MEMORANDUM OF UNDERSTANDING  
  
 by and among  
  
 VDC CORPORATION LTD.,  
  
 as Buyer,  
  
 and  
  
 PORTACOM WIRELESS, INC.,  
  
 as Seller  
  
 and  
  
 OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
 OF PORTACOM WIRELESS, INC.  
  
  
 June 8, 1998  
  
  
  
  
  
 MEMORANDUM OF UNDERSTANDING  
  
 This MEMORANDUM OF UNDERSTANDING (the "MOU") is made as of the 8th day of  
June, 1998, by and among VDC CORPORATION LTD., a Bermuda corporation ("Buyer"),  
PORTACOM WIRELESS, INC., a Delaware corporation ("Seller") and the OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS OF PORTACOM WIRELESS, INC. (the "Committee").  
  
 WITNESSETH:  
  
 WHEREAS, Seller desires to sell, and Buyer desires to purchase, on the  
terms and conditions hereafter set forth, certain of the assets of Seller as  
described herein; and  
  
 WHEREAS, Seller and Buyer are parties to that certain Asset Purchase  
Agreement, dated as of March 23, 1998 (the "Prior Agreement"), as amended by two  
Stipulations and Orders in Lieu of Objection, dated as of April 3, 1998 and  
April 23, 1998, respectively (collectively, the "Stipulations") and by an Escrow  
Agreement among Seller, Buyer, the Committee and Klehr, Harrison, Xxxxxx,  
Xxxxxxxxx & Xxxxxx, LLP ("Escrow Agreement"), which Prior Agreement, as amended  
(the "Amended Agreement"), superseded in its entirety the Asset Purchase  
Agreement between Seller and Buyer dated as of November 25, 1997, as amended as  
of February 16, 1998, concerning the subject matter hereof; and  
  
 WHEREAS, on March 23, 1998, Seller filed a voluntary petition for relief  
under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code")  
before the United States Bankruptcy Court for the District of Delaware (or any  
other tribunal exercising jurisdiction over the Seller and property of its  
estate, the "Court"); and  
  
 WHEREAS, Seller remains in possession of its property and in control of its  
business pursuant to xx.xx. 1107 and 1108 of the Bankruptcy Code; and  
  
 WHEREAS, Seller and Buyer are parties to a Loan Agreement, Security  
Agreement and Pledge Agreement, entered into on November 10, 1997, whereby Buyer  
extended to Seller prior to the commencement of the case the principal sum of  
$366,725 (together with all accrued interests, costs and fees, the "Pre-Petition  
Indebtedness"); and  
  
 WHEREAS, Seller and Buyer are parties to a Debtor In Possession Loan,  
Security and Pledge Agreement (the "DIP Financing Agreement"), entered into  
after the commencement of the case, and approved by the Court on an interim  
basis on April 3, 1998, and by a final order entered on or about April 23, 1998,  
as amended by the Stipulations, whereby Buyer agreed to advance to Seller the  
principal amount up to an additional $18,000, subject to the terms and  
conditions set forth therein (together with all post-petition accrued interests,  
costs and fees, the "Post-Petition Indebtedness" and together with the  
Pre-Petition Indebtedness, the "Indebtedness"); and  
  
  
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 WHEREAS, the transactions contemplated hereby are other than in the  
ordinary course of Seller's business and, therefore, require Court approval  
pursuant to Bankruptcy Code ss. 363; and  
  
 WHEREAS, on or about April 23, 1998, the Court entered an order (the  
"Order") approving the execution of the Amended Agreement and the consummation  
of the transactions contemplated thereby and hereby; and  
  
 WHEREAS, the parties intend for this MOU to consolidate the Prior  
Agreement, Stipulations and Escrow Agreement into one document and set forth the  
parties' mutual interpretation of the Amended Agreement; and  
  
 NOW, THEREFORE, in consideration of the foregoing and the mutual covenants,  
agreements and representations and warranties herein contained, and for other  
good and legal consideration, the receipt and sufficiency of which is hereby  
acknowledged, the parties hereto, intending to be legally bound hereby, agree as  
follows:  
  
 ARTICLE 1  
  
 DEFINITIONS  
  
 1.1 When used in this MOU, the following terms, in their singular and  
plural forms, shall have the meanings assigned to them below:  
  
 "Act" means the Securities Act of 1933, as amended.  
  
 "Allowed Claims" means the pre-petition unsecured claims, as defined in  
Bankruptcy Code ss. 101(5), or portion thereof, that: (a) are allowed pursuant  
to a final, non-appealable Order of the Court, or (b) are deemed allowed  
pursuant to Bankruptcy Code ss. 1111(a), or (c) are the subject of pre-petition  
settlement agreements, or post-petition settlements approved by the Court, that  
provide for the payment of cash, in whole or in part, in settlement and  
satisfaction thereof, and in such case, the cash portion thereof.  
  
 "Amended Agreement" is defined in the recitals to this MOU.  
  
 "Assets" means all of Seller's right, title and interest in and to all  
of the following described holdings:  
  
 (i) Two million shares of common stock, par value $.01 per share  
("MAC Common Stock"), of Metromedia Asia Corporation ("MAC"),  
predecessor-in-interest to Metromedia China Corporation, as evidenced by Stock  
Certificate Number 59, dated February 28, 1997; and  
  
 (ii) Warrants ("MAC Warrants") to purchase four million shares of  
common stock, par value $.01 per share, at $4.00 per share, of MAC, as evidenced  
by Warrant Number 19.  
  
  
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 The term "Assets" shall also include all rights and privileges  
pertaining to the MAC Common Stock and MAC Warrants, including, without  
limitation, all securities and additional securities receivable in respect of or  
in exchange for such securities, all rights to subscribe for securities incident  
to or arising from ownership of such securities, all cash, interest, stock and  
other dividends or distributions paid or payable on such securities, and  
whatever is received when any of the foregoing is sold, exchanged or otherwise  
disposed of, including any proceeds as such term is defined in the Uniform  
Commercial Code of each state as enacted and in effect on the date hereof in  
each applicable jurisdiction, and as the same may subsequently be amended from  
time to time.  
  
 "Buyer" is defined in the initial paragraph hereof.  
  
 "Cash Funds" is defined in Section 3.2(a) hereof.  
  
 "Cash Purchase Escrow" means that segregated, interest bearing escrow  
account established and maintained by the Seller, funded by Buyer, in an amount  
equal to $2,682,000. The Cash Purchase Escrow may be funded by any combination  
of cash and stand-by letter of credit; provided, however, that the cash portion  
shall be in the minimum amount of $1,250,000. The holders of administrative  
claims to the extent of $82,000, and the holders of priority unsecured claims  
and general unsecured claims shall be the beneficiaries of this fund.  
  
 "Claim" means a claim or demand for any and all Liabilities, damages,  
losses, obligations, deficiencies, encumbrances, penalties, costs and expenses,  
including reasonable attorneys' fees, resulting from, related to or arising out  
of (i) any misrepresentation, breach of warranty or non-fulfillment of any  
covenant of Seller set forth in the Amended Agreement or in any Related  
Document; (ii) Seller's ownership of the Assets; (iii) any and all actions,  
suits, investigations, proceedings, demands, assessments, audits, judgments and  
claims arising out of any of the foregoing.  
  
 "Closing" and "Closing Date" are defined in Section 6.1 hereof.  
  
 "Committee" is defined in the initial paragraph hereof.  
  
 "Disclosure Schedule" is defined in Section 4.1 hereof.  
  
 "Disputed Claims" means any pre-petition, unsecured claim that is not  
an Allowed Claim, by virtue of its being scheduled by the Seller as disputed,  
contingent or unliquidated, and proof of which has not been timely filed, or as  
to which an objection has been interposed and which is pending as of Closing.  
  
 "Escrow Agent" shall mean Klehr, Harrison, Xxxxxx, Branzburg & Xxxxxx  
LLP, as escrow agent under the Escrow Agreement.  
  
 "Escrow Agreement" is defined in the recitals to this MOU.  
  
  
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 "GAAP" means generally accepted accounting principles in the United  
States, consistently applied.  
  
 "Governmental Authority" means any foreign, federal, state, regional or  
local authority, agency, body, court or instrumentality, regulatory or  
otherwise, which, in whole or in part, was formed by or operates under the  
auspices of any foreign, federal, state, regional or local government.  
  
 "Indemnified Party" is defined in Section 10.4 hereof.  
  
 "Indemnifying Party" is defined in Section 10.4 hereof.  
  
 "Law" means any common law and any federal, state, regional, local or  
foreign law, rule, statute, ordinance, rule, order or regulation.  
  
 "Liabilities" means liabilities, obligations, claims or debts of Seller  
of any type or nature, whether matured, unmatured, contingent or unknown,  
including, without limitation, tort, contract or other claims asserted against  
Seller which are based on acts or omissions occurring on, before or after the  
Closing Date.  
  
 "Lien" means any lien, charge, covenant, condition, easement, adverse  
claim, demand, encumbrance, security interest, option, pledge, or any other  
title defect, easement or restriction of any kind.  
  
 "MOU" is defined in the initial paragraph hereof.  
  
 "Purchase Price" is defined in Section 3.1 hereof.  
  
 "Registration Statement" is defined in Section 7.6 hereof.  
  
 "Related Documents" means the Amended Agreement, Escrow Agreement and  
each document or instrument executed in connection with the consummation of the  
transactions contemplated herein.  
  
 "Seller" is defined in the initial paragraph of this MOU.  
  
 "Settlements" means the pre-petition settlement agreements and  
post-petition settlements approved by the Court which provide for the payment of  
securities of Buyer or cash.  
  
 "Termination Agreement" means that certain Termination Agreement, dated  
September 11, 1996, by and among Seller, MAC, as successor-in-interest to Asian  
American Telecommunications Corporation and predecessor-in-interest to  
Metromedia China Corporation, and Xxx X. Xxxxxxx, as Agent.  
  
 "VDC Shares" is defined in Section 3.2(b) hereof.  
  
  
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 ARTICLE 2  
  
 SALE AND PURCHASE OF ASSETS  
  
 2.1 Agreement to Sell and Purchase Assets. Subject to the terms and  
conditions hereof and on the basis of and in reliance upon the covenants,  
agreements and representations and warranties set forth herein, on the Closing  
Date Seller shall sell the Assets to Buyer, and Buyer shall purchase the Assets  
from Seller. The Assets shall be sold, transferred and conveyed by Seller to  
Buyer free and clear of any and all claims, Liens, encumbrances and the rights  
of others, including, without limitation, any restrictions upon resale under  
applicable federal or state securities rules, regulations or laws.  
  
