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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Vodatel Networks Holdings Limited (the “Company”), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**VODATEL NETWORKS HOLDINGS LIMITED**

**愛達利網絡控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**TERMINATION OF EXISTING SHARE OPTION SCHEME**

**ADOPTION OF NEW SHARE OPTION SCHEME**

**AND CANCELLATION OF OPTIONS**

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This circular, for which the directors of the Company and individually accept full 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 of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (a) the information contained in this circular is accurate and complete in all material respects and not misleading; (b) there are no other matters the omission of which would make any statement in this circular misleading; and (c) 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.

A notice convening a special general meeting of the Company to be held on Tuesday, 5th November, 2002 at the Chatham Room, Level 7, Conrad Hong Kong at 11:05 a.m. (or so soon thereafter as the annual general meeting of the Company to be held at the same place and date at 11:00 a.m. shall have been concluded) is set out on pages 18 to 19 of this circular. Whether or not they are able to attend the special general meeting, shareholders of the Company are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon 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 but in any event not less than 48 hours before the time appointed for holding the special general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjourned meeting, should you so wish.

This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting.

\* For identification purpose only

19th October, 2002

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## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

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

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

**The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at [www.hkgem.com](http://www.hkgem.com) in order to obtain up-to-date information on GEM-listed issuers.**

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## DEFINITIONS

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

“Adoption Date”	the date on which the proposed Scheme is adopted at the SGM. This is expected to be 5th November, 2002, being the date of the SGM;
“AGM”	the annual general meeting of the Company to be held on Tuesday, 5th November, 2002 at 11:00 a.m.;
“associate”	the meaning ascribed thereto in the GEM Listing Rules;
“Auditors”	the auditors of the Company for the time being;
“Board”	the board of Directors of the Company or a duly authorised committee thereof;
“business day”	any day (excluding Saturday and Sunday) on which banks in Hong Kong generally are open for business;
“Commencement Date”	in respect of any particular Option, the date on which the Option is granted in accordance with the terms of the Scheme;
“Company”	Vodatel Networks Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM;
“Directors”	the directors of the Company;
“Employee”	any employee of the Group, including Directors (being the executive Directors and non-executive Directors) of the Group, at the time when the Option is granted to such person;
“Existing Options”	options already granted pursuant to the Existing Scheme whereby the holders thereof may subscribe for Shares;
“Existing Optionholder(s)”	holder(s) of the Existing Outstanding Options;
“Existing Outstanding Options”	the outstanding Existing Options, excluding options exercised, cancelled and lapsed pursuant to terms of the Existing Scheme;
“Existing Scheme”	the existing share option scheme adopted by the Company on 10th February, 2000, which the Company proposes to terminate at the SGM;
“GEM”	the Growth Enterprise Market operated by the Stock Exchange;

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## DEFINITIONS

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“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“Grantee”	any Participant who has been offered and has accepted an Offer in accordance with the terms of the Scheme, or (where the context so permits) any person who is entitled to any such Option in consequence of the death of the original Grantee;
“Group”	the Company and its Subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Shareholders”	Shareholders, other than the participants of the Existing Scheme and their associates;
“Latest Practicable Date”	18th October, 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Offer”	the offer of the grant of an Option made pursuant to the Scheme;
“Offer Date”	the date on which an Offer is made to a Participant;
“Option”	an option pursuant to which a Participant is granted a right to subscribe for Shares granted pursuant to the Scheme;
“Option Period”	a period to be determined and notified by the Board to each Grantee, which period may commence on a day after the Commencement Date but shall end in any event not later than ten years after the Commencement Date;
“Participant”	any Employee, independent non-executive Directors and certain consultants, suppliers or customers of the Group who, in the sole discretion of the Board, have contributed or will contribute or can contribute to the Group;
“Scheme”	the new share option scheme which the Company proposes to adopt at the SGM, a summary of the principal terms of which is set out in Appendix I to this circular;
“SGM”	the special general meeting of the Company to be held on Tuesday, 5th November, 2002 at 11:05 a.m. (or so soon thereafter as the Annual General Meeting shall have been concluded), notice of which is set out on pages 18 to 19 of this circular;

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## DEFINITIONS

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“Share(s)”	shares of HK\$0.10 each in the capital of the Company (or of such other nominal amount as may be resulted from a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Share Registrar”	Abacus Share Registrars Limited, or the Hong Kong branch share registrar of the Company from time to time;
“Shareholder(s)”	holders of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option granted pursuant to the Scheme; and
“Subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary (within the meaning of section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere.

