
IMPORTANT

If you are in any doubt as to any aspect of this document or as to the action to be taken, you should consult a stockbroker or other registered dealer in shares, bank manager, solicitor, professional accountant, or other professional adviser.



VODATEL NETWORKS HOLDINGS LIMITED

愛達利網絡控股有限公司*

(Incorporated in Bermuda with limited liability)

GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

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This circular, for which the directors of Vodatel Networks Holdings Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Vodatel Networks Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:— (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification purposes only*

DEFINITION

In this circular, unless the context otherwise requires, the following expressions have the following meaning:

“AGM”	the Annual General Meeting of the Company to be held at the Bowen Room, Level 7, Conrad Hotel, Hong Kong on Monday, 5th November, 2001 at 4:00 p.m.;
“Company”	Vodatel Networks Holdings Limited;
“Directors”	directors of the Company from time to time;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Latest Practicable Date”	20th September, 2001, being the latest practicable date prior to the printing of this circular;
“Shareholders”	shareholders of the Company from time to time;
“Shares”	ordinary shares of HK0.10 each in the share capital of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.



VODATEL NETWORKS HOLDINGS LIMITED

愛達利網絡控股有限公司*

(Incorporated in Bermuda with limited liability)

Executive Directors:

Mr. José Manuel dos SANTOS (*Chairman*)
Mr. YIM Hong
Mr. KUAN Kin Man
Mr. HO Kwok Hung
Ms. Monica Maria NUNES

Registered Office:

Clarendon House
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Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Mr. CHUI Sai Cheong
Mr. LO King Chiu, Charles

Head Office and Principal Place of Business:

Estrada D. Maria II
Ed. Industrial Cheong Long
4/F "B&C"
Macau

Principal Place of Business in Hong Kong:

Room 1401, 14th Floor
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

28th September 2001

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES
TO REPURCHASE AND ISSUE SHARES**

INTRODUCTION

On 23rd October 2000, resolutions were passed giving general mandates to the Directors to issue and allot Shares and to exercise the powers of the Company to repurchase its own Shares and to add the number of Shares repurchased (if any) pursuant to the aforesaid general mandate to repurchase Shares to the number of Shares that may be allotted to the aforesaid general mandate to allot, issue or otherwise deal with the Shares in accordance with the GEM Listing Rules. These general mandates will lapse at the conclusion of the Annual General Meeting to be held on 5th November 2001 ("the AGM") for the financial year ended 30th June 2001. It is therefore proposed to renew the general mandates to issue and allot Shares and to repurchase Shares.

* For identification purposes only

LETTER FROM THE CHAIRMAN

The Directors consider that it is in the best interest of the Company and its Shareholders that the Directors should be granted general mandates (i) to repurchase Shares; (ii) to allot, issue or otherwise deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares, or to make or grant offers, agreements, options and other rights, or issue warrants and other securities including bonds, debentures and notes convertible into Shares, which would or might require the exercise of such powers; and (iii) to extend the general mandate to issue Shares by adding to it the aggregate amount of the share capital of the Company repurchased under the repurchase mandate.

Under the Companies Act 1981 of Bermuda (as amended) and the GEM Listing Rules, the Company is required to give to its shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolutions to be proposed at the AGM to renew the general mandates to issue and allot Shares and to repurchase Shares. This document is prepared for such purpose. The explanatory statement required by the GEM Listing Rules to be included in this document is set out in the Appendix.

GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed at the AGM to grant a repurchase mandate (the “Repurchase Mandate”) to the Directors to enable them to, during the Relevant Period as defined in Resolution 5(B)(c) of the Notice of Annual General Meeting (the “Notice”) repurchase Shares subject to the criteria set out in this circular. Shareholders should note that the maximum number of Shares that may be repurchased pursuant to the mandate as set out in Resolution 5(B)(c) of the Notice will be such number of Shares representing up to 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of such resolution.

GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution as set out in Resolution 5(A) of the Notice will be passed at the AGM to grant a general mandate (the “Issue Mandate”) to the Directors to, during the Relevant Period as defined in Resolution 5(A)(d) of the Notice, exercise the powers of the Company to allot, issue and otherwise deal with additional Shares up to a maximum of 20% of the aggregate nominal share capital of the Company in issue at the date of passing of such resolution. In addition, an ordinary resolution will also be proposed to authorise an extension of the Issue Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Issue Mandate and the number of Shares repurchased (if any) under the Repurchase Mandate, if granted at the AGM.