 2.2 Responsibility for Liabilities. Buyer shall not assume any Liabilities  
of Seller by virtue of the Amended Agreement or otherwise. Notwithstanding  
anything herein, in the Amended Agreement or in any Related Document to the  
contrary, except as otherwise expressly provided herein, Buyer is neither  
assuming nor agreeing to pay or discharge any of the claims against, or  
Liabilities or obligations of, the Seller, Seller's bankruptcy estate or of any  
other party and nothing in any such document or the Order shall be construed to  
the contrary. All claims against, and Liabilities and obligations of Seller, and  
Seller's bankruptcy estate, whether known or unknown, suspected or unsuspected,  
direct or contingent, in litigation, threatened or not yet asserted or existing  
with respect to any aspect of the Assets, Seller's bankruptcy case or estate, or  
the Amended Agreement, arising or existing prior to or on the Closing Date are  
and shall remain the responsibility of Seller and Seller's bankruptcy estate,  
and such Liabilities or obligations arising after Closing with respect to any  
aspect of the Assets shall be the responsibility of the Buyer. The Order entered  
by the Court approving the Amended Agreement specifically provides that the  
Buyer is not liable for pre-Closing claims, Liabilities or obligations and is  
not liable as a successor-in-interest to creditors of Seller or Seller's  
bankruptcy estate.  
  
 ARTICLE 3  
  
 PAYMENT OF THE PURCHASE PRICE  
  
 3.1 Purchase Price. The purchase price ("Purchase Price") for the Assets  
shall consist of (i) the Administrative Advance (as such term is defined in  
Section 3.4(i) below), (ii) the Closing Purchase Price (as such term is defined  
in Section 3.2 below) and (iii) the Deferred Purchase Price (as such term is  
defined in Section 3.5 below), if any.  
  
 3.2 Closing Purchase Price. The Closing Purchase Price (the "Closing  
Purchase Price") shall be paid or delivered by Buyer at or before Closing in the  
following manner:  
  
 (a) Subject to adjustment pursuant to Section 3.4 hereof, Buyer has  
delivered the Cash Purchase Escrow (the "Cash Funds") to the Escrow Agent for  
the benefit of Seller and Buyer; and  
  
 (b) At Closing, subject to adjustment provided for in Section 3.4  
hereof, Buyer shall deliver to the Escrow Agent 5,300,000 newly issued shares of  
common stock, par   
  
  
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value $2.00 per share, of Buyer in accordance with the provisions of Sections  
3.3 and 7.7 hereof (the "VDC Shares"). After Closing, the number of VDC Shares  
to be issued to Seller, and subsequently transferred to Seller's creditors and  
equity security holders, in consideration hereof shall equal the difference  
between (i) 5,300,000 and (ii) the difference between the principal amount of  
the Cash Purchase Escrow delivered to Seller (subject to and in accordance with  
the terms of Section 3.4 hereof) and the Indebtedness, divided by the value of  
the Buyer's stock valued consistently with paragraph 14 of the Motion to (A) to  
Establish Bidding Procedures and Approve a Break-Up Fee in Connection with the  
Sale of the Debtor's Interest in Certain Property of the Estate and (B) to  
Approve the Form and Manner of Notice, dated March 23, 1998, which is attached  
hereto as Exhibit "B" (the "Procedures Motion"). For example, if the funds of  
the Cash Purchase Escrow delivered to Seller are in the amount of $1,400,000,  
the Indebtedness is $400,000 and the value of the VDC Shares is $6.00, the  
number of VDC Shares to be issued to Seller is equal to 5,133,334 shares  
(5,300,000 - ((1,400,000 - 400,000)/6)); and  
  
 (c) Post Closing and after Buyer has received from the Escrow Agent  
that portion of the Cash Purchase Escrow, together with all accrued interest and  
other earnings thereon, as well as the Returned Shares (as such term is defined  
in Section 3.4(h)(i) hereof), pursuant to Sections 3.4(e), (f) and (h) hereof  
and Section 8(b) of the Escrow Agreement, Buyer shall, within fifteen (15)  
business days thereafter, xxxx the notes evidencing the Indebtedness satisfied  
and deliver the same to Seller.  
  
 3.3 Distribution of VDC Shares. In addition to Section 7.6 and subject to  
Section 7.7, Seller shall retain the VDC Shares delivered from the Escrow Agent  
until such time as a transfer or other disposition of such shares occurs to  
Seller's creditors and stockholders pursuant to (a) a confirmed plan of  
reorganization providing for the transfer of the VDC Shares pursuant to the  
exemption set forth in Bankruptcy Code ss. 1145, or (b) an effective  
Registration Statement in accordance with the provisions of Section 7.6 hereof.  
  
 3.4 Closing and Post-Closing Adjustments of Cash Purchase Escrow and VDC  
Shares.  
  
 (a) Forgiveness of the Indebtedness shall constitute a portion of the  
Closing Purchase Price, and, as such, shall be applied towards the Closing  
Purchase Price under the Amended Agreement upon or after the Closing Date, as  
the case may be.  
  
 (b) At or before Closing, the Seller shall deliver to the Escrow Agent  
a schedule containing the amounts and names of the holders of all priority  
unsecured and general unsecured claims for which, as of the Closing Date,  
proof(s) of claim have been filed in the scheduled or a lesser amount ("Closing  
Date Claims"). At Closing, the Escrow Agent shall deliver to Seller from the  
Cash Funds an amount equal to the Closing Date Claims for distribution to the  
holders of Closing Date Claims pursuant to further order of the Court.  
  
 (c) Upon the later of (i) Closing or (ii) the entry of a final,  
non-appealable Order by the Court approving or ratifying the Settlements, or  
otherwise authorizing a settlement and compromise upon the terms of, the  
Settlements, including an Order confirming a plan of  
  
  
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reorganization providing for such approval, ratification, or authorization, the  
Escrow Agent shall deliver to Seller or the disbursing agent under such plan, as  
the case may be, cash and a portion of the VDC Shares in an amount equal to that  
to be distributed pursuant to the Settlements. The consideration payable to  
third parties to any Settlement shall be deemed to constitute an Allowed Claim  
having a value in the amount of such consideration. In the event Seller fails to  
obtain a final, non-appealable Order approving or ratifying any of the  
Settlements, or otherwise authorizing a settlement and compromise upon the terms  
of such Settlement, then any resulting claim asserted against the Seller's  
bankruptcy estate shall constitute a Disputed Claim and be treated in accordance  
with paragraph 3.4(e) below.  
  
 (d) Upon the later of (i) Closing or (ii) within seven (7) days after  
May 15, 1998 (the "Bar Date"), Seller shall deliver to the Escrow Agent, Buyer  
and the Committee a schedule containing the amounts and names of holders of all  
claims, other than the Closing Date Claims, as to which, as of the Bar Date, are  
scheduled by the Seller as fixed and liquidated, unsecured claims against the  
Seller's bankruptcy estate and for which no proof(s) of claim has been filed or  
for which proof(s) of claim have been filed in the scheduled or a lesser amount  
than that which was scheduled by the Seller (collectively, the "Bar Date  
Claims"). The Bar Date Claims shall be deemed to constitute Allowed Claims.  
Within five (5) days after delivery by the Seller of such schedule, but not  
before Closing, the Escrow Agent shall deliver to Seller from the Cash Funds an  
amount equal to the Bar Date Claims for distribution to the holders of Bar Date  
Claims pursuant to further order of the Court.  
  
 (e) All claims against the Seller's bankruptcy estate other than the  
Closing Date Claims, claims resolved through the Settlements and the Bar Date  
Claims constitute "Disputed Claims." From time to time after Closing, and to the  
extent that any Disputed Claim becomes an Allowed Claim pursuant to a final,  
non-appealable Order of the Court ("Other Allowed Claim(s)"), the Escrow Agent  
shall deliver to Seller or the disbursing agent under a plan of reorganization  
confirmed in the Seller's case, as the case may be, for distribution to the  
holder(s) thereof, cash and/or a portion of the VDC Shares having an aggregate  
value equal to the aggregate amount of such Other Allowed Claim pursuant to  
further order of the Court; and shall disburse to Buyer the 60% Credit without  
further order of the Court (as defined in Section 3.4(f) below) on account of  
each such Other Allowed Claim.  
  
 (f) 60% Credit. The "60% Credit" shall equal 60% of the disallowed  
portion of any Disputed Claim and constitute a reduction, from time to time and  
prior to the final disbursement provided for in section 3.4(g) below, in Buyer's  
liability under the standby letter of credit used to fund the Cash Purchase  
Escrow (the "Letter of Credit") and/or a payment in cash to Buyer, whichever  
Buyer may from time to time elect in writing (Buyer, having funded the Cash  
Purchase Escrow in full in cash is deemed to elect a payment in cash to Buyer of  
the 60% Credit). In the event Buyer has elected to receive a reduction in its  
liability under the Letter of Credit, the Escrow Agent shall as is necessary to  
implement Section 3.4(g) hereof, send written notice of the 60% Credit(s) to the  
financial institution issuing the Letter of Credit.  
  
 (g) Upon the later of (i) Closing or (ii) following the entry of an  
order confirming a plan of reorganization in the Case that provides for the  
consummation of the Amended   
  
  
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Agreement and sale of the Assets to Buyer, then the Escrow Agent may disburse to  
Seller not more than one million VDC Shares of the First Series of VDC Shares,  
as defined in Section 7.7(a)(i) below, that may be alienated by Seller pursuant  
to Sections 7.6 and 7.7 hereof, which VDC Shares may be liquidated by Seller,  
and the proceeds thereof available to pay administrative expenses or otherwise  
distributed to creditors (such VDC Shares shall be referred to as the  
"Administrative Shares").  
  