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LETTER FROM THE BOARD

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**VODATEL NETWORKS HOLDINGS LIMITED**

**愛達利網絡控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

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

*Independent Non-executive Directors:*

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

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*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, 14/F  
China Merchants Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

19th October, 2002

*To the Shareholders and, for information only,  
the Existing Optionholders and the holders of  
the convertible bonds issued by the Company*

Dear Sir or Madam,

**TERMINATION OF EXISTING SHARE OPTION SCHEME  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND CANCELLATION OF OPTIONS**

**INTRODUCTION**

The Stock Exchange announced certain amendments to Chapter 23 (share option schemes) of the GEM Listing Rules on 26th September, 2001 which came into effect on 1st October, 2001. The Directors propose that, subject to approval by its shareholders at the SGM, the Company terminates the Existing Scheme and adopts the Scheme to comply with the revised rules. A summary of the principal terms of the Scheme is set out in Appendix I to this circular.

\* For identification purpose only

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## LETTER FROM THE BOARD

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The Directors also propose, subject to the agreement of the Existing Optionholders, to cancel the Existing Outstanding Options granted under the Existing Scheme.

The purpose of this circular is to provide you with information in respect of the proposed termination of the Existing Scheme, the proposed adoption of the Scheme and the proposed cancellation of the Existing Outstanding Options granted under the Existing Scheme.

### DETAILS OF THE SCHEME

The purpose of the Scheme is to provide incentives or rewards to Participants thereunder for their contribution and/or future contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

The Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be achieved before an Option can be exercised. However, the rules of the Scheme provide that the Board may determine, at its sole discretion, such terms(s) on the grant of an Option, which terms may vary on a case by case basis. Subject to the provisions of the GEM Listing Rules and the rules of the Scheme, the Subscription Price shall be a price determined by the Board at its absolute discretion. Under the rules of the Scheme, the Board has a discretion to set a minimum period for which an Option has to be held before the exercise of the subscription rights attaching thereto, coupled with the power of the Board to impose any performance target as it considers appropriate before any Option can be exercised. The Directors consider that such discretion will give the Board flexibility to use the minimum period and/or performance target to motivate the Participants to use their best endeavours in assisting the growth and development of the Group. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage the Participants to acquire proprietary interests in the Company.

The Directors consider that it is not appropriate to state the value of all Options that can be granted under the Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Options' value have not been determined. Such variables include the exercise price, exercise period, any performance targets set and other relevant variables. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

The Scheme will take effect subject to (i) the passing of an ordinary resolution by the Shareholders to approve and adopt the Scheme and to authorise the Board to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the Scheme, and (ii) the GEM Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in any Shares to be issued pursuant to the exercise of Options (subject to an initial limit of 10% of the Shares in issue on the Adoption Date). If either of the above conditions is not satisfied on or before the date following 30 days after the Adoption Date, the Scheme will determine immediately, and any Option granted or agreed to be granted pursuant to the Scheme and any offer of such grant shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Scheme.



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## LETTER FROM THE BOARD

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The Existing Scheme will be terminated on the Scheme coming into effect upon the fulfilment of the conditions set out above. On termination of the Existing Scheme, no further options may be granted under the Existing Scheme. As at the Latest Practicable Date, the Directors confirm that other than the Existing Outstanding Options, there are no outstanding options under the Existing Scheme and there are no other share option schemes of the Company other than the Existing Scheme.

Details of the Existing Options granted under the Existing Scheme are set forth below:

Date of grant	Exercise price per Share (HK\$)	No. of Shares to be issued upon exercise of the Existing Options granted	No. of underlying Shares comprising the Existing Options exercised	No. of underlying Shares comprising the Existing Options lapsed	No. of underlying Shares comprising the Existing Options cancelled	No. of Shares to be issued upon exercise of the Existing Outstanding Options
16th August, 2000	1.19	5,916,000	Nil	454,000	Nil	5,462,000
1st August, 2001	0.79	<u>13,466,000</u>	<u>Nil</u>	<u>200,000</u>	<u>Nil</u>	<u>13,266,000</u>
Total		<u>19,382,000</u>	<u>Nil</u>	<u>654,000</u>	<u>Nil</u>	<u>18,728,000</u>

An application has been made to the Stock Exchange for the approval of the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of subscription rights attaching to any Options that may be granted under the Scheme.

