
IMPORTANT

If you are in any doubt as to any aspect of this circular 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 ISSUE AND REPURCHASE 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.

This circular will remain on the GEM Website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of posting.

* 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 Chatham Room, Level 7, Conrad, Hong Kong on Tuesday, 5th November 2002 at 11:00 a.m.
“Code”	Hong Kong Code on Takeovers and Mergers
“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
“Issue Mandate”	A general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with additional Shares up to a maximum amount of 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of Resolution 6(A)
“Latest Practicable Date”	25th September 2002, being the latest practicable date prior to the printing of this circular
“Notice”	Notice of the AGM which is set out in the 2002 Annual Report
“Repurchase Mandate”	A general mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase its Shares up to a maximum amount of 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of Resolution 6(B)
“Shareholders”	Shareholders of the Company from time to time
“Shares”	Ordinary shares of HK0.10 each in the share capital of the Company
“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

Ms. Monica Maria NUNES

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-executive Directors:

Mr. CHUI Sai Cheong

Mr. LO King Chiu, Charles

Head Office and Principal Place of Business:

No. 74 da Rua da Felicidade

Edf. Vodatel

Taipa, 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

27th September 2002

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES**

INTRODUCTION

On 5th November 2001, 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 pursuant 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 2002 for the financial year ended 30th June 2002. 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 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; (ii) to repurchase Shares; 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 circular is prepared for such purpose. The explanatory statement required by the GEM Listing Rules to be included in this circular is set out in the Appendix.

GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution as set out in Resolution 6(A) of the Notice will be proposed at the AGM to grant a general mandate to the Directors to, during the Relevant Period as defined in Resolution 6(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 Issue Mandate the number of Shares repurchased (if any) under the Repurchase Mandate, if granted at the AGM.

GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed at the AGM to grant a general mandate to the Directors to enable them to, during the Relevant Period as defined in Resolution 6(B)(c) of 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 Repurchase Mandate 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.

ANNUAL GENERAL MEETING

Set out on pages 84 to 87 of the Annual Report is the Notice convening the Annual General Meeting to be held at the Chatham Room, Level 7, Conrad Hong Kong, on Tuesday, 5th November 2002 at 11:00 a.m. at which ordinary resolutions will be proposed to approve the Issue Mandate, the Repurchase Mandate and the extension of the Issue Mandate.

LETTER FROM THE CHAIRMAN

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to attend the meeting, please 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 AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so desire.

RECOMMENDATION

The Directors believe that the Issue Mandate, the Repurchase 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.

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 in issue as at 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 of Bermuda 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 of the Company 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

As compared with the financial position of the Company as at 30th June 2002 (being the date of its latest audited accounts), 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.

The GEM Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a connected person (as defined in the GEM Listing Rules). No connected person 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.

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 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 pursuant to the Repurchase Mandate, the total interests of the above substantial Shareholder in the Shares (assuming no further change in the number of Shares after the Latest Practicable Date) would be increased to:

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

and the substantial Shareholder will, in the absence of a waiver or other exemption, be obliged to make a mandatory offer under Rule 26 of the Code in this aspect. The Directors have no present intentions to repurchase Shares to such an extent which will give rise to an obligation on the part of Eve Resources Limited to make a mandatory offer under Rule 26 of the Code.

7. SHARE PURCHASE MADE BY THE COMPANY

The Company had not purchased any of the Shares in the 6 months preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

8. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in the twelve months preceding the Latest Practicable Date were as follows:—

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
September 2001	0.73	0.55
October 2001	0.75	0.63
November 2001	0.88	0.72
December 2001	0.94	0.82
January 2002	0.97	0.85
February 2002	0.92	0.78
March 2002	0.95	0.84
April 2002	0.87	0.80
May 2002	0.97	0.81
June 2002	0.84	0.75
July 2002	0.84	0.63
August 2002	0.70	0.51



VODATEL NETWORKS HOLDINGS LIMITED

愛達利網絡控股有限公司

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FORM OF PROXY FOR ANNUAL GENERAL MEETING

I/We _____

of _____

being the registered holder(s) of _____ shares of HK\$0.10 each in the capital of the above named Company, hereby appoint the Chairman of the meeting or _____

of _____ to act as my/our proxy at the Annual General Meeting of the Company to be held on Tuesday, 5th November 2002 at 11:00 a.m. at the Chatham Room, Level 7, Conrad Hotel, Hong Kong and to vote on my/our behalf as directed below.

Please indicate with a “√” in the spaces provided how you wish your vote(s) to be cast on a poll.

		FOR	AGAINST
1.	To receive and consider the Audited Financial Statements and the Reports of the Directors and Auditors for the period ended 30th June 2002.		
2.	To approve the payment of a final dividend for the year ended 30th June 2002.		
3.	To re-elect the retiring director Mr. Chui Sai Cheong.		
4.	To authorise the Board of Directors to fix Directors' remuneration.		
5.	To re-appoint Auditors and authorise the Board of Directors to fix their remuneration.		
6.	(a) To pass Resolution (6)(A) as set out in the Notice of Annual General Meeting dated 27th September 2002 as ordinary resolution.		
	(b) To pass Resolution (6)(B) as set out in the Notice of Annual General Meeting dated 27th September 2002 as ordinary resolution.		
	(c) To pass Resolution (6)(C) as set out in the Notice of Annual General Meeting dated 27th September 2002 as ordinary resolution.		

Shareholder's Signature _____

Date _____

Notes:

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of shares registered in your name(s); if no number is inserted, the form of proxy will be deemed to relate to all the shares in the capital of the Company registered in your name(s).
3. A member may appoint a proxy of his choice who need not be a member of the Company. If such an appointment is made, delete the words “the Chairman of the meeting or” and insert the name and address of the person appointed proxy in the spaces provided.
4. This form of proxy must be signed by you or your attorney duly authorized in writing or, in case of a corporation, must be signed under its common seal or under the hand of any officer or attorney so authorized.
5. In the case of joint holders this form of proxy must be signed by the member whose name stands first on the register of members.
6. If this form is returned duly signed but without a specific direction, the proxy will vote or abstain at his discretion.
7. In order to be valid, this form of proxy together with any power of attorney or other authority if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at 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 not later than 48 hours before the time appointed for holding the meeting.
8. Any alternation made in this form should be initialled.