

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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Exchange 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.



VODATEL NETWORKS HOLDINGS LIMITED

愛達利網絡控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 8033

NOTICE

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, SHARE PREMIUM REDUCTION AND RE-ELECTION OF DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: 1. the information contained in this 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 document misleading; and 3. all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The Notice is set out on pages 15 to 19 of this circular. Whether or not Members are able to attend the AGM, they are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Hong Kong branch share registrar of the Company, Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than forty-eight hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not preclude Members from attending and voting in person at the AGM (or any adjournment thereof) should they so desire.

This circular will remain on the GEM Website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of posting and on www.vodatelsys.com.

Please note that the English text of this circular shall prevail over the Chinese text.

* for identification purpose only

CHARATERISTICS OF GEM

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

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

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

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DEFINITIONS

In this circular (excluding the Notice), unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be convened for and held at 3:00 p.m., on 29th June, 2007 at L’hotel Causeway Bay Harbour View Hong Kong, 18 King’s Road, Causeway Bay, Hong Kong
“Associate”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Bye-laws”	the existing bye-laws of the Company
“Code”	code provision of the Code on Corporate Governance Practices set out in appendix 15 of the GEM Listing Rules
“Company”	Vodatel Networks Holdings Limited
“Connected Person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Controlling Shareholder”	any person who is or group or persons who are together entitled to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company or who is or are in a position to control the composition of a majority of the Board
“Directors”	the directors of the Company
“Effective Date”	the date on which the Share Premium Reduction shall become effective, being the date of the AGM at which the relevant special resolution approving the Share Premium Reduction is passed by the Members
“ERL”	Eve Resources Limited, a company incorporated in BVI with limited liability
“Exchange”	The Stock Exchange of Hong Kong Limited, a company incorporated in Hong Kong with limited liability

DEFINITIONS

“Gazetted Newspapers”	those newspapers which are, from time to time, specified in the list of newspapers issued and published in the Gazette for the purposes of section 71A of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended from time to time by the Chief Secretary for Administration of the Government of Hong Kong
“GEM”	the Growth Enterprise Market operated by the Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM made by the Exchange from time to time
“GEM Website”	the internet website operated by the Exchange for the purposes of GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC (not applicable to The Stock Exchange of Hong Kong Limited)
“Latest Practicable Date”	5th June, 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Macao”	the Macao Special Administrative Region of the PRC
“Main Board”	the stock market operated by the Exchange prior to the establishment of GEM (excluding the options market) and which stock market continues to be operated by the Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Members”	holders of Shares
“Notice”	the notice convening the AGM
“PRC”	The People’s Republic of China
“Remuneration Committee”	the remuneration committee of the Company
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares on the terms set out in the Notice
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time

DEFINITIONS

“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Share Premium Reduction”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company as at the Effective Date as set out in this circular
“Substantial Shareholder”	a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company
“Takeovers Code”	the Code on Takeovers and Mergers approved by the Securities and Futures Commission established under section 3 of the Securities and Futures Commission Ordinance and continuing in existence under Section 3 of the SFO as amended from time to time



VODATEL NETWORKS HOLDINGS LIMITED

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Executive Directors

José Manuel dos Santos

Yim Hong

Kuan Kin Man

Monica Maria Nunes

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive Directors

Chui Sai Cheong

Lo King Chiu Charles

Fung Kee Yue Roger

**Head Office and Principal
Place of Business**

74 da Rua da Felicidade

Edifício Vodatel

Taipa

Macao

**Principal Place of Business in
Hong Kong**

Room 713B, 7th Floor

Block B, Seaview Estate

2-8 Watson Road

North Point

7th June, 2007

To Members

Dear Sir or Madam,

NOTICE

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
SHARE PREMIUM REDUCTION
AND
RE-ELECTION OF DIRECTORS**

* for identification purpose only

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM to be held at 3:00 p.m. on 29th June, 2007 at L'hotel Causeway Bay Harbour View Hong Kong, 18 King's Road, Causeway Bay, Hong Kong, which, upon approval, would enable the Company to, among other things:

1. reduce the entire amount standing to the credit of the share premium account of the Company as at the Effective Date as described in the section headed "Share Premium Reduction" in this circular;
2. repurchase Shares not exceeding 10% of the aggregate nominal value of the Shares in issue as at the date of passing such resolution;
3. issue new Shares equivalent to 20% of the Shares in issue on the date of the relevant resolution and those Shares repurchased by the Company pursuant to the Repurchase Mandate set out in 2. above; and
4. re-elect certain Directors and approve general terms for renewals of service contracts with some Directors.