 (h) After payment of all Closing Date Claims, Settlements, Bar Date  
Claims, and Other Allowed Claims, the Escrow Agent shall make a final  
distribution of the Cash Purchase Escrow and VDC Shares:  
  
 (i) To the Buyer: (A) of cash in an amount equal to the sum of the  
disallowed amount of Disputed Claims not previously disbursed as part of the 60%  
Credit, plus the Cash Portion funded in the Escrow Account in excess of the cash  
required to pay the Closing Date Claims, Bar Date Claims, cash paid under  
Settlements, and cash paid to holders of Other Allowed Claims, plus all interest  
and other earnings on the Cash Funds, and (B) of the "Returned Shares," defined  
as a portion of the VDC Shares in an amount equal to the difference between (x)  
the total amount of the Cash Funds distributed on account of the Closing Date  
Claims, Bar Date Claims, Settlements, Other Allowed Claims and Administrative  
Advance, as defined below, and (y) the Indebtedness, plus the fee incurred by  
Buyer to obtain the Letter of Credit, divided by the value of the shares of  
stock of Buyer valued consistently with paragraph 14 of the Procedures Motion;  
and  
  
 (ii) To the Seller: of all of the VDC Shares remaining after  
distribution of the Returned Shares to Buyer and the Administrative Shares, or  
portion thereof, to Seller.  
  
 (i) The Cash Funds shall comprise in part the amount of $82,000.00,  
which amount may be disbursed by the Escrow Agent to the Seller from time to  
time for the payment of administrative claims ("Administrative Advance"). The  
Administrative Advance may be disbursed as a result of the entry of the Order,  
and may be disbursed prior to Closing under the Amended Agreement, as a  
non-refundable deposit on account of the Closing Purchase Price. Thereafter, the  
Seller shall submit advance requests to the Escrow Agent and legal counsel for  
the Committee and funds from the Administrative Advance will be disbursed by the  
Escrow Agent to the Seller in amounts approved by the Committee, which approval  
shall not be unreasonably withheld, subject to all terms of the Escrow  
Agreement. The Committee shall be deemed to approve any advance requests as to  
which it has not notified the Seller's counsel and Escrow Agent of an objection  
thereto within three (3) business days of its receipt of any such request.  
  
 3.5 Deferred Purchase Price.  
  
 (a) For the purposes of this Section 3.5, the terms listed below shall  
have the following meanings:  
  
  
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 (i) "MAC Base Price" means $12.00 per share for each share of MAC  
common stock;  
  
 (ii) "MAC Market Price" means  
  
 (A) If MAC's common stock is traded in the over-the-counter  
market and not on any national securities exchange or in the NASDAQ Reporting  
System, the market price shall be the average of the mean between the last bid  
and ask prices per share, as reported by the National Quotation Bureau, Inc. or  
an equivalent generally accepted reporting service, for the consecutive 20  
trading days following the one year anniversary of the Closing Date, or if not  
so reported, the average of the closing bid and asked prices for a share of MAC  
common stock for the consecutive 20 trading days following the one year  
anniversary of the Closing Date as furnished to MAC by any member of the  
National Association of Securities Dealers, Inc., selected by MAC for that  
purpose.  
  
 (B) If MAC's common stock is traded on a national securities  
exchange or in the NASDAQ Reporting System, the market price shall be the simple  
average of the closing prices of a share of MAC's common stock, as quoted on the  
NASDAQ Reporting System or its other principal exchange for the consecutive 20  
trading days following the one year anniversary of the Closing Date.  
  
 (C) If the market price cannot be determined by MAC's common  
stock on such date on either of the foregoing bases, the market price shall be  
the fair market value as reasonably determined by an investment banking firm  
selected by Seller and Buyer, with the cost therefor to be borne equally by  
Seller and Buyer.  
  
 (iii) "VDC Base Price" means $5.00 per share for each share of VDC  
common stock; and  
  
 (iv) "VDC Market Price" means  
  
 (A) If VDC's common stock is traded in the over-the-counter  
market and not on any national securities exchange nor in the NASDAQ Reporting  
System, the market price shall be the average of the mean between the last bid  
and ask prices per share, as reported by the National Quotation Bureau, Inc. or  
an equivalent generally accepted reporting service, for the consecutive 20  
trading days following the one year anniversary of the Closing Date, or if not  
so reported, the average of the closing bid and asked prices for a share of VDC  
common stock for the consecutive 20 trading days following the one year  
anniversary of the Closing Date as furnished to VDC by any member of the  
National Association of Securities Dealers, Inc., selected by VDC for that  
purpose.  
  
 (B) If VDC's common stock is traded on a national securities  
exchange or in the NASDAQ Reporting System, the market price shall be the simple  
average of the closing prices at which a share of VDC's common stock traded, as  
quoted on the NASDAQ  
  
  
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Reporting System or its other principal exchange for the consecutive 20 trading  
days following the one year anniversary of the Closing Date.  
  
 (C) If the market price cannot be determined by VDC's common  
stock on such date on either of the foregoing bases, the market price shall be  
the fair market value as reasonably determined by an investment banking firm  
selected by Seller and Buyer, with the cost therefor to be borne equally be  
Seller and Buyer.  
  
 (b) In the event that on the one year anniversary of the Closing Date,  
MAC is a publicly held company whose shares are registered with the Securities  
and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as  
amended (the "1934 Act"), Buyer shall pay and deliver to Seller the Deferred  
Purchase Price (the "Deferred Purchase Price") calculated in accordance with  
Section 3.5(c) below, if any, within ninety (90) days following the one year  
anniversary of the Closing Date. The Deferred Purchase Price shall be paid, at  
VDC's sole option, in either (i) immediately available funds in the form of  
cash, cashier's check or wire transfer, or (ii) shares of VDC common stock. In  
the event that VDC elects to pay the Deferred Purchase Price in the form of  
shares of VDC common stock (the "Deferred Purchase Price Shares"), the value of  
such stock for the purposes of such determination, shall be computed at the  
higher of $5.00 per share or the VDC Market Price per share. The following  
registration rights shall apply with respect to the resale of the Deferred  
Purchase Price Shares by Seller:  
  
 (i) The Buyer shall advise the Seller by written notice prior to the  
filing of a registration statement under the Act (excluding registration on  
Forms X-0, X-0, or any successor forms thereto), covering securities of the  
Buyer to be offered and sold by the Buyer to the public generally and shall,  
upon the request of the Seller given at least seven (7) business days prior to  
the filing of such registration statement, include in any such registration  
statement such information as may be required to permit a public offering of the  
Deferred Purchase Price Shares. The Buyer shall supply prospectuses, qualify the  
Deferred Purchase Price Shares for sale in such states as the Buyer qualified  
its securities and furnish indemnification in the manner as set forth in  
subsection (ii)(B) of this Section 3.5(b); provided, however, that the Buyer  
will not be required to maintain the registration of the Deferred Purchase Price  
Shares for any longer period than it shall require for its own purposes. The  
Seller shall furnish such information as may be reasonably requested by the  
Buyer in order to include such Deferred Purchase Price Shares in the  
registration statement. The Buyer need not include the resale of the Deferred  
Purchase Price Shares in any underwritten offering; the sole obligation of the  
Buyer being to include the resale of such shares in a registration statement,  
not to ensure their method of distribution. Towards that end, the Buyer shall  
have no obligation whatsoever to (a) assist or cooperate in the offering or  
disposition of the Deferred Purchase Price Shares; (b) obtain a commitment from  
an underwriter relative to the sale of the Deferred Purchase Price Shares; or  
(c) include the Deferred Purchase Price Shares within an underwritten offering  
of the Buyer. In the event that any registration pursuant to this Section 3.5(b)  
shall be, in whole or in part, an underwritten public offering of common stock  
of Buyer, the number of Deferred Purchase Price Shares to be included in such  
underwriting may be reduced (and the registration of such Deferred Purchase  
Price Shares may be postponed by the Buyer for up to 180 days following the  
completion of any such underwritten offering) if and to the extent the managing  
underwriter shall be of the opinion  
  
  
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that such inclusion would adversely affect the marketing of the securities to be  
sold by the Buyer therein. Notwithstanding the foregoing, the Buyer may withdraw  
any registration statement referred to in this Section 3.5(b) without thereby  
incurring liability to the Seller.  
  
 (ii) The following provisions of this Section 3.5(b) shall also be  
applicable:  
  
 (A) The Buyer shall bear the entire cost and expense of any  
registration of securities initiated by it under subsection (i) of this Section  
3.5(b) notwithstanding that Deferred Purchase Price Shares may be included in  
any such registration. The Seller shall, however, bear the fees of its own  
counsel and any registration fees, transfer taxes or underwriting discounts or  
commissions applicable to the Deferred Purchase Price Shares sold by it pursuant  
to any registration statement pursuant to this Section 3.5(b) and bear any other  
costs imposed by applicable federal or state securities laws, rules or  
regulations.  
  
 (B) The Buyer shall indemnify and hold harmless the Seller and  
each underwriter, within the meaning of the Act, who may purchase from or sell  
for the Seller any Deferred Purchase Price Shares from and against any and all  
losses, claims, damages and liabilities caused by any untrue statement or  
alleged untrue statement of a material fact contained in any registration  
statement under the Act filed by or at the direction of the Buyer or any  
prospectus included therein required to be filed or furnished by reason of this  
Section 3.5(b) or caused by any omission or alleged omission to state therein a  
material fact required to be stated therein or necessary to make the statements  
therein not misleading, except insofar as such losses, claims damages or  
liabilities are caused by any such untrue statement or omission or alleged  
omission based upon information furnished or required to be furnished in writing  
to the Buyer by the Seller or underwriter expressly for use therein, which  
indemnification shall include each person, if any, who controls any such  
underwriter within the meaning of such Act; provided, however, that the Buyer  
shall not be obliged so to indemnify the Seller or underwriter or controlling  
person unless the Seller or underwriter shall at the same time indemnify the  
Buyer, its directors, each officer signing the related registration statement  
and each person, if any, who controls the Buyer within the meaning of such Act,  
from and against any and all losses, claims, damages and liabilities caused by  
any untrue statement or alleged untrue statement of a material fact contained in  
any registration statement or any prospectus required to be filed or furnished  
by reason of this Section 3.5(b) or caused by any omission to state therein a  
material fact required to be stated therein or necessary to make the statements  
therein not misleading, insofar as such losses, claims, damages or liabilities  
are caused by any untrue statement or alleged untrue statement or omission based  
upon information furnished in writing to the Buyer by the Seller or underwriter  
expressly for use therein.  
  