As at the Latest Practicable Date, the issued share capital of the Company comprised 607,984,000 Shares. An aggregate of 18,728,000 Shares will be issued upon exercise of the Existing Outstanding Options in full, representing about 3.08% of the issued share capital of the Company as at the Latest Practicable Date.

The Scheme is conditional on:

- (i) the passing of an ordinary resolution by the Shareholders necessary to approve and adopt the Scheme and to authorise the Board to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the Scheme; and
- (ii) the GEM Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, Shares to be issued as mentioned therein.

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## **LETTER FROM THE BOARD**

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A resolution will be put forward to the Shareholders for consideration at the SGM for the adoption of the Scheme and the termination of the Existing Scheme. Approval by the Shareholders for the adoption of the Scheme will also terminate the Existing Scheme.

Subject to the approval of the Shareholders of the adoption of the Scheme at the SGM and conditional upon the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares or any part thereof that may fall to be issued pursuant to the exercise of the Options, the Directors will have the right to grant Options to the Participants to subscribe for Shares such that the total number of Shares which may be issued upon exercise of all Options to be granted under the Scheme and any other share option schemes of the Company shall not exceed 10 per cent. of the share capital of the Company in issue as at the SGM (such 10 per cent. shall represent 60,798,400 Shares on the basis that the issued Shares as at the SGM will be 607,984,000) unless the Company obtains a fresh approval from the Shareholders to renew such 10 per cent. limit but provided always that the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 30 per cent. of the share capital of the Company in issue from time to time.

As at the Latest Practicable Date, no Options have been agreed or been proposed to be granted under the Scheme.

No Directors are trustees of the Scheme or have a direct or indirect interest in such trustees.

### **CANCELLATION OF THE EXISTING OUTSTANDING OPTIONS GRANTED UNDER THE EXISTING SCHEME**

The subscription prices for Shares under the Existing Outstanding Options previously granted by the Company are above the current market price of the Shares and consequently no longer act as the incentive for Existing Optionholders as they were intended to be.

The Directors propose, subject to the agreement of the Existing Optionholders and approval of the Independent Shareholders, to cancel the Existing Outstanding Options to subscribe for a total of up to 18,728,000 Shares granted to the Existing Optionholders, including the executive Directors and employees of the Group.

According to the terms of the Existing Scheme, any cancellation of Existing Outstanding Options granted but not exercised shall require approval of the Shareholders in general meeting with the relevant Existing Optionholders and their respective associates abstaining from voting. Any vote taken at the general meeting for approving such cancellation shall be taken by poll. Accordingly, those Existing Optionholders and their respective associates shall abstain from voting in respect of the resolution to approve the cancellation of their Existing Outstanding Options to be proposed at the SGM and votes of the Shareholders to be taken in respect of such resolution shall be taken by poll. Furthermore, the cancellation of any particular Existing Outstanding Options also requires the agreement of the relevant Existing Optionholders. In the event that any Existing Optionholders do not agree to the proposed cancellation, the relevant Existing Outstanding Options will remain valid and exercisable in accordance with their term of grant notwithstanding the approval of the Shareholders at the SGM to such cancellation.

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## LETTER FROM THE BOARD

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### **SPECIAL GENERAL MEETING**

The notice of the SGM is set out on pages 18 to 19 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not Shareholders are able to attend the SGM in person, Shareholders are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon 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 but in any event not later than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof should Shareholders so wish.

### **RECOMMENDATION**

The Directors are of the opinion that the proposed termination of the Existing Scheme, the proposed adoption of the Scheme and the cancellation of the Existing Outstanding Options are in the best interests of the Company and the Shareholders as a whole, and so recommend Shareholders to vote in favour of all the resolutions to be proposed at the SGM.

### **DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the rules of the Scheme and a list setting out details of the Existing Outstanding Options are available for inspection during business hours at the Company's principal place of business in Hong Kong at Room 1401, 14/F China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong from the date of this circular up to 5th November, 2002 (both days inclusive).

Your attention is also drawn to the additional information set out in the appendix to this circular.

By Order of the Board  
**Vodatel Networks Holdings Limited**  
**José Manuel dos Santos**  
*Chairman*

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## **APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE SCHEME**

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This Appendix summaries the principal terms of the Scheme but does not form part of, nor is it intended to be, part of the Scheme nor should it be taken as effecting the interpretation of the rules of the Scheme.