SHARE PREMIUM REDUCTION

At the AGM, it will be proposed that the entire amount standing to the credit of the share premium account of the Company be reduced on the Effective Date.

As at the Latest Practicable Date, the unaudited amount standing to the credit of the share premium account of the Company is estimated to stand at approximately HK\$97,676,000. According to the audited financial statements of the Company as at 31st December, 2006, the amount standing to the credit of the share premium account of the Company was HK\$97,676,000 and its accumulated losses were HK\$67,164,000. It is proposed that, pursuant to the Share Premium Reduction and subject to fulfilment of its conditions as set out below, the entire amount standing to the credit of the share premium account of the Company on the Effective Date be reduced and the credits arising from the Share Premium Reduction be credited to the contributed surplus account of the Company where they will be utilised in accordance with the Bye-laws and all applicable laws, including to set off the accumulated losses of the Company as at the Effective Date in full. As at the Latest Practicable Date, the unaudited amount of the contributed surplus account of the Company is estimated to stand at approximately HK\$73,718,000.

Reason for the Share Premium Reduction

The elimination of the amount standing to the credit of the share premium account and the crediting of such amount to the contributed surplus account of the Company will, in effect, eliminate the accumulated losses of the Company in full. The Board considers that this will give the Company more flexibility to declare dividends to the Members at the earliest opportunity in the future as and when the Board considers appropriate. The Board believes that the Share Premium Reduction is in the

LETTER FROM THE BOARD

interests of the Company and the Members as a whole. The Board does not have any present intention to declare dividends to the Members. Any dividend proposal will be considered at the relevant time by reference to, amongst other factors, the prevailing market conditions and financial performance of the Group.

Effect of the Share Premium Reduction

Implementation of the Share Premium Reduction will not affect the underlying assets, liabilities, business operations, management or financial position of the Company, other than related expenses incurred which are immaterial.

Conditions of the Share Premium Reduction

The Share Premium Reduction is conditional on:

1. the passing of a special resolution approving the Share Premium Reduction by the Members at the AGM; and
2. compliance with the requirements of section 46(2) of the Companies Act 1981 of Bermuda, including (a) the publication of a notice in relation to the Share Premium Reduction in Bermuda, and (b) the Directors being satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Share Premium Reduction would be, unable to pay its liabilities as they become due.

Assuming the above conditions are fulfilled, it is expected that the Share Premium Reduction will become effective on the date of the AGM at which the relevant special resolution approving the Share Premium Reduction is passed by the Members.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the AGM, it will be proposed, by way of ordinary resolution, that the Directors be given a general mandate to 1. repurchase Shares, the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the ordinary resolution; and 2. allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of the ordinary resolution and the nominal amount of any Shares repurchased by the Company (up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the ordinary resolution). Any issue of new Shares is subject to approval from the Exchange for the listing of and permission to deal in such new Shares.

An explanatory statement containing information relating to the Repurchase Mandate and as required pursuant to the GEM Listing Rules, in particular rule 13.08, is set out in Appendix I to this circular. This explanatory statement provides you with information to enable you to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS AND PROPOSED TERMS OF SERVICE OF THE DIRECTORS

In accordance with the Bye-laws, Fung Kee Yue Roger will retire at the AGM and, being eligible, will offer himself for re-election. In addition, to comply with the Code, Kuan Kin Man will retire at the AGM and, being eligible, will offer himself for re-election.

Each of the executive Directors' service contracts was renewed in the first half of the year 2007. It is proposed that Members be asked to consider and, if thought fit, to authorise, as required under the Bye-laws, to ratify the terms of services of the executive Directors under the renewed terms.

None of the Directors proposed for re-election has a service contract with the Company which is not determinable within one year without payment of compensation other than statutory compensation.