 (c) The Deferred Purchase Price shall be calculated in accordance with  
the following formula:  
  
 MAC Market Price - VDC Market Price x $5,000,000  
 ---------------- ----------------  
 MAC Base Price VDC Base Price  
  
  
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 For example, assuming that the MAC Market Price is $13.20, and the VDC  
Market Price is $5.00, the Deferred Purchase Price would equal (10% - 0%) x  
($5,000,000) = $500,000.  
  
 If the number calculated from the above formula is negative, there is no  
Deferred Purchase Price.  
  
 (d) Notwithstanding anything to the contrary contained herein, in the  
event that on the one year anniversary of the Closing Date, MAC is not a  
publicly held company whose shares are registered with the SEC under the 1934  
Act, Buyer shall have no obligation to pay the Deferred Purchase Price.  
  
 ARTICLE 4  
  
 REPRESENTATIONS AND WARRANTIES OF SELLER  
  
 Seller represents and warrants to Buyer as follows:  
  
 4.1 Disclosure Schedule. Seller has delivered or caused to be delivered to  
Buyer, prior to the execution of this MOU, disclosure schedules, and documents  
relating thereto, which include the numbered schedules specifically referred to  
in this MOU and which are attached hereto (collectively, the "Disclosure  
Schedule"). To the best of Seller's knowledge, the information contained in the  
Disclosure Schedule is complete and accurate in all material respects and all  
documents that are attached to the Disclosure Schedule are complete and accurate  
copies of the genuine original documents they purport to represent as in effect  
on the date hereof. Capitalized terms used in the Disclosure Schedule and not  
otherwise defined therein have the meanings ascribed to such terms in this MOU.  
  
 4.2 Organization and Standing of Seller. Seller is a corporation duly  
organized, validly existing and in good standing under the laws of the State of  
Delaware. Subject only to approval by the Court, Seller has all requisite  
corporate power and authority to sell the Assets, free and clear of any and all  
Liens, including, without limitation, any restrictions upon resale under  
applicable federal or state securities rules, regulations or laws. A certified  
copy of Seller's Articles of Incorporation and Bylaws are attached to Schedule  
4.2 of the Disclosure Schedule.  
  
 4.3 Encumbrances Created by the Amended Agreement. The execution and  
delivery of the Amended Agreement and each of the Related Documents does not,  
and the consummation of the transactions contemplated hereby or thereby will not  
create (i) any Liens on any assets (including the Assets) of Seller in favor of  
third parties, or (ii) any restrictions upon resale of the Assets under  
applicable federal or state securities rules, regulations or laws.  
  
 4.4 Title to Assets. Seller and Seller's bankruptcy estate own and hold of  
record the entire right, title and interest in and to all of the Assets, free  
and clear of any and all Liens, including, without limitation, any restrictions  
upon resale under applicable federal or state securities rules, regulations or  
laws, except the Liens held by Buyer and interests held by MAC which are to be  
released upon the Closing.  
  
  
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 4.5 VDC Shares to Be Transferred Pursuant to Plan or Constitute Restricted  
Securities. Seller represents and warrants: (I) (a) that it has prepared and  
filed a plan of reorganization and disclosure statement pertaining thereto  
within the original period fixed by ss. 1121(b) of the Bankruptcy Code, (b) that  
the Amended Agreement, the transactions contemplated thereby and the  
distribution of the VDC Shares are and will be under and in accordance with such  
plan as contemplated by ss. 1145 of the Bankruptcy Code, or (II) upon Seller's  
failure to obtain a declaration from the Court that the offer, sale or transfer  
of the VDC Shares is exempt from registration pursuant to Bankruptcy Code ss.  
1145 in accordance with a plan of reorganization, (a) that it has reviewed the  
annual and periodic reports of Buyer, as filed by Buyer with the SEC pursuant to  
the Securities Exchange Act of 1934, and that it has such knowledge and  
experience in financial and business matters that it is capable of utilizing the  
information set forth therein concerning Buyer to evaluate the risks of  
investing in the VDC Shares; (b) that it has been advised that the VDC Shares to  
be issued by Buyer constitute "restricted securities" as defined in Rule 144  
promulgated under the Securities Act, and accordingly, have not been and will  
not be registered under the Securities Act except as otherwise set forth in the  
Amended Agreement, and, therefore, it may not be able to sell or otherwise  
dispose of such VDC Shares except if the VDC Shares are subject to an effective  
Registration Statement filed with the SEC, in compliance with Rule 144 or  
otherwise pursuant to an exemption from registration under the Act; (c) that the  
VDC Shares so issued are being acquired by them for their own benefit and on  
their own behalf for investment purposes and not with a view to, or for sale or  
for resale in connection with, a public offering or re-distribution thereof,  
except in accordance with and pursuant to a confirmed plan of reorganization and  
confirmation order entered by the Court; (d) that the VDC Shares so issued will  
not be resold (i) without registration thereof under the Securities Act (unless  
an opinion of counsel acceptable to VDC, or to Buyer, an exemption from such  
registration is available), (ii) in violation of any law; and (e) that the  
certificate or certificates representing the VDC Shares to be issued will be  
imprinted with a legend in form and substance as follows:  
  
 THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED  
 UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THESE SECURITIES MAY NOT  
 BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF  
 REGISTRATION, OR THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION,  
 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, BASED ON AN OPINION  
 LETTER OF COUNSEL FOR THE COMPANY OR A NO-ACTION LETTER FROM THE  
 SECURITIES AND EXCHANGE COMMISSION.  
  
and Buyer is hereby authorized to notify the transfer agent of the status of the  
VDC Shares, and to take such other action including, but not limited to, the  
placing of a "stop transfer" order on the books and records of Buyer's transfer  
agent to ensure compliance with the foregoing and Sections 7.6 and 7.7 hereof.  
  
 4.6 Brokers' Fees. No broker, finder or other person or entity acting in a  
similar capacity has participated on behalf of Seller in connection with the  
transactions contemplated by  
  
  
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the Amended Agreement. Seller has not incurred any Liability for brokers' fees,  
finders' fees, agents' commissions or other similar forms of compensation in  
connection with the Amended Agreement or the transactions contemplated thereby.  
  
 4.7 Avoidance. The transactions contemplated hereby are not subject to  
avoidance as fraudulent transfers or fraudulent conveyances under applicable  
non-bankruptcy law or the Bankruptcy Code.  
  
 4.8 Fair Value. Seller acknowledges and agrees that the Purchase Price  
constitutes fair, adequate and reasonably equivalent consideration in exchange  
for the Assets.  
  
 4.9 Settlements. To the best of Seller's knowledge, the Settlements are  
enforceable in Seller's bankruptcy case, and Seller will vigorously attempt to  
enforce them in Seller's Chapter 11 bankruptcy case, to the extent necessary.  
  
 4.10 Full Disclosure. No representation or warranty by Seller in the  
Amended Agreement or this MOU and no statement contained in any Disclosure  
Schedule to the Amended Agreement or this MOU contains any untrue statement of a  
material fact, or omits to state a material fact necessary to make the  
statements contained therein, in light of the circumstances in which they are  
made, not misleading.  
  
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 ARTICLE 5  
  
 REPRESENTATIONS AND WARRANTIES OF BUYER  
  
 Buyer represents and warrants to Seller as follows:  
  
 5.1 Organization and Standing of Buyer. Buyer is a corporation duly  
organized, validly existing and in good standing under the laws of the  
Commonwealth of Bermuda.  
  
 5.2 Authorization and Enforceability. Buyer has all requisite corporate  
power and authority to enter into the Amended Agreement and the Related  
Documents to which it is a party and to carry out the transactions contemplated  
hereby and thereby and to perform its obligations hereunder and thereunder. All  
necessary and appropriate action has been taken by Buyer with respect to the  
execution and delivery of the Amended Agreement and each of the Related  
Documents and the performance of its obligations hereunder and thereunder. The  
execution and delivery of the Amended Agreement and the Related Documents and  
the consummation of the contemplated transactions by Buyer will not (a) result  
in the breach of any of the terms or conditions of, or constitute a default  
under, the Memorandum of Association or the Bye-Laws of Buyer or (b) violate any  
Law or any order, writ, injunction or decree of any Governmental Authority. The  
Amended Agreement and any Related Documents to which Buyer is a party constitute  
valid and binding obligations of Buyer enforceable against Buyer in accordance  
with their respective terms.  
  
 5.3 VDC Shares. The VDC Shares delivered by Buyer at Closing will be  
validly and legally issued, free and clear of any and all Liens, and will be  
fully paid and non-assessable. The  
  
  
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VDC Shares constitute "restricted securities" as such term is defined in Rule  
144 under the Act and may not be subsequently offered, sold or transferred  
without registration under the Act except pursuant to Bankruptcy Code ss. 1145  
or pursuant to an exemption from registration under the Act. The VDC Shares are  
also subject to the restrictions on resale set forth in Section 7.7 hereof.  
  
 5.4 Approval. The Board of Directors of the Buyer has approved the  
execution of the Amended Agreement and the transactions contemplated thereby.  
  
 5.5 Brokers' Fees. Buyer has not incurred any liability for brokers' fees,  
finders' fees, agents' commissions or other similar form of compensation in  
connection with the Amended Agreement and the transactions contemplated hereby  
for which Seller shall have any responsibility.  
  
 5.6 Full Disclosure. No representation or warranty by Buyer in this MOU or  
the Amended Agreement contains any untrue statement of a material fact or omits  
to state a material fact necessary to make the statements contained therein, in  
light of the circumstances in which they are made, not misleading.  
  
 ARTICLE 6  
  
 CLOSING  
  
 6.1 Closing. Subject to satisfaction or waiver of all conditions precedent  
set forth in Articles 8 and 9 of the Amended Agreement, the closing of the  
transactions contemplated by the Amended Agreement (the "Closing") shall take  
place at the offices of Xxxxxxxx Xxxxxxxxx Professional Corporation, at 10:00  
a.m., local time the day on which the last of the conditions precedent set forth  
in either Article 8 or 9 of the Amended Agreement is fulfilled (the "Closing  
Date") or at such other time, date and place as the parties may agree, but in no  
event shall such date be later than July 1, 1998.  
  