ANNUAL GENERAL MEETING

Set out on pages 68 to 71 of the Annual Report is the Notice convening the AGM to be held at the Bowen Room, Level 7, Conrad Hotel, Hong Kong, on Monday, 5th November 2001 at 4:00 p.m. at which ordinary resolutions will be proposed to approve the Repurchase Mandate, the Issue Mandate and the extension of the Issue Mandate.

LETTER FROM THE CHAIRMAN

A form of proxy for use at the AGM is enclosed. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the principal place of business in Hong Kong as stated in this Notice and the Proxy Form of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM.

RECOMMENDATION

The Directors believe that the Repurchase Mandate, the Issue Mandate and the extension of the Issue Mandate are in the best interests of the Company and its Shareholders. The Repurchase Mandate may, depend on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its net assets and/or earnings per Share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and its Shareholders. Accordingly, the Directors recommend that all Shareholders of the Company should vote in favour of all the resolutions as set out in the notice of AGM.

Yours faithfully
For and on behalf of
The board of directors of
VODATEL NETWORKS HOLDINGS LIMITED
José Manuel dos Santos
Chairman

This is an explanatory statement given to all shareholders relating to a resolution to be proposed at the forthcoming AGM authorising the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to Rule 13.08 of the GEM Listing Rules.

1. EXERCISE OF THE REPURCHASE MANDATE

Exercise in full of the Repurchase Mandate, on the basis of 607,984,000 shares of HK\$0.10 each in issue as at 20th September 2001, the Latest Practicable Date prior to the printing of this circular, could result in up to 60,798,400 shares being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

2. REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Bye-Laws and the applicable laws of Bermuda. The Company may not purchase its own securities on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Bye-Laws of the Company and the applicable laws of Bermuda.

6. THE HONG KONG CODE ON TAKEOVERS AND MERGERS

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Code), depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, the following Shareholder had interests representing 10% or more of the issued share capital of the Company:

Substantial Shareholder	No. of Shares	Percentage of Issued Share Capital
Eve Resources Limited	293,388,000	48.26%

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the ordinary resolution to be proposed at the AGM, the total interests of the above Substantial Shareholder in the Shares would be increased to:

Substantial Shareholder	Percentage of Issued Share Capital
Eve Resources Limited	53.62%

and the Substantial Shareholder will not be obliged to make a mandatory offer under Rule 26 of the Takeovers Code in this aspect.

7. SHARE PURCHASE MADE BY THE COMPANY

During the financial year ended 31st June 2001, the Company repurchased on the Stock Exchange a total of 7,016,000 ordinary shares of HK\$0.10 each in the share capital of the Company at an aggregate price of HK\$6,475,559. Details of the repurchases are as follows:

Month of Repurchases	No. of Shares Repurchased	Price per Share		Aggregate Price Paid
		Highest	Lowest	
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
February 2001	2,850,000	0.99	0.88	2,773,918
March 2001	3,896,000	0.96	0.81	3,471,972
April 2001	<u>270,000</u>	0.85	0.84	<u>229,669</u>
	<u>7,016,000</u>			<u>6,475,559</u>

8. CONNECTED PERSON OR PARTIES

No connected person (as defined in the GEM Listing Rules) has notified the Company that it has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

To the best of the knowledge of the Directors, having made all reasonable enquiries, none of the Directors or their respective associates (as defined in the GEM Listing Rules) has a present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

9. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in the twelve months since 1st July 2000 were as follows:—

	Shares	
	Highest HK\$	Lowest HK\$
July 2000	1.40	1.09
August 2000	1.63	0.98
September 2000	1.89	1.22
October 2000	1.37	0.83
November 2000	1.13	0.90
December 2000	1.04	0.72
January 2001	1.00	0.74
February 2001	1.00	0.79
March 2001	0.98	0.77
April 2001	0.97	0.77
May 2001	1.29	0.82
June 2001	1.17	0.85

10. PROXY

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to attend the meeting, Shareholders are requested to complete and return the form of proxy to the Company's principal place of business in Hong Kong at Room 1401, 14th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM should the Shareholders so desire.