Details of Fung Kee Yue Roger and Kuan Kin Man, and the renewed service contracts with the executive Directors are set out in Appendix II of this circular.

THE AGM

The following are the details of the AGM:

Date: 29th June, 2007

Time: 3:00 p.m.

Venue: L'hotel Causeway Bay Harbour View Hong Kong, 18 King's Road, Causeway Bay, Hong Kong

The Notice is set out on pages 15 to 19 of this circular. A form of proxy for use at the AGM is enclosed. Whether or not you intend to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Hong Kong branch share registrar of the Company, Abacus Share Registrars Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event so as to arrive not less than forty-eight hours before the time appointed for holding the AGM. The return of a form of proxy will not preclude you from attending and voting in person at the AGM (or any adjournment thereof) should you so desire.

LETTER FROM THE BOARD

POLL PROCEDURE

Where a resolution is put to the vote at the AGM, the resolution shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

1. by the chairman of the AGM; or
2. by at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the AGM; or
3. by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than 10% of the total voting rights of all Members having the right to vote at the AGM; or
4. by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the AGM being Shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all Shares conferring that right.

On a poll votes may be given either personally or by proxy.

RECOMMENDATION

The Directors consider that the proposals referred to in this circular are in the best interests of the Company and the Members as a whole. Accordingly, the Directors recommend all Members to vote in favour of all the resolutions to be proposed at the AGM.

Yours faithfully,
On behalf of the Board
José Manuel dos Santos
Chairman

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

This explanatory statement contains information required pursuant to rule 13.08 of the GEM Listing Rules which are set out as follows:

1. EXERCISE OF THE REPURCHASE MANDATE

As at the Latest Practicable Date, the issued ordinary share capital of the Company comprised 613,819,000 Shares.

Subject to the passing of Resolution Number 2(c) at the AGM and on the basis that no further Shares are issued or repurchased prior to the AGM nor outstanding options, if any, granted under the share option scheme adopted by the Company on 5th November, 2002 being exercised, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 61,381,900 Shares.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Members as a whole for the Directors to have a general authority from Members to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and Members as a whole. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and Members as a whole.

3. FUNDING OF REPURCHASES

Any repurchases will only be funded out of funds of the Company legally available for the purposes in accordance with the memorandum of association of the Company and Bye-laws and the applicable laws of Bermuda. A listed company may not repurchase its own shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of GEM from time to time.

It is presently proposed that any repurchase of Shares would be made out of capital paid up on the repurchased Shares, funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose and, in the case of any premium payable on such repurchase, from funds of the Company otherwise available for dividend or distribution or from the share premium account of the Company. The repurchase of Shares will be conditional upon the fact that on the date the purchase is effected, there are no reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due.

4. STATUS OF REPURCHASED SHARES

The GEM Listing Rules provide that the listing of all repurchased shares is automatically cancelled and that the certificates for those shares must be cancelled and destroyed. Under the law of Bermuda, repurchased Shares shall be treated as cancelled and its issued share capital (but not the authorised share capital) will be reduced accordingly.

5. EFFECT OF EXERCISE OF THE REPURCHASE MANDATE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements of the Company for the year ended 31st December, 2006) 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 the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

6. DISCLOSURE OF INTERESTS

None of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective Associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to the Company.

No Connected Person has notified the Company that he has a present intention to sell Shares to the Company if the Repurchase Mandate is exercised and neither has any of the Connected Persons undertaken not to sell his Shares to the Company in the event the Repurchase Mandate is exercised.

7. DIRECTORS' UNDERTAKING

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

8. TAKEOVERS CODE CONSEQUENCES

If as a result of a repurchase of Shares, a Member's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Member, or a group of Members acting in concert, depending on the level of increase in the Member's interests, may obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, ERL held 293,388,000 Shares representing a total of 47.80% of the issued share capital of the Company. In the event the power to repurchase Shares pursuant to the Repurchase Mandate be exercised in full and assuming there is no change in the issued share capital of the Company and the present shareholding of ERL, the shareholding of ERL would increase to approximately 53.11% of the issued share capital of the Company.