 6.2 Obligations of Seller. At or prior to the Closing, Seller shall deliver  
to Buyer, in each case, in form and substance satisfactory to Buyer:  
  
 (a) a newly issued share certificate issued in the name of Buyer, free  
of any restriction on transfer thereof, representing 2,000,000 shares of common  
stock, par value $.01 per share, of Metromedia China Corporation;  
  
 (b) a newly issued warrant certificate issued in the name of Buyer,  
free of any restriction on transfer thereof, representing the right to purchase  
4,000,000 shares of common stock, par value $.01 per share, of Metromedia China  
Corporation, at $4.00 per share;  
  
 (c) a written release by all of the parties to the Termination  
Agreement agreeing to the release of the MAC Common Stock to the Buyer;   
  
  
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 (d) written evidence from MAC confirming that, as of the Closing Date,  
no part of the Assets pledged as collateral under the Termination Agreement has  
been sold, assigned, transferred or otherwise disposed of or subject to any  
action for any of the foregoing (other than the transaction contemplated in the  
Amended Agreement), and that, as of the Closing Date, neither MAC nor its parent  
corporation, Metromedia International Group, Inc., contemplates taking any of  
the foregoing actions;  
  
 (e) such other instruments of transfer as shall be necessary or  
appropriate to vest in the Buyer good and marketable title to the Assets;  
  
 (f) such other documents as may be described in Article 8 of this MOU;  
and  
  
 (g) a certified copy of the Order approving the Amended Agreement and  
authorizing Seller to consummate the transactions contemplated hereby and all  
certifications of service and publication filed in connection therewith.  
  
 6.3 Obligations of Buyer. At the Closing, Buyer shall deliver:  
  
 (a) the Purchase Price in accordance with Article 3 of this MOU;  
  
 (b) such other documents as may be described in Article 9 of this MOU;  
and  
  
 (c) the Deferred Purchase Price Note.  
  
 6.4 Further Documents or Necessary Action. Buyer and Seller each agree to  
take all such further actions on or after the Closing Date as may be necessary,  
desirable or appropriate in order to confirm or effectuate the transactions  
contemplated by this MOU and the Amended Agreement.  
  
 ARTICLE 7  
  
 COVENANTS AND AGREEMENTS  
  
 Seller covenants to and agrees with Buyer, and Buyer covenants to and  
agrees with Seller, as follows:  
  
 7.1 Conduct of Business Pending the Closing. During the period from the  
date of the Amended Agreement to the Closing Date, Seller shall conduct its  
business operations in the ordinary and usual course and to maintain its records  
and books of account in a manner consistent with prior periods. Seller shall,  
without purporting to make any commitment on behalf of Buyer, exercise  
reasonable efforts to preserve intact the present business organization and  
personnel of Seller and the present goodwill of Seller with persons having  
business dealings with them. Except as otherwise required or contemplated  
hereby, Seller further covenants and agrees that, from the date of the Amended  
Agreement to the Closing Date, it shall not, without the written consent of  
Buyer:  
  
  
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 (a) enter into any negotiations, discussions or agreements  
contemplating, affecting or respecting the Assets or Seller's ability to  
transfer the Assets;  
  
 (b) enter into any negotiations, discussions or agreements  
contemplating or respecting the acquisition of Seller or any material asset  
thereof (other than in the ordinary course of business), whether through a sale  
of stock, a merger or consolidation, the sale of all or substantially all of the  
assets of Seller, any type of recapitalization or otherwise, with the exception  
of the Seller's interest in and to its Cambodian venture, the disposition of  
which has been discussed with the Buyer;  
  
 (c) incur any Liabilities or take any action that would diminish the  
value of the Assets;  
  
 (d) take any action which would interfere with or prevent performance  
of this MOU or the Amended Agreement; or  
  
 (e) engage in any activity or enter into any transaction which would be  
inconsistent in any respect with any of the representations, warranties or  
covenants set forth in this MOU or the Amended Agreement as if such  
representations, warranties and covenants were made at a time subsequent to such  
activity or transaction and all references to the date of this MOU or the  
Amended Agreement, as the case may be, were deemed to be such later date.  
  
 7.2 Access By Buyer; Confidentiality. During the period from the date of  
the Amended Agreement to the Closing Date, Seller shall cause Buyer, its agents  
and representatives to be given full access during normal business hours to the  
premises, buildings, offices, books, records, assets (including the Assets),  
Liabilities, operations, contracts, files, personnel, financial and tax  
information and other data and information of Seller, and shall cooperate with  
Buyer in conducting its due diligence investigation of Seller; provided that  
such access shall not unreasonably interfere with the normal operations and  
employee relationships of Seller. All information provided to or learned by  
Buyer as a result of such access or otherwise in connection with the  
transactions contemplated by this MOU and the Amended Agreement shall be held in  
confidence, except as otherwise disclosed by Seller in its bankruptcy case.  
  
 7.3 Access By Seller; Confidentiality. During the period from the date of  
the Amended Agreement to the Closing Date, Buyer shall cause Seller, its agents  
and representatives to be given full access during normal business hours to the  
premises, buildings, offices, books, records, assets, liabilities, operations,  
contracts, files, personnel, financial and tax information and other data and  
information of Buyer, and shall cooperate with Seller in conducting its due  
diligence investigation of Buyer; provided that such access shall not  
unreasonably interfere with the normal operations and employee relationships of  
Buyer. Buyer shall provide Seller with copies of all reports and/or findings  
made with the SEC from the date hereof through the Closing. All information  
provided to or learned by Seller as a result of such access or otherwise in  
connection with the transactions contemplated by this MOU and the Amended  
Agreement shall be held in confidence.  
  
  
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 7.4 Notice of Breach or Failure of Condition. Seller and Buyer agree to  
give prompt notice to the other of the occurrence of any event or the failure of  
any event to occur that might preclude or interfere with the timely satisfaction  
of any condition precedent to the obligations of Seller or Buyer under the  
Amended Agreement.  
  
 7.5 Best Efforts. Seller and Buyer shall use their respective best efforts  
to obtain all consents or approvals necessary to bring about the satisfaction of  
the conditions required to be performed, fulfilled or complied with by them  
pursuant to the Amended Agreement and to take or cause to be taken all action,  
and to do or cause to be done all things, necessary, proper or advisable under  
applicable Laws to consummate and make effective the transactions contemplated  
by the Amended Agreement as expeditiously as practicable.  
  
 7.6 Resales and Transfers of VDC Shares. Buyer and Seller contemplate that  
an offer and sale of the VDC Shares to Seller and any resale or transfer thereof  
by or on behalf of Seller will be exempt from registration by virtue of Section  
1145 of the Bankruptcy Code. Buyer agrees that, to the extent, and only to the  
extent, that an offer, sale, resale or transfer of the VDC Shares is subject to  
the registration requirements of the Act, then within forty-five (45) days after  
the entry of an order of the Court confirming a plan of reorganization of the  
Seller, Buyer shall, at its sole expense, file with the SEC a registration  
statement (the "Registration Statement") which shall register the offer, sale,  
resale, transfer or distribution of the VDC Shares from VDC to PortaCom, and by  
or on behalf of PortaCom to its stockholders and creditors pursuant to such a  
plan, thereafter shall use its best efforts to cause such Registration Statement  
to become effective in accordance with the requirements of the Act and to remain  
effective until the earlier of (i) one year after the date such Registration  
Statement becomes effective or (ii) PortaCom has transferred and distributed the  
VDC Shares in accordance with such plan of reorganization.  
  
 7.7 Restrictions on Resale of VDC Shares.  
  
 (a) Resale of the VDC Shares, regardless of whether such shares may be  
sold, offered or transferred by Seller pursuant to Section 1145 of the  
Bankruptcy Code or pursuant to an effective registration statement filed  
pursuant to Section 7.6 above, shall be subject to the following additional  
limitations:  
  
 (i) 25% of the VDC Shares, inclusive of the Administrative Shares  
 disbursed pursuant to Section 3.4(g) above (the "First Series"), may  
 only be sold, offered or transferred upon the earlier of (A)  
 confirmation of a plan of reorganization of Seller providing an  
 exemption from the registration requirements of the Act Section 1145 of  
 the Bankruptcy Code or (B) the effectiveness of the Registration  
 Statement provided in Section 7.6 above (the "First Resale Date");  
  
 (ii) 25% of the VDC Shares (the "Second Series") may only be  
 sold, offered or transferred upon the six month anniversary of the  
 First Resale Date; and  
  
  
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 (iii) the remaining 50% of the VDC Shares (the "Third Series")  
 may only be sold, offered or transferred upon the one year anniversary  
 of First Resale Date.  
  
 (b) Notwithstanding the rights granted hereunder, Buyer shall have no  
obligation whatsoever to:  
  
 (i) assist or cooperate in the offering or disposition of the VDC  
 Shares;  
  
 (ii) indemnify or hold harmless the holders of the VDC Shares or  
 any underwriter designated by such security holders;  
  
 (iii) obtain a commitment from an underwriter relative to the  
 sale of the VDC Shares; or  
  
 (iv) include the VDC Shares within an underwritten offering of  
 Buyer.  
  
 (c) The VDC Shares representing the First Series (which shall include  
the Administrative Shares) distributed to Seller and its stockholders shall bear  
the following restrictive legend:  
  
 THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO  
 RESTRICTIONS ON RESALE AS SET FORTH IN SECTION 7.6(a)(i) OF A CERTAIN  
 ASSET PURCHASE AGREEMENT DATED MARCH 23, 1998 BETWEEN THE COMPANY AND  
 PORTACOM WIRELESS, INC. ("PORTACOM"), AS AMENDED, AND SECTION 7.7(a)(i)  
 OF A CERTAIN MEMORANDUM OF UNDERSTANDING ("MOU") DATED JUNE 8, 1998  
 BETWEEN THE COMPANY, PORTACOM AND THE COMMITTEE OF UNSECURED CREDITORS  
 OF PORTACOM (COLLECTIVELY, THE "AGREEMENT"). A COPY OF THE AGREEMENT  
 MAY BE OBTAINED AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY.  
 THESE SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF  
 OTHER THAN IN ACCORDANCE WITH THE TERMS OF THE AGREEMENT, WHICH  
 PROHIBITS THE SALE, TRANSFER OR OTHER DISPOSITION OF THE SECURITIES  
 REPRESENTED BY THIS CERTIFICATE UNTIL THE "FIRST RESALE DATE" (AS SUCH  
 TERM IS DEFINED IN SECTION 7.7(a)(i) OF THE MOU).  
  