### **1. Purpose of the Share Option Scheme**

The purpose of the Share Option Scheme is to provide incentives or rewards to Participants thereunder for their contribution and/or future contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

### **2. Who may join**

The Board may, at its discretion, offer any Employee, independent non-executive Directors and certain consultants, suppliers or customers of the Group who, in the sole discretion of the Board, have contributed or will contribute or can contribute to the Group (“Participants”) options to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph 5 below. Upon acceptance of the option, the Grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

On and subject to the terms of the Scheme, the Board shall be entitled at any time within ten years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select to subscribe for such number of Shares as the Board may determine at the Subscription Price.

An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Scheme and shall remain open for acceptance by the Participant to whom an Offer is made for a period of not more than 28 days from the Offer Date, provided that no such Offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after the Scheme has been terminated in accordance with the provisions thereof or after the Participant (being an Employee) to whom the offer is made has ceased to be an Employee or after such other date as determined by the Board.

An Offer shall be deemed to have been accepted and the Option to which the Offer relates shall (unless otherwise provided therein) be deemed to have been granted and to have taken effect (with retrospective effect from the Offer Date) when the duplicate letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company. Such remittance shall in no circumstances be refundable. The date of grant is the Offer Date provided that the Offer is accepted on or before the last day of acceptance of the Offer which shall be not more than 28 days from the Offer Date.

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## APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE SCHEME

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Any Offer may be accepted for less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted before the last day of acceptance in the manner described in the preceding paragraph, it will be deemed to have been irrevocably declined.

### 3. Maximum number of Shares

- (i) The overall limit on the number of Shares which may be issued upon exercise of all Options granted and yet to be exercised under the Scheme and other share option schemes must not, in aggregate, exceed 30% of the Shares in issue from time to time (“Scheme Limit”).
- (ii) The Shares which are the subject of Options and options under any other share option schemes that may be granted immediately after the Adoption Date must not exceed 10% of the Shares in issue on the Adoption Date (the “Scheme Mandate Limit”) unless further approval of the Shareholders has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Such 10 per cent. shall represent 60,798,400 Shares on the basis that the issued Shares as at the SGM will be 607,984,000. Options lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (iii) The Company may refresh the Scheme Mandate Limit at any time subject to prior Shareholders’ approval. However, the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders’ approval. Options previously granted under the Scheme and other share option schemes (including those outstanding, cancelled, lapsed in accordance with the Scheme and other share option scheme or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. A circular must be sent by the Company to Shareholders in connection with the meeting at which their approval will be sought.
- (iv) The Company may also seek separate Shareholders’ approval for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before the aforesaid Shareholders’ meeting where such approval is sought. A circular must be sent to Shareholders containing a generic description of the identified Participants, the number and terms of the Options to be granted, the purpose of granting Options to the identified Participants, and how these Options serve such purpose.
- (v) The total number of Shares issued and to be issued upon exercise of the Options granted and to be granted to each Participant or Grantee (as the case may be), including both exercised, cancelled and outstanding Options, in any 12-month period up to the date of grant must not exceed 1% of the Shares in issue at the date of grant (the “Individual Limit”). Any further grant of options in excess of the Individual Limit must be subject to Shareholders’ approval with such Participant or Grantee (as the case may be) and his associates (as such term is defined in the GEM Listing Rules) abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of the Participant or Grantee (as the case may be), the number and terms of the Options granted and to be granted (including Options previously granted). The number and terms (including the Subscription

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## **APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE SCHEME**

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Price) of Options to be granted to such Participant or Grantee, as the case may be, must be fixed before Shareholders' approval is sought and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

#### **4. Terms of exercise of option**

An Option may be exercised by the Grantee in accordance with the terms of the Scheme at any time during the Option Period but may not be exercised after the expiry of ten years from the Commencement Date. The Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be achieved before an Option can be exercised. The Board may impose restrictions on the exercise of an Option during the Option Period including, if appropriate:

- (i) a minimum period for which all or part of an Option may be exercised;
- (ii) performance targets which must be achieved before the Options can be exercised.

#### **5. Subscription Price**

The Subscription Price shall be a price determined by the Board at its absolute discretion and notified to a Participant and shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the Offer Date, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Share on the date of grant of the Option. The date of grant is the Offer Date provided that it is accepted on or before the last day of acceptance of the Offer which shall be not more than 28 business days from the Offer Date.