On the basis of the shareholding held by ERL and based solely as a result of the exercise of the Repurchase Mandate in full, ERL may be obliged to make a mandatory offer under rule 26 of the Takeovers Code. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in any mandatory offer being made under the Takeovers Code.

9. SHARE PURCHASE MADE BY THE COMPANY

No repurchases of securities have been made by the Company in the previous six months, whether on GEM or otherwise.

10. SHARE PRICES

The highest and lowest prices of the Shares as quoted by GEM in each of the previous twelve months before the Latest Practicable Date were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006		
June	0.135	0.115
July	0.120	0.100
August	0.117	0.082
September	0.120	0.085
October	0.123	0.091
November	0.200	0.132
December	0.140	0.120
2007		
January	0.182	0.115
February	0.190	0.150
March	0.235	0.130
April	0.218	0.160
May	0.395	0.190
June (up to the Latest Practicable Date)	0.340	0.335

RE-ELECTION OF DIRECTORS

In accordance with the Bye-laws, Fung Kee Yue Roger will retire at the AGM and, being eligible, will offer himself for re-election. To comply with the Code, Kuan Kin Man will retire at the AGM and, being eligible, will offer himself for re-election.

EXECUTIVE DIRECTOR**KUAN KIN MAN**

KUAN Kin Man, aged 42, was first appointed as an executive Director on 14th December, 1999. He is the general manager of the Group in charge of sales and marketing. In 1985, he joined Zetronic Communications (Macau) Limited (a company incorporated in Macao with limited liability) as an engineer and was transferred into marketing later. He joined Vodatel Systems (the assets and liabilities of which were assigned to Vodatel Holdings Limited, incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company, on 1st July, 1998) on 8th July, 1992 to assume the role of sales manager and was promoted to general manager in 1994. He was a non-executive director of AGTech Holdings Limited, a company incorporated in Bermuda with limited liability whose shares of HK\$0.002 each in its capital are listed on GEM, before 19th July, 2006. Save as disclosed above, he did not hold any directorships in listed public companies in the last three years and he is not related to any Director, senior management of the Company, Substantial Shareholders or Controlling Shareholders. As at the Latest Practicable Date, he is interested in 12,262,500 Shares, represent approximately 2.00% of the issued share capital of the Company, within the meaning of Part XV of the SFO.

Kuan Kin Man entered into a service contract with the Company on 15th February, 2007 for a term of one and a half years from 12th February, 2007 and such contract shall continue thereafter unless and until terminated by either the Company or Kuan Kin Man giving to the other notice of not less than six months in writing to terminate the service contract.

Pursuant to the service contract, Kuan Kin man is entitled to a fixed monthly salary, additional thirteenth month salary, Directors' fee and a discretionary year-end bonus. The amount payable under the service contract is HK\$880,750 per annum, and is subject to review annually by the Remuneration Committee. The aggregate amount of year-end bonuses payable to all the Directors shall not exceed 10% of the audited consolidated profit after taxation and minority interests but before extraordinary items in respect of the same financial year. This annual remuneration is determined by the mutual agreement of the parties based on prevailing market rates and the Company considers it to be a reasonable amount. There is no other information related to his re-election that is required to be disclosed pursuant to rule 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed herein, there are no other matters that need to be brought to the attention of the Members.

INDEPENDENT NON-EXECUTIVE DIRECTOR**FUNG YEE YUE ROGER**

FUNG Kee Yue Roger, aged 54, was first appointed as an independent non-executive Director on 30th September, 2004. He is the managing director of Mitel Networks Asia Pacific Limited, a wholly owned subsidiary of Mitel Networks Corporation in Canada. He graduated from the University of Toronto with a Bachelor of Applied Science degree in industrial engineering. He was a member of Professional Engineers Ontario, Canada. He has more than twenty years of experience in the telecommunications and electronics industry. He did not hold any directorships in listed public companies in the last three years and he is not related to any Director, senior management of the Company, Substantial Shareholders or Controlling Shareholders. As at the Latest Practicable Date, he is interested in 210,000 Shares, represent approximately 0.03% of the issued share capital of the Company, within the meaning of Part XV of the SFO.