 (d) The VDC Shares representing the Second Series distributed to Seller  
and its stockholders shall bear the following restrictive legend:  
  
 THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO  
 RESTRICTIONS ON RESALE AS SET FORTH IN  
  
  
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 SECTION 7.6(a)(ii) OF A CERTAIN ASSET PURCHASE AGREEMENT DATED MARCH  
 23, 1998 BETWEEN THE COMPANY AND PORTACOM WIRELESS, INC. ("PORTACOM")  
 AND SECTION 7.7(a)(ii) OF A CERTAIN MEMORANDUM OF UNDERSTANDING ("MOU")  
 DATED JUNE 8, 1998 BETWEEN THE COMPANY, PORTACOM AND THE COMMITTEE OF  
 UNSECURED CREDITORS OF PORTACOM (COLLECTIVELY, THE "AGREEMENT"). A COPY  
 OF THE AGREEMENT MAY BE OBTAINED AT THE PRINCIPAL EXECUTIVE OFFICES OF  
 THE COMPANY. THESE SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE  
 DISPOSED OF OTHER THAN IN ACCORDANCE WITH THE TERMS OF THE AGREEMENT,  
 WHICH PROHIBITS THE SALE, TRANSFER OR OTHER DISPOSITION OF THE  
 SECURITIES REPRESENTED BY THIS CERTIFICATE UNTIL THE "FIRST RESALE  
 DATE" (AS SUCH TERM IS DEFINED IN SECTION 7.7(a)(i) OF THE MOU).  
  
 (e) The VDC Shares representing the Third Series distributed to Seller  
and its stockholders shall bear the following restrictive legend:  
  
 THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO  
 RESTRICTIONS ON RESALE AS SET FORTH IN SECTION 7.6(a)(iii) OF A CERTAIN  
 ASSET PURCHASE AGREEMENT DATED MARCH 23, 1998 BETWEEN THE COMPANY AND  
 PORTACOM WIRELESS, INC. ("PORTACOM") AND SECTION 7.7(a)(iii) OF A  
 CERTAIN MEMORANDUM OF UNDERSTANDING ("MOU") DATED JUNE 8, 1998 BETWEEN  
 THE COMPANY, PORTACOM AND THE COMMITTEE OF UNSECURED CREDITORS OF  
 PORTACOM (COLLECTIVELY, THE "AGREEMENT"). A COPY OF THE AGREEMENT MAY  
 BE OBTAINED AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY. THESE  
 SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF OTHER  
 THAN IN ACCORDANCE WITH THE TERMS OF THE AGREEMENT, WHICH PROHIBITS THE  
 SALE, TRANSFER OR OTHER DISPOSITION OF THE SECURITIES REPRESENTED BY  
 THIS CERTIFICATE UNTIL THE "FIRST RESALE DATE" (AS SUCH TERM IS DEFINED  
 IN SECTION 7.7(a)(i) OF THE MOU).  
  
 7.8 Loans. Buyer has made advances to the Seller under and in accordance  
with the Loan, Security and Pledge Agreement in the aggregate principal amount  
of $384,725 as of the date hereof and is under no obligation to, and may not  
pursuant to order of the Court, make additional advances to Seller. The  
Indebtedness shall be applied on account of the Purchase Price pursuant to  
Section 3.4 hereof.  
  
  
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 7.9 Exclusive Dealing. In consideration of Buyer expending considerable  
time and expenses in connection with the transactions contemplated in the  
Amended Agreement, including those incurred for due diligence inquiries and  
legal fees, Seller hereby covenants and agrees that until the date on which the  
Amended Agreement is terminated pursuant to Sections 11.1, 11.2 or 11.3, Seller  
will not, directly or indirectly, through any representative or otherwise,  
solicit or entertain offers from, negotiate with or in any manner encourage,  
discuss, accept or consider any proposal of any other person relating to the  
acquisition of the Assets, in whole or in part, whether directly or indirectly,  
through purchase, merger, consolidation or otherwise, except as otherwise may be  
required by law or order of the Court.  
  
 7.10 Good Faith. Seller and Buyer have each acted and negotiated this MOU  
in good faith. This MOU represents an arms-length agreement among the parties,  
absent collusion, coercion or duress. The Purchase Price to be paid by the Buyer  
for the Assets in accordance herewith, represents the fair and reasonably  
equivalent value of and for the Assets. Further, the Order approving the Amended  
Agreement shall provide that the reversal or modification or appeal thereof will  
not affect the validity of the Closing of the sale of the Assets to Buyer under  
and in accordance with such Order by virtue of specific findings that the Buyer  
purchased the Assets in good faith, unless such Order is stayed prior to the  
Closing.  
  
 7.11 Bidding Procedures. [Intentionally omitted].  
  
 7.12 Cooperation. Seller and Buyer agree that they will cooperate in good  
faith with respect to all proceedings before the Court in the case in connection  
with the approval and consummation of the Amended Agreement and this MOU and the  
transactions contemplated hereby.  
  
 7.13 Cash Purchase Escrow. Interest and all other earnings on the Cash  
Purchase Escrow shall inure to the benefit of Buyer. The excess Cash Purchase  
Escrow, or any portion thereof, shall be returned to Buyer from time to time at  
such time as any Disputed Claim becomes an Allowed Claim, as provided for in  
Section 3.4 hereof. All other terms and conditions of the escrow are set forth  
in the Escrow Agreement. The Escrow Agreement, except Section 8(a) thereof as  
expressly modified by Section 3.4(b) hereof, shall remain in full force and  
effect; provided, however, that the terms of Section 10 of the Escrow Agreement  
shall remain in full force and effect notwithstanding anything to the contrary  
contained herein.  
  
 7.14 Post-Closing Agreement. Seller and Buyer covenant and agree to enter  
into a Post-Closing Agreement on the Closing Date that shall include an  
obligation on the part of Seller to file an amended plan of reorganization with  
the Court identifying the sale, offer, transfer or distribution of the VDC  
Shares from Buyer to Seller and from Seller to Seller's creditors and  
stockholders as exempt from registration under Section 1145 of the Bankruptcy  
Code consistent with the terms hereof.  
  
 7.15 Non-Refundable Deposit. The Administrative Advance and, by virtue of  
the entry of the Order, $260,000 of the Cash Purchase Escrow shall be  
non-refundable as to Buyer, except in the event of a default by Seller under the  
Amended Agreement.  
  
  
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 ARTICLE 8  
  
 CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER  
  
 All obligations of Buyer under the Amended Agreement are subject to the  
satisfaction by Seller at or before the Closing of all of the following  
conditions, except to the extent expressly waived in writing by Buyer:  
  
 8.1 Representations and Warranties True at Closing. The representations and  
warranties of Seller contained in this MOU shall have been true and correct in  
all material respects when made and shall be true and correct in all material  
respects on the Closing Date as though such representations and warranties were  
made again on the Closing Date.  
  
 8.2 Performance. Seller shall have performed and complied in all material  
respects with all agreements and conditions required by this MOU and the Amended  
Agreement to be performed or complied with by Seller prior to or at the Closing,  
including, without limitation, the delivery to Buyer of the documents listed in  
Section 6.2.  
  
 8.3 No Adverse Changes. Except as contemplated by this MOU, there shall  
have been no material adverse change in the condition, prospects, business or  
operations, financial or otherwise, of Seller from the date of the Amended  
Agreement to the Closing Date.  
  
 8.4 Litigation. On the Closing Date, there shall not be any pending or  
threatened litigation in any court or any proceedings by or before any  
Governmental Authority with a view to seek, or in which it is sought, to  
restrain or prohibit the consummation of the transactions contemplated by this  
MOU or in which it is sought to obtain divestiture, rescission or damages in  
connection with the transactions contemplated by this MOU and no investigation  
by any Governmental Authority shall be pending which might result in any such  
litigation or other proceeding.  
  
 8.5 Necessary Consents. All statutory requirements for the valid  
consummation by Buyer of the transactions contemplated by this MOU shall have  
been fulfilled and all authorizations, consents, waivers, approvals or other  
actions by any Governmental Authority or third party which are required for the  
consummation of the transactions contemplated by this MOU shall have been  
received and shall be in full force and effect.  
  
 8.6 Stockholder Approval. To the extent required by the laws of Bermuda,  
the stockholders of Buyer shall have approved the transactions contemplated by  
this MOU.  
  
 8.7 Certificate. Seller shall have delivered to Buyer a certificate, dated  
as of the Closing Date, of the Seller to the effect that the conditions set  
forth in Sections 8.1, 8.2, 8.3, 8.4 and 8.8 have been satisfied.  
  
 8.8 Consents. Seller shall have provided written consents to the  
acquisition of the Assets by Buyer from all appropriate Governmental Authorities  
(to the extent so required by law) in form and substance reasonably acceptable  
to Buyer.  
  
  
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 8.9 Due Diligence. Buyer shall have completed, to its satisfaction, a due  
diligence review of the financial condition, results of operations, properties,  
assets, liabilities, business and prospects of Seller.  
  
 8.10 Satisfaction of Claims. The Settlements shall be determined to be  
enforceable against the non-Seller parties thereto in accordance with their  
terms in the Seller's bankruptcy case. Seller shall use its best efforts to  
resolve claims against its bankruptcy estate as soon as is practicable.  
  
 8.11 Court Approval. The Court has entered the Order. The Order shall not  
be subject to a pending appeal, or motion for reconsideration, modification,  
vacation or stay, and as to which any appeal or motion, the time to file such  
appeal or motion has expired, or any such appeal or motion that may have been  
filed has been dismissed with prejudice or otherwise disposed of without  
impacting negatively the validity and enforceability of the Order contemplated  
hereby.  
  
 8.12 Escrow Agreement. The Committee and Escrow Agent shall have executed  
this MOU, agreeing to the amendment and modification of Section 8(a) of the  
Escrow Agreement by Section 3.4(b) hereof. There shall not have occurred and be  
continuing an uncured event of default under the Escrow Agreement.  
  
 ARTICLE 9  
  
 CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER  
  
 All obligations of Seller under the Amended Agreement are subject to  
the satisfaction by Buyer at or before the Closing of all of the following  
conditions, except to the extent expressly waived in writing by Seller:  
  
 9.1 Representations and Warranties True at Closing. The representations and  
warranties of Buyer contained in this MOU shall have been true and correct in  
all material respects when made and shall be true and correct in all material  
respects on the Closing Date as though such representations and warranties were  
made again on the Closing Date; provided, however, that if Buyer changes its  
jurisdiction of incorporation from the Commonwealth of Bermuda to the State of  
Delaware on or before the Closing Date, Buyer shall be deemed to represent in  
Section 5.1 that it is a corporation duly organized, validly existing and in  
good standing under the laws of the State of Delaware.  
  