#### **6. Ranking of Shares, including rights arising on liquidation**

- (i) Shares to be allotted and issued on the exercise of Options will be subject to all the provisions of the Company's bye-laws for the time being in force and will rank pari passu with the other fully-paid Shares in issue as from the date when the name of Grantee is registered in the register of members of the Company and accordingly will entitle the holders of the Shares to be allotted and issued to participate in all dividends or other distributions paid or made on or after the date when the name of Grantee is registered in the register of members of the Company. When the date of exercise of the Option falls on a date upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first business day in Hong Kong on which the register of members of the Company is re-opened.
- (ii) In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his legal personal representatives) may by notice

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## APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE SCHEME

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in writing to the Company (such notice to be received by the Company not later than four business days prior to the proposed Shareholders' meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the Grantee (or his personal representatives) which falls to be issued on such exercise.

- (iii) If the Grantee dies or a Grantee who is an Employee ceases to be an Employee of the Group by reasons of death before exercising the Option in full and none of the events referred to in (iv) below which would be a ground for termination of his or her employment by the Group arises, the personal representatives may exercise the Option (to the extent not already exercised) within a period of 12 months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death, failing which it will lapse.
- (iv) If the Grantee who is an Employee ceases to be an employee of the Group on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay debts or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, the Option granted to him will lapse on the date of termination of his employment and cannot be exercised.
- (v) If the Grantee who is an Employee leaves the service of the Group for reasons other than on his death or on one or more grounds specified in (iv) above, the Option granted to him may be exercised within three months following the date of such cessation up to the Grantee's entitlement at the date of cessation (to the extent not already exercised), which date shall be the last actual working day with the Company or the relevant Subsidiary, whether salary is paid in lieu of notice or not.
- (vi) In the event of a general offer by way of takeover (otherwise than by a scheme of arrangement) being made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Grantee (or, where appropriate, his personal representatives) shall be entitled to exercise the Option in full (to the extent not already exercised even though the Option Period has not come into effect during the occurrence of the general offer) at any time within one month after the date on which the offer becomes or is declared unconditional.
- (vii) In the event of a general offer, by way of scheme of arrangement being made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Grantee (or his personal representatives) may thereafter (but before such time as shall be notified by the Company) exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in such notice.

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## APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE SCHEME

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(viii) Other than a scheme of arrangement contemplated in paragraph (vii) above, in the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with the scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the Grantee (or his personal representatives) may by notice in writing to the Company accompanied by the remittance for the Subscription Price in respect of the relevant Option (such notice to be received by the Company not later than four business days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee (or his personal representatives) which falls to be issued on such exercise credited as fully paid and register the Grantee (or his personal representatives) as holder thereof.

### 7. Period of the Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of ten years from the Adoption Date. After the expiry of the ten-year period, no further Options will be offered or granted but in all other respects the provisions of the Scheme shall remain in force and effect.

### 8. Lapse of Option

An Option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of the periods referred to sub-paragraphs 6(ii) (subject to the passing of the resolution to voluntarily wind up the Company), (iii) and (v) above;
- (iii) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph 6(vii) above;
- (iv) the date on which the Grantee who is an Employee ceases to be an employee by reason of the termination of his employment on grounds including, but not limited to, serious misconduct, appears either to be unable to pay or to have no reasonable prospect of being able to pay debts or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty;
- (v) subject to the compromise or arrangement becoming effective, the expiry of the period referred to in sub-paragraph 6(viii);
- (vi) the date of the commencement of the winding-up of the Company;



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## **APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE SCHEME**

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- (vii) the date on which the Grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any third party over or in relation to the Option in breach of the Scheme;
- (viii) the expiry of the period referred to in sub-paragraph 6(vi) provided that if any court of competent jurisdiction makes an order the effect of which is to prevent the offeror from acquiring Shares in the Offer, the relevant period within which Options may be exercised shall not begin to run until the discharge of the order in question or unless the Offer lapses or is withdrawn before the date; and
- (ix) the occurrence of such event or expiry of such period as may have been specifically provided for in the Offer (if any), unless otherwise resolved to be the contrary by the Board.