Fung Kee Yue Roger entered into a service contract with the Company on 9th March, 2007 for a term of two years from 30th September, 2006 and such contract shall continue thereafter unless and until terminated by either the Company or Fung Yee Yue Roger giving to the other notice of not less than three months in writing to terminate the service contract.

Pursuant to the service contract, he is entitled to a fixed monthly Director's fee. The amount payable under the service contract is HK\$120,000 per annum. This annual remuneration is determined by the mutual agreement of the parties based on prevailing market rates and the Company considers it to be a reasonable amount.

There is no other information related to his re-election that is required to be disclosed pursuant to rule 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed herein, there are no other matters that need to be brought to the attention of the Members.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

The service contracts of each of the executive Directors, namely José Manuel dos Santos, Yim Hong, Kuan Kin Man and Monica Maria Nunes, were renewed in the first half of 2007 and will be coming up for ratification in the AGM. Pursuant to each of these service contracts, the executive Director is entitled to a fixed monthly salary, additional thirteenth month salary, Directors' fee and a discretionary year-end bonus.

The amounts payable under the service contract (excluding the discretionary year-end bonus) are HK\$4,093,960, HK\$1,781,650, HK\$880,750 and HK\$760,500 per annum for José Manuel dos Santos, Yim Hong, Kuan Kin Man and Monica Maria Nunes respectively, and are subject to review annually by the Remuneration Committee. The amount of any annual salary increase is to be reviewed by the Remuneration Committee and the Board provided that in respect of each of the financial year, any increment to the annual salary shall not exceed 10% of the salary of such executive Director and the respective parties to the service contracts may not vote or be counted in the quorum in respect of any such determination of the Board in relation to him.

Each of the executive Directors is entitled to a thirteenth month bonus and a discretionary year-end bonus calculated as a percentage of the audited consolidated profit of the Group after taxation and minority interest but before extraordinary items of the Group, which percentage shall be determined by the Board, provided that the total amount of bonuses payable for such financial year shall not exceed 10% of such audited consolidated profit.

Each of the executive Directors will also be entitled to employment benefit plan and will be reimbursed of all reasonable expenses. The aggregate amount of year-end bonuses payable to all the Directors shall not exceed 10% of the audited consolidated profit after taxation and minority interests but before extraordinary items in respect of the same financial year. The remuneration of the executive Directors were determined through arm's length negotiation and by reference to the then prevailing market rates, and the Company considers such remuneration to be reasonable.

The service contracts may be terminated by either party thereto giving to the other prior notice of six months in writing expiring not earlier than the date of expiry of the fixed term of such Directors' employment.



VODATEL NETWORKS HOLDINGS LIMITED

愛達利網絡控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 8033

NOTICE OF ANNUAL GENERAL MEETING (“AGM”)

NOTICE IS HEREBY GIVEN THAT AGM of Vodatel Networks Holdings Limited (“Company”) will be held at 3:00 p.m. on 29th June, 2007 at L’hotel Causeway Bay Harbour View Hong Kong, 18 King’s Road, Causeway Bay, the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) for the following purposes:

1. As ordinary business, to consider and if thought fit, pass the following resolutions:

ORDINARY RESOLUTIONS

- (a) to receive and adopt the audited financial statements and the reports of the directors and auditors of the Company for the year ended 31st December, 2006;
- (b) to re-elect Kuan Kin Man as an executive director of the Company;
- (c) to re-elect Fung Kee Yue Roger as an independent non-executive director of the Company;
- (d) to authorise the board of directors of the Company to approve, confirm and ratify the renewed service contracts for each of José Manuel dos Santos, Yim Hong, Kuan Kin Man and Monica Maria Nunes, executive directors of the Company; and
- (e) to re-appoint auditors of the Company for the ensuing year and authorise the board of directors of the Company to fix their remuneration.