 9.2 Performance. Buyer shall have performed and complied, in all material  
respects, with all agreements and conditions required by this MOU and the  
Amended Agreement to be performed or complied with by Buyer prior to or at the  
Closing.  
  
 9.3 No Adverse Changes. Except as contemplated by this MOU, there shall  
have been no material adverse change in the condition, business or operations,  
financial or otherwise, of Buyer from the date of the Amended Agreement to the  
Closing Date.  
  
  
 24  
  
  
  
  
 9.4 Necessary Consents. All statutory requirements for the valid  
consummation by Seller of the transactions contemplated by this MOU shall have  
been fulfilled and all authorizations, consents, waivers, approvals or other  
actions by any Governmental Authority or third party which are required for the  
consummation of the transactions contemplated by this MOU shall have been  
received and shall be in full force and effect.  
  
 9.5 Certificate. Buyer shall have delivered to Seller a certificate, dated  
as of the Closing Date, to the effect that the conditions set forth in Sections  
9.1, 9.2 and 9.3 have been satisfied.  
  
 9.6 Indebtedness. Seller shall be obligated to perform hereunder and Close  
the transactions contemplated hereby notwithstanding the occurrence of an Event  
of Default under the documents evidencing the Indebtedness or Buyer's exercise  
of any rights or remedies thereunder.  
  
 9.7 Escrow Agreement. The Committee and Escrow Agent shall have executed  
this MOU, agreeing to the amendment and modification of Section 8(a) of the  
Escrow Agreement by Section 3.4(b) hereof. There shall not have occurred and be  
continuing an uncured event of default under the Escrow Agreement.  
  
 ARTICLE 10  
  
 INDEMNIFICATION AND RELATED MATTERS  
  
 10.1 Survival of Representations and Warranties. The representations and  
warranties contained in the Amended Agreement and this MOU, the schedules and  
exhibits hereto, and any agreement, document, instrument or certificate  
delivered hereunder, including the Related Documents, shall survive the Closing  
Date. Except as otherwise provided in Section 7.15 hereof, this Article 10  
constitutes the sole and exclusive remedy of Buyer and Seller with respect to  
any subject matter addressed herein, and Buyer and Seller hereby waive and  
release the other from any and all claims and other causes of action, including  
without limitation claims for contribution, relating to any such subject matter.  
  
 10.2 Indemnification by Seller.  
  
 (a) Seller agrees to indemnify Buyer against and hold it   
harmless from:  
  
 (i) all liability, loss, damage or deficiency resulting from or  
 arising out of any inaccuracy in or breach of any representation or  
 warranty by Seller in the Amended Agreement or this MOU, in any  
 Related Document to which Seller was a signatory or in any other  
 agreement or document delivered by or on behalf of Seller in  
 connection with the transactions contemplated by this MOU and the  
 Amended Agreement;  
  
 (ii) all liability of Seller not expressly assumed by Buyer;  
  
  
 25  
  
  
  
  
 (iii) all liability, loss, damage or deficiency resulting from or  
 arising out of any breach or nonperformance of any covenant or  
 obligation made or incurred by Seller in the Amended Agreement or this  
 MOU, in any Related Document to which Seller was a signatory or in any  
 other agreement or document delivered by or on behalf of Seller in  
 connection with the transactions contemplated by this MOU and the  
 Amended Agreement; and  
  
 (iv) any and all reasonable costs and expenses (including  
 reasonable legal and accounting fees) related to any of the foregoing.  
 In the event that Buyer makes a Claim which is determined by a court  
 of competent jurisdiction to be without reasonable basis in law or  
 fact, Buyer shall bear all reasonable costs and expenses (including  
 court costs and reasonable legal and accounting fees), incurred by  
 Seller in investigating and defending against such Claim,  
  
which indemnification obligation of Seller shall be secured by the Deferred  
Purchase Price and the VDC Shares that remain unissued in the possession of the  
Escrow Agent or not further distributed to creditors or stockholders of Seller  
and Buyer shall have the right of offset with respect thereto.  
  
 10.3 Indemnification by Buyer.  
  
 (a) Buyer shall indemnify Seller against and hold it harmless from:  
  
 (i) all liability, loss, damage or deficiency resulting from or  
 arising out of any inaccuracy in or breach of any representation or  
 warranty by Buyer in the Amended Agreement or this MOU in any Related  
 Document or in any other agreement or document delivered by or on  
 behalf of Buyer in connection with the transactions contemplated by  
 this MOU and the Amended Agreement;  
  
 (ii) all liability, loss, damage or deficiency resulting from or  
 arising out of any breach or nonperformance of any covenant or  
 obligation made or incurred by Buyer in the Amended Agreement and this  
 MOU, in any Related Document, or in any other agreement or document  
 delivered by or on behalf of Buyer in connection with the transactions  
 contemplated by this MOU and the Amended Agreement; and  
  
 (iii) any and all reasonable costs and expenses (including  
 reasonable legal and accounting fees) related to any of the foregoing.  
 In the event that Seller makes a Claim which is determined by a court  
 of competent jurisdiction to be without reasonable basis in law or  
 fact, Seller shall bear all reasonable costs and expenses (including  
 court costs and reasonable legal and accounting fees), incurred by  
 Buyer in investigating and defending against such Claim.  
  
 10.4 Third Party Claims. If any action, suit, investigation or proceeding  
(including without limitation negotiations with federal, state, local or foreign  
tax authorities) shall be threatened or commenced by a third party in respect of  
which a party (an "Indemnified Party")  
  
  
 26  
  
  
  
  
may make a Claim hereunder, the Indemnified Party shall notify the party  
obligated to indemnify such party hereunder (the "Indemnifying Party") to that  
effect with reasonable promptness (so as to not prejudice such party's rights)  
after the commencement or threatened commencement of such action, suit,  
investigation or proceeding, and the Indemnifying Party shall have the  
opportunity to defend against such action, suit, investigation or proceeding  
(or, if the action, suit, investigation or proceeding involves to a significant  
extent matters beyond the scope of the indemnity agreement contained herein,  
those claims that are covered hereby) subject to the limitations set forth  
below. If the Indemnifying Party elects to defend against any action, suit,  
investigation or proceeding (or, as described in the preceding parenthetical,  
one or more claims relating thereto), the Indemnifying Party shall notify the  
Indemnified Party to that effect with reasonable promptness. In such case, the  
Indemnified Party shall have the right to employ its own counsel and participate  
in the defense of such matter, but the fees and expenses of counsel shall be at  
the expense of the Indemnified Party unless the employment of such counsel at  
the expense of the Indemnifying Party shall have been authorized in writing by  
the Indemnifying Party. Any party granted the right to direct the defense of a  
threatened or actual suit, investigation or proceeding hereunder shall: (i) keep  
the other fully informed of material developments in the action, suit,  
investigation or proceeding at all stages thereof; (ii) promptly submit to the  
other copies of all pleadings, responsive pleadings, motions and other similar  
legal documents and papers received in connection with the action, suit,  
investigation or proceeding; (iii) permit the other and its counsel, to the  
extent practicable, to confer on the conduct of the defense of the action, suit,  
investigation or proceeding; and (iv) to the extent practicable, permit the  
other and its counsel an opportunity to review all legal papers to be submitted  
prior to their submission. The parties shall make available to each other and  
each other's counsel and accountants all of its or their books and records  
relating to the action, suit, investigation or proceeding, and each party shall  
render to the other such assistance as may be reasonably required in order to  
insure the proper and adequate defense of the action, suit, investigation or  
proceeding. The parties shall use their respective good faith efforts to avoid  
the waiver of any privilege of either party. The assumption of the defense of  
any matter by an Indemnifying Party shall not constitute an admission of  
responsibility to indemnify or in any manner impair or restrict such party's  
rights to later seek to be reimbursed its costs and expenses if indemnification  
under the Amended Agreement or this MOU with respect to such matter was not  
required. An Indemnifying Party may elect to assume the defense of a matter at  
any time during the pendency of such matter, even if initially such party did  
not elect to assume such defense, so long as such assumption at such later time  
would not prejudice the rights of the Indemnified Party. No settlement of a  
matter by the Indemnified Party shall be binding on an Indemnifying Party for  
purposes of such party's indemnification obligations hereunder.  
  
 ARTICLE 11  
  
 TERMINATION  
  
 11.1 Termination by Mutual Consent. At any time on or prior to the Closing  
Date, the Amended Agreement and this MOU may be terminated by the mutual written  
consent of Seller and Buyer without liability, including deposits not paid, on  
the part of Seller or Buyer.  
  
  
 27  
  
  
  
  
 11.2 Termination Upon Breach or Default. If Seller or Buyer shall  
materially default in the observance or in the due and timely performance of any  
of the covenants contained in the Amended Agreement, or if there shall have been  
a material breach by either of the parties of any of the representations or  
warranties set forth in this MOU, the other party may, upon written notice and a  
reasonably opportunity to cure, terminate the Amended Agreement, without  
prejudice to its rights and remedies available at law, including the right to  
recover expenses, costs and other damages.  
  
 11.3 Termination Based Upon Failure of Conditions. If any of the conditions  
of the Amended Agreement to be complied with or performed by a party on or  
before the Closing Date, shall not have been complied with or performed in all  
material respects by such date and such noncompliance or nonperformance shall  
not have been waived in writing by the other party, the party to whom the  
benefit of such condition runs may, upon written notice, terminate the Amended  
Agreement, without prejudice to its or their rights and remedies available under  
law, including the right to recover expenses, costs and other damages, and, upon  
a breach of this Section 11.3 by Seller, Buyer shall be entitled to retain all  
unpaid deposits.  
  