### **9. Reorganisation of Capital Structure**

In the event of a capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital whilst any Option remains exercisable, adjustments (if any) shall be made in the aggregate number of Shares in respect of which Options may be granted subject to outstanding Options so far as unexercised and/or the Subscription Price of each outstanding Option as the independent financial adviser or Auditors (as the case may be) shall certify in writing to the Board that the adjustments will give the Grantee of an Option the same proportion of the equity capital as that to which that person was previously entitled. Any such alterations will be made on basis that the aggregate Subscription Price payable on the full exercise of any Option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value or which would change the proportion of the issued share capital of the Company for which any Grantee of an Option is entitled to subscribe pursuant to the Options held by him before such alteration. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

### **10. Cancellation of Options**

Any Options granted but not exercised may be cancelled by the Company if the Grantee so agrees. If such cancellation has been approved by Shareholders in a general meeting, such Options which were cancelled may be re-issued after such cancellation, provided that re-issued Options shall only be granted in compliance with the terms of the Scheme and with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit (as refreshed from time to time).

### **11. Termination of the Scheme**

The Company may by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Scheme and in such event no further Options will be offered or granted but in all other respects the provisions of the Scheme shall remain in full force and effect. Options complying with the provisions of Chapter 23 of the GEM Listing Rules which are granted during the life of the Scheme and which remain unexpired immediately prior to the end of the ten-year period shall continue to be exercisable thereafter.

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## **APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE SCHEME**

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### **12. Exercise of Options**

An Option shall be personal to the Grantee and shall not be capable of assignment and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option.

An Option may be exercised in whole or in part in the manner as set out in the following paragraph by the Grantee (or his personal representative) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the aggregate amount of the Subscription Price multiplied by the number of Shares in respect of which the Option is exercised under the notice given. Within 28 days after receipt of the notice and, where appropriate, receipt of the independent financial adviser's or (as the case may be) Auditors' certificate pursuant to paragraph 9, the Company shall allot, and shall instruct the Share Registrar to issue, the relevant Shares to the Grantee (or his personal representatives) credited as fully paid and issue to the Grantee (or his personal representatives) a share certificate in respect of the Shares so allotted.

### **13. Alterations of the Scheme**

- (A) The Scheme may be altered in any respect by a resolution of the Board, save that the provisions relating to the matters set out in rule 23.03 of the GEM Listing Rules shall not be altered to extend the class of persons eligible for the grant of Options or to the advantage of Grantees or prospective Grantees without the prior approval of Shareholders in general meeting with the Grantees and their associates abstaining from voting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration, save with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the bye-laws for the time being of the Company for a variation of the rights attached to the Shares.
- (B) Any alteration to the terms and conditions of the Scheme, which is of a material nature or any change to the authority of the Board, shall be approved by the Stock Exchange and the Shareholders, save where such alteration takes effect automatically under the existing terms of the Scheme. The amended terms of the Scheme or the Options must still comply with the relevant requirements of the Chapter 23 of the GEM Listing Rules. Any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the Scheme must be approved by Shareholders in general meeting.

### **14. Administration of the Scheme**

The Scheme shall be subject to the administration by the Board, and the decision of the Board shall be final and binding on all parties. Subject to the compliance of the relevant requirements under the GEM Listing Rules, the Board shall have the right (i) to interpret and construe the provisions of the Scheme; (ii) to determine the persons who will be awarded options under the Scheme, and the number and Subscription Price awarded thereto, (iii) to make such appropriate and equitable adjustments to the terms of Options granted under the Scheme as it deems necessary, and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of the Scheme.

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## APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE SCHEME

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### 15. Grant of Options to Connected Persons

- (i) The grant of Options to a Director, the chief executive or substantial shareholder of the Company or any of their associates (as such terms are defined in the GEM Listing Rules) requires the approval of independent non-executive Directors (excluding an independent non-executive Director who is the prospective Grantee in question). Where any grant of Options to a substantial shareholder or an independent non-executive Director or their respective associates will result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled, and outstanding) to such person in the 12-month period up to the date of grant representing in aggregate over 0.1% of the Shares in issue on the date of such grant and an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such grant of Options must be subject to Shareholders' approval taken on a poll. All connected persons (as defined in the GEM Listing Rules) of the Company must abstain from voting, except that any connected person of the Company may vote against the resolution provided that this intention to do so has been stated in the circular.
- (ii) The abovementioned circular must contain the following:
- details of the number and terms (including the Subscription Price) of the Options to be granted to each Participant (which must be fixed before the Shareholders' meeting) and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price;
  - a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee) as to voting; and
  - information relating to any Directors who are trustees of the Scheme.
- (iii) Shareholders' approval as described above is also required for any change in the terms of Options granted to a Grantee who is a substantial shareholder, an independent non-executive Director or their respective associates.
- (iv) The requirements for the granting of Options to a Director or chief executive of the Company set out above do not apply where the Participant is only a proposed Director or chief executive of the Company.

