the Lenders that each of them shall procure that:

- (i) the trustee of Santos' Family Trust (being the Controlling Shareholder) shall at all times have as its trust assets, directly or indirectly, not less than 35% of each class of the issued voting share capital in the Company and that the service agreement between José Manuel dos Santos and the Company dated 10th February, 2004 is not amended or terminated without the prior written consent of the Agent; and
- (ii) the Santos' Family Trust shall not (whether by a single transaction or a number of related or unrelated transactions and whether at the same time or over a period of time) voluntarily dispose of more than 5% of its shareholdings in the Company without the prior written consent of the Lenders, the aggregate of whose participants exceeds 66 $\frac{2}{3}$ % of the loan or if no advances have been made or are outstanding the aggregate of whose commitment exceed 66 $\frac{2}{3}$ % of the undrawn balance of the commitment (such consent not to be unreasonably withheld or delayed).

In default of the above undertaking, the Agent may declare all obligations under the Agreement to be immediately due and payable.

This section is made pursuant to rule 17.20 of the GEM Listing Rules.

COMPETING INTERESTS

None of the Directors or any person who is (or group of persons who together are) entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and who is (or are) able, as a practical matter, to direct or influence the management of the Company had an interest in a business, which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee on 10th February, 2000 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The audit committee has three members comprising the three independent non-executive Directors, Chui Sai Cheong, Lo King Chiu Charles and Fung Kee Yue Roger.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Three-Month Period and the Fifteen-Month Period, neither the Company nor any of its Subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

DEFINITIONS

“Agent”	Standard Chartered Bank (Hong Kong) Limited
“Agreement”	the loan facility agreement effective on 26th September, 2003 entered into between VHL, the Lenders and the Agent referring to the US\$15,000,000 term loan facility
“Associated Corporation”	a corporation — <ul style="list-style-type: none">(a) which is a Subsidiary or Holding Company of the Company or a Subsidiary of the Holding Company of the Company; or(b) (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 share of that class

“Board”	the board of the Directors
“BVI”	the British Virgin Islands
“CAOCL”	Communications Appliances Ou Chung Limited, incorporated in Macao with limited liability and an indirectly wholly-owned Subsidiary of the Company
“CDMA”	Code Division Multiple Access
“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
“CO”	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) as amended from time to time
“Company”	Vodatel Networks Holdings Limited
“Controlling Shareholder”	any person who is or group of persons who are together entitled to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers approved by the Securities and Futures Commission, established under section 3 of the Securities and Futures Commission Ordinance (Cap 24 of the Laws of Hong Kong) and continuing in existence under section 3 of the SFO, as amended from time to time, as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company or who is or are in a position to control the composition of a majority of the Board
“Director(s)”	the director(s), includes any person who occupies the position of a director, by whatever name called, of the Company
“ERL”	Eve Resources Limited, a company incorporated in BVI with limited liabilities
“Exchange”	The Stock Exchange of Hong Kong Limited, a company incorporated in Hong Kong with limited liability
“Fifteen-Month Period”	the fifteenth months ended 30th September, 2004

“Gazetted Newspapers”	those newspapers which are, from time to time, specified in the list of newspapers issued and published in the Gazette for the purposes of section 71A of the CO by the Chief Secretary of the Government of Hong Kong
“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
“GEM Website”	the internet website operated by the Exchange for the purposes of GEM
“GSM”	Global System for Mobile Communications
“Group”	the Company and its subsidiaries
“Guarantee”	the deed of guarantee and indemnity executed by the Company in favour of the Agent and the Lenders on 26th September, 2003 in respect of the obligation of VHL under the Agreement
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“HKFRS”	financial reporting standards approved by the Council of the HKICPA, and includes all Statements of Standard Accounting Practice and interpretations of HKFRS approved by the HKICPA from time to time
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Holding Company”	the meaning attributed to it in section 2 of the CO
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	financial reporting standards and interpretations approved by the International Accounting Standards Board, and includes all International Accounting Standards and interpretations issued under the former International Accounting Standards Committee from time to time

“IVR”	interactive voice response
“Lenders”	Banco Comercial de Macau S.A., CITIC Ka Wah Bank Limited, Industrial and Commercial Bank of China (Asia) Limited, HSH Nordbank AG, Hong Kong Branch and Standard Chartered Bank (Hong Kong) Limited
“LRL”	Lois Resources Limited, a company incorporated in BVI with limited liabilities
“Macao”	the Macao Special Administrative Region of the People’s Republic of China
“Main Board”	the stock market operated by the Exchange prior to the establishment of GEM (excluding the options market) and which stock market continues to be operated by the Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Mainland China”	the People’s Republic of China, other than the regions of Hong Kong, Macao and Taiwan
“Member(s)”	duly registered holder(s) from time to time of the Shares
“MICE”	meetings, incentives, conferences and exhibitions
“MIHL”	MegaInfo Holdings Limited, incorporated in Bermuda with limited liability, an indirectly owned subsidiary of the Company and whose shares are listed on GEM
“Santos’ Family Trust”	the existing trust whereby the family members of José Manuel dos Santos are the discretionary objects and which assets include a controlling stake of 47.80% of the issued share capital of the Company.
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	share(s) of HK\$0.10 each is the capital of the Company
“SMS”	short message services

“Subsidiary”	includes: (a) the meaning attributed to it in section 2 of the CO; (b) any entity which is accounted for and consolidated in the audited consolidated accounts of another entity as a Subsidiary pursuant to applicable HKFRS or IFRS; and (c) any entity which will, as a result of acquisition of its equity interest by another entity, be accounted for and consolidated in the next audited consolidated accounts of such other entity as a Subsidiary pursuant to applicable HKFRS or IFRS
“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
“TCM”	Teleconcept-Multimedia N.V., incorporated in the Kingdom of the Netherlands with limited liability and an indirectly owned Subsidiary of the Company
“Three-Month Period”	the three months ended 30th September, 2004
“TideStone”	泰思通軟件（上海）有限公司, established in the People’s Republic of China with limited liability and indirectly owned Subsidiary of the Company
“VHL”	Vodatel Holdings Limited, incorporated in BVI with limited liability and a directly wholly-owned Subsidiary of the Company

By order of the Board
José Manuel dos Santos
Chairman

Hong Kong, 11th November, 2004

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