 11.4 Break-Up Fees. Notwithstanding anything to the contrary contained  
within this MOU or the Amended Agreement, in the event Seller is unable to, or  
elects not to complete the transactions contemplated by this MOU for any reason,  
except: (i) a breach by Buyer of any of its representations, warranties and  
covenants contained herein or (ii) a material adverse development in the  
business or operations of Buyer between the date of the Amended Agreement and  
the Closing Date, then, and in that event, Seller shall pay Buyer a break-up fee  
equal to One Million Dollars ($1,000,000) ("Break-Up Fee") in order to reimburse  
Buyer for its time and expenses incurred in connection with the transactions  
contemplated in this MOU and the Amended Agreement, as well as for any lost  
opportunity costs and direct and indirect consequential damages. Payment of the  
Break-Up Fee shall be made by wire transfer of immediately available funds to an  
account designated by Buyer not later than five (5) days after receipt by Seller  
of a written demand for the Break-Up Fee by Buyer, but in no case later than  
Seller's receipt of proceeds from the sale or other disposition of the Assets,  
directly or indirectly. Seller acknowledges that any payment of the Break-Up Fee  
will be treated as one for liquidated damages and not a penalty, such being  
agreed between Buyer and Seller to be a necessary condition to this MOU and the  
Amended Agreement to compensate Buyer for expenses and expenditures incurred and  
made in connection herewith and otherwise for Seller's non-compliance with this  
MOU and the Amended Agreement.  
  
 11.5 Final Expiration. The Amended Agreement shall automatically expire if  
the Closing does not occur on or before July 1, 1998, or, upon such later date  
as VDC in its sole discretion may determine; provided, however, that such later  
date shall not be later than December 31, 1998.  
  
  
 28  
  
  
  
  
 ARTICLE 12  
  
 GENERAL  
  
 12.1 Entire Agreement. Subject to Section 12.10, this MOU, and the exhibits  
and schedules hereto (including the Disclosure Schedule), and the agreements  
specifically referred to herein, including the Escrow Agreement, as amended by  
Section 3.4(b) hereof, and the documents evidencing the Indebtedness, set forth  
the entire agreement and understanding of Seller and Buyer in respect of the  
transactions contemplated hereby and, except with respect to the provisions of  
Section 13 of the Letter of Intent and the no shop provisions set forth in  
Section 8 of the Letter of Intent, supersede all prior agreements, arrangements  
and understandings relating to the subject matter hereof. No representation,  
promise, inducement or statement of intention has been made by Seller or Buyer  
that is not embodied in this MOU or in the documents specifically referred to  
herein and neither Seller nor Buyer shall not be bound by or liable for any  
alleged representation, promise, inducement or statement of intention not so set  
forth.  
  
 12.2 Binding Effect; Benefits; Assignment. By virtue of the entry of the  
Order by the Court approving the Amended Agreement, all of the terms of the  
Amended Agreement are binding upon, inure to the benefit of and are enforceable  
by and against Seller and its successors and authorized assigns, and Buyer and  
its successors and authorized assigns. Nothing in this MOU or the Amended  
Agreement, express or implied, is intended to confer upon any other person any  
rights or remedies under or by reason of this MOU or the Amended Agreement  
except as expressly indicated herein. Neither Seller nor Buyer shall assign any  
of their respective rights or obligations under this MOU or the Amended  
Agreement to any other person, firm or corporation without the prior written  
consent of the other party, except that Buyer may assign its rights and  
obligations under this MOU or the Amended Agreement to a direct or indirect  
wholly-owned subsidiary of Buyer, although Buyer shall remain fully responsible  
for all of its obligations under this MOU or the Amended Agreement.  
  
 12.3 Construction. The headings of the sections and paragraphs of this MOU  
have been inserted for convenience of reference only and shall in no way  
restrict or otherwise modify any of the terms or provisions hereof. The language  
used in this MOU shall be deemed to be the language chosen by the parties to  
this MOU and the Amended Agreement to express their mutual intent, and no rule  
of strict construction shall be applied against any party.  
  
 12.4 Amendment and Waiver. This MOU may be amended, modified, superseded or  
canceled and any of the terms, covenants, representations, warranties or  
conditions hereof may be waived only by a written instrument executed by Seller  
and Buyer or, in the case of a waiver, by or on behalf of the party waiving  
compliance.  
  
 12.5 Governing Law. This MOU shall be governed by and construed in  
accordance with the laws of the State of Delaware as applicable to contracts  
made and to be performed in Delaware, without regard to conflict of laws  
principles.  
  
 12.6 [Intentionally omitted].  
  
  
 29  
  
  
  
  
 12.7 Notices. All notices, requests, demands and other communications to be  
given pursuant to the terms of this MOU shall be in writing and shall be deemed  
to have been duly given if hand delivered, sent by overnight mail by a  
nationally recognized overnight delivery service or mailed first class, postage  
prepaid:  
  
 (a) If to Seller:  
  
 Xxxxxxx Xxxxxxx, President  
 PortaCom Wireless, Inc.  
 00000 Xxxxxxx Xxxxxx, Xxxxx 000  
 Xxxxxxxx Xxxxxx, XX 00000  
 Telephone: (000) 000-0000  
 Telecopier: (000) 000-0000  
  
 with a copy to:  
  
 Xxxxxxx X. Xxxxxx, Xx., Esquire  
 Xxxxx and Monzack, P.A.  
 0000 Xxxxxx Xxxxxx, Xxxxx 000  
 Xxxxxxxxxx, XX 00000  
 Telephone: (000) 000-0000  
 Telecopier: (000) 000-0000  
  
 and  
  
 Xxxxxxx Xxxxxxxx, Esquire  
 Klehr, Harrison, Xxxxxx, Branzburg & Xxxxxx LLP  
 0000 Xxxxxx Xxxxxx  
 Xxxxxxxxxxxx, XX 00000  
 Telephone: (000) 000-0000  
 Telecopier: (000) 000-0000  
  
 b) If to Buyer:  
  
 Xxxxxxxxx X. Xxxxx, Chief Executive Officer  
 VDC Corporation Ltd.  
 00 Xxxxxxxx Xxxx  
 Xxxxxxxxx, XX 00000  
 Telephone: (000) 000-0000  
 Telecopier: (000) 000-0000  
  
  
 30  
  
  
  
  
 with a copy to:  
  
 Xxxxxxx X. Xxxxx, Esq.  
 Xxxxxx X. Xxxxx, Esq.  
 Xxxxxxxx Xxxxxxxxx Professional Corporation  
 Eleven Xxxx Xxxxxx, 00xx Xxxxx  
 0000 Xxxxxx Xxxxxx  
 Xxxxxxxxxxxx, Xxxxxxxxxxxx 00000  
 Telephone: (000) 000-0000  
 Telecopier: (000) 000-0000  
  
 c) if to the Committee:  
  
 Xxxxxxx X. Xxxxxx, Esquire  
 Xxxxxx Xxxxxxxx LLP  
 3000 Two Xxxxx Square  
 00xx & Xxxx Xxxxxxx  
 Xxxxxxxxxxxx, XX 00000-0000  
 Telephone: (000) 000-0000  
 Telecopier: (000) 000-0000  
  
Either party may change its address by prior written notice to the other party.  
  
 12.8 Counterparts. This MOU may be executed in counterparts, each of which  
when so executed shall be deemed to be an original and such counterparts shall  
together constitute one and the same instrument.  
  
 12.9 Expenses. Each party shall pay their own respective expenses, costs  
and fees incurred in connection with the negotiation, preparation, execution and  
delivery of this MOU and the Amended Agreement and each of the Related Documents  
and the consummation of the transactions contemplated hereby, including, without  
limitation, the fees and expenses of their respective legal counsel, accountants  
and financial advisors.  
  
 12.10 Survival of Prior Agreement. Seller and Buyer intend for this MOU to  
set forth their mutual interpretation of the Amended Agreement and the Escrow  
Agreement; provided, however, if a separate order of the Court is not entered  
approving this MOU and to the extent that any of the parties hereto seek to  
enforce any of the provisions of this MOU which are inconsistent with the  
Amended Agreement or the Escrow Agreement, then the Amended Agreement and the  
Escrow Agreement, shall survive and remain in full force and effect for that  
purpose.  
  
  
 31  
  
  
  
  
 IN WITNESS WHEREOF, the parties hereto have caused this MOU to be duly  
executed as of the day and year first above written.  
  
 VDC CORPORATION LTD.  
  
 By: /s/ Xxxxxxxxx X. Xxxxx  
 -------------------------------------------  
 Xxxxxxxxx X. Xxxxx, Chief Executive Officer  
  
  
 PORTACOM WIRELESS, INC.  
  
 By: /s/ Xxxxxxx X. Xxxxxxx  
 -------------------------------------------  
 Xxxxxxx X. Xxxxxxx, President  
  
  
 OFFICIAL COMMITTEE OF UNSECURED  
 CREDITORS OF PORTACOM WIRELESS, INC.  
 (the "Committee")  
  
 By: /s/ Xxxxxxx X. Xxxxxx  
 -------------------------------------------  
 Name: Xxxxxxx X. Xxxxxx, Esquire  
 Title: Xxxxxx Xxxxxxxx LLP  
  
  
This document is being executed on behalf of the Committee for the limited  
purpose of approving paragraphs 3.4(b) and 3.4(d) hereof. The Committee's  
execution hereof does not constitute a consent to or ratification of any other  
provision of this document.  
  
Intending to be legally bound hereby, the Escrow Agent hereby agrees that  
Section 8(a) of the Escrow Agreement is and shall be amended and modified  
consistent with the terms of Section 3.4(b) of the foregoing MOU, and that the  
Escrow Agreement, as amended and modified, shall remain in full force and  
effect.  
  
 ESCROW AGENT -  
 KLEHR , HARRISON, XXXXXX, BRANZBURG  
 & XXXXXX LLP  
  
 By: /s/ Xxxxxxx Xxxxxxxx  
 -------------------------------------------  
 Name: Xxxxxxx Xxxxxxxx  
 Title: A Member of the Firm  
  
  
 32  
  
  
  
  
 EXHIBIT A  
  
 Indebtedness of Seller to be satisfied from proceeds of the Purchase Price  
  
-------------------------------------------------------------------------------  
 Source of Proceeds  
-------------------------------------------------------------------------------  
 Cash Funds VDC Shares  
 Creditor/Claimant Amount (amount) (Number)  
-------------------------------------------------------------------------------  
  
-------------------------------------------------------------------------------  
  
-------------------------------------------------------------------------------  
  
-------------------------------------------------------------------------------  
  
-------------------------------------------------------------------------------  
  
  
 33  
  
  
  
  
 EXHIBIT B  
  
 Procedures Motion  
  
  
 34