### 16. Restriction on Grant of Options

No Option may be granted after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced pursuant to the requirements of Chapter 16 of the GEM Listing Rules. In particular, no Option may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the Company's full year, half year or quarterly financial results; and

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**APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE SCHEME**

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- (ii) the deadline or the Company to publish an announcement of its full year, half year or quarterly financial results in accordance with the GEM Listing Rules

and ending on the date of the results announcement.

- 17. The Scheme and all Options granted under the Scheme shall be governed by and construed in accordance with the laws of Hong Kong.

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## NOTICE OF SPECIAL GENERAL MEETING

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### VODATEL NETWORKS HOLDINGS LIMITED

愛達利網絡控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**NOTICE IS HEREBY GIVEN** that a special general meeting of Vodatel Networks Holdings Limited (the “Company”) will be held on Tuesday, 5th November, 2002 at the Chatham Room, Level 7, Conrad Hong Kong at 11:05 a.m. (or so soon thereafter as the annual general meeting of the Company to be held at the same place and date at 11:00 a.m. shall have been concluded) for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as Ordinary Resolutions:

#### ORDINARY RESOLUTIONS

1. **“THAT:**

conditional on the GEM Listing Committee of The Stock Exchange of Hong Kong Limited granting the approval for the listing of and permission to deal in the shares of the Company to be issued pursuant to the exercise of any options to be granted under the share option scheme of the Company (the “New Share Option Scheme”), a copy of the rules of which are contained in the document marked “A” produced to this meeting and signed by the chairman of the meeting for the purpose of identification:

- (i) the existing share option scheme of the Company adopted on 10th February, 2000 be and is hereby terminated; and
- (ii) the New Share Option Scheme be and is hereby approved and adopted and the directors of the Company be and are hereby authorised, at their absolute discretion, to allot and issue any shares which may fall to be issued upon the exercise of any options granted under the New Share Option Scheme and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme.”

2. **“THAT:**

- (a) subject to the passing of Ordinary Resolution No. 1 as set out in the notice convening this meeting and the consent of the relevant optionholders, up to a total of 18,728,000 existing outstanding options (“Options”) to subscribe for shares in the capital of the

\* For identification purpose only

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## NOTICE OF SPECIAL GENERAL MEETING

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Company granted under the share option scheme adopted by the Company pursuant to a written resolution of shareholders of the Company dated 10th February, 2000 be and are hereby cancelled with effect from the dates of such optionholders' consent; and

- (b) the directors of the Company be and are hereby authorised to implement and take all steps and do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the cancellation of the Options (including but not limited to the signing and/or execution of any cancellation agreement/deed, if required, and any necessary filing and/or notification to The Stock Exchange of Hong Kong Limited) and any other documents or matters incidental thereto and/or as contemplated thereunder.”

By Order of the Board  
**Vodatel Networks Holdings Limited**  
**José Manuel dos Santos**  
*Chairman*

Hong Kong, 19th October, 2002

**Notes:**

1. The register of members of the Company will be closed from 1st November 2002 to 5th November 2002, both days inclusive, during which period no transfer of shares will be registered. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited, 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, not later than 4:00 p.m. on 31st October 2002.
2. Every member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies (if a member who is the holder of two or more shares) to attend and vote in his stead. A proxy need not be a member of the Company.
3. To be valid, the instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, 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 less than 48 hours before the appointed time for holding the Meeting or any adjournment thereof.
4. Where there are joint registered holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
5. A form of proxy for use at the Meeting is enclosed herewith.



## VODATEL NETWORKS HOLDINGS LIMITED

愛達利網絡控股有限公司\*

(Incorporated in Bermuda with limited liability)

### FORM OF PROXY FOR SPECIAL 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 Special General Meeting of the Company to be held on Tuesday, 5th  
November 2002 at 11:05 a.m. (or so soon thereafter as the annual general meeting of the Company to  
be held at the same place and date at 11:00 a.m. shall have been concluded) 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 approve the termination of the existing share option scheme of the Company and the adoption of a new share option scheme of the Company.		
2.	To approve the cancellation of the outstanding options granted under the existing share option scheme of the Company.		

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 alteration made in this form should be initialled.

\* For identification purpose only