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

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*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 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 document, 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 document.*

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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)*

Stock Code: 8033

**DISCLOSEABLE AND  
CONNECTED TRANSACTION  
in relation to the disposal of Property**

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*This circular will remain on the GEM Website on the "Latest Company Announcements" page for at least seven days from the date of posting and on [www.vodatelsys.com](http://www.vodatelsys.com).*

*\* for identification purpose only*

29th February, 2008

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## CHARACTERISTICS OF GEM

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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 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

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

“Agreement”	the sale and purchase deed entered into between the Purchaser and CAOCL on 19th February, 2008 in relation to the sale and purchase of the Property
“Associate”	has the meaning ascribed thereto in the GEM Listing Rules
“Associated Corporations”	corporations: <ol style="list-style-type: none"><li>1. which are subsidiaries or holding companies of the Company or subsidiaries of the holding company of the Company; or</li><li>2. (not being subsidiaries of the Company) in which the Company has an interest in the shares of a class comprised in its share capital exceeding in nominal value one-fifth of the nominal value of the issued share of that class</li></ol>
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“BVI”	British Virgin Islands
“CAOCL”	Communications Appliances Ou Chung Limited, incorporated in Macao with limited liability and an indirectly wholly-owned subsidiary of the Company
“Chief Executive”	a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the Board for the conduct of the business of the Company
“Company”	Vodatel Networks Holdings Limited
“Connected Person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Consideration”	consideration for the Property, being HK\$4,800,000
“Directors”	the directors of the Company
“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

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## DEFINITIONS

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“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
“GVDL”	廣州市愛達利發展有限公司 (Guangzhou Vodatel Development Limited*), incorporated in the PRC with limited liability and an indirectly owned subsidiary of the Company
“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, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries)
“Latest Practicable Date”	26th February, 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“LRL”	Lois Resources Limited, a company incorporated in BVI with limited liability
“Macao”	the Macao Special Administrative Region of the PRC (not applicable to the Macao Junior Chamber of Commerce)
“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

\* *for identification propose only*

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## DEFINITIONS

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“Mainland China”	the PRC, other than the regions of Hong Kong, Macao and Taiwan
“Management Shareholder(s)”	any person who is (or a group of persons who together are) entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and who is (or are) able, as a practical matter, to direct or influence the management of the Company
“Members”	holders of Shares
“PRC”	The People’s Republic of China
“Property”	Rua Ribeira do Patane n°s 52A-52D, Edifício Cho Cheong A r/c, Macao
“Purchaser”	José Manuel dos Santos, the chairman of the Company and an executive Director
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Substantial Shareholder(s)”	in relation to a company means 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

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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)*

Stock Code: 8033

**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**

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

29th February, 2008

*To Members*

Dear Sir or Madam,

**DISCLOSEABLE AND  
CONNECTED TRANSACTION  
in relation to the disposal of Property**

**INTRODUCTION**

Further to the announcement of the Company dated 19th February, 2008, the Board is pleased to announce that on 19th February, 2008, the Agreement relating to the sale of the Property for HK\$4,800,000 was entered into between CAOCL and the Purchaser.

\* for identification purpose only

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## LETTER FROM THE BOARD

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The sale of the Property contemplated under the Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and also a connected transaction as the Purchaser is a Director. As the consideration ratio of the transaction is more than 2.5% but less than 25% and the Consideration is less than HK\$10,000,000, the sale of the Property is subject to reporting and announcement requirements and is exempted from independent Members' approval requirement under Chapter 20 of the GEM Listing Rules.

The Board (including the independent non-executive Directors) considers that the terms of the Agreement were arrived at after arm's length negotiations between CAOCL and the Purchaser and the