2. As special business, to consider and, if thought fit, pass the following resolutions as special resolutions and ordinary resolutions (as the case may be) of the Company:

SPECIAL RESOLUTIONS

- (a) **“THAT:**
 - (i) subject to the compliance of section 46(2) of the Companies Act 1981 of Bermuda (as amended) and with effect from the date of passing this resolution (“Effective Date”), the entire amount standing to the credit of the share premium account of the Company

* *for identification purpose only*

NOTICE

on the Effective Date be reduced and credits arising therefrom be credited to the contributed surplus account of the Company where they will be utilised by the directors of the Company (“Directors”) in accordance with the bye-laws of the Company and all applicable laws, including to set off the accumulated losses of the Company as at the Effective Date in full (“Share Premium Reduction”); and

- (ii) the Directors be and are hereby authorised to do all such things and acts and execute all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect and/or implement the Share Premium Reduction.”

ORDINARY RESOLUTIONS

(b) **“THAT:-**

- (i) subject to paragraph (iii), the exercise by the board of directors of the Company (“Directors”) during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company (“Shares”) and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) shall authorise the board of Directors (“Board”) during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Board pursuant to the approval in paragraph (i), otherwise than pursuant to a Rights Issue or the exercise of the subscription rights under the share option scheme of the Company adopted on 5th November, 2002, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (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 law to be held;
- (III) the revocation or variation of this resolution by an ordinary resolution of the duly registered holder(s) from time to time of the Share(s) (“Members”) in a general meeting.

NOTICE

“Rights Issue” means an offer of Shares open for a period fixed by the Board to Members on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusion or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China).”

(c) **“THAT:**

- (i) the exercise by the board of directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares of HK\$0.10 each in the capital of the Company (“Shares”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of Shares to be purchased by the Company pursuant to the approval in paragraph (i) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the authority pursuant to paragraph (i) of this resolution shall be limited accordingly; and
- (iii) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (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 law to be held; or
- (III) the revocation or variation of this resolution by an ordinary resolution of the duly registered holder(s) from time to time of the Share(s) in a general meeting.

NOTICE

- (d) “**THAT** conditional upon resolution number 2(c) above being passed, the aggregate nominal amount of the number of shares of HK\$0.10 each in the capital of the Company which are repurchased by the Company under the authority granted to the board of directors of the Company (“Directors”) as mentioned in resolution number 2(c) above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the board of Directors pursuant to resolution number 2(b) above.”

By order of the board of directors of
Vodatel Networks Holdings Limited
José Manuel dos Santos
Chairman

Hong Kong, 7th June, 2007

Registered Office

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2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

74 da Rua da Felicidade
Edifício Vodatel
Taipa
The Macao Special Administrative Region of the People’s Republic of China

Place of Business in Hong Kong

Room 713B, 7th Floor
Block B, Seaview Estate
2-8 Watson Road
North Point

Executive directors of the Company

José Manuel dos Santos
Yim Hong
Kuan Kin Man
Monica Maria Nunes

Independent non-executive directors of the Company

Chui Sai Cheong
Lo King Chiu Charles
Fung Kee Yue Roger

Notes:

1. Any holders of the shares of HK\$0.10 each in the capital of the Company (“Shares”) entitled to attend and vote at the AGM is entitled to appoint one or more than one proxy to attend and vote in his stead in accordance with the bye-laws of the Company (“Bye-laws”). A proxy need not be a holder of the Shares (“Member”).

NOTICE

2. Where there are joint holders of any Share, any one of such joint holder may vote at the AGM, either in or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders shall be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of Members in respect of the joint holding.
3. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority, if any, under which it is signed or a certified copy of such power of attorney or authority shall be delivered to the Hong Kong branch share registrar of the Company, Abacus Share Registrars Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than forty-eight hours before the time for holding the AGM or, in the case of a poll taken subsequently to the date of the AGM, not less than twenty-four hours before the time appointed for the taking of the poll and, in default the instrument of proxy shall not be treated as valid. The completion and return of the form of proxy shall not preclude Members from attending and voting in person at the AGM (or any adjourned meeting thereof) should they so wish.
4. In accordance with the Bye-laws, the following categories of Members may demand that the vote in respect of any resolution to be put to the general meeting should be taken on a poll:
 - (a) the chairman of the AGM; or
 - (b) at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the AGM; or
 - (c) any Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than 10% of the total voting rights of all Members having the right to vote at the AGM; or
 - (d) any Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the AGM being Shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all the Shares conferring that right.

A poll may be so demanded before or on the declaration of the result of the show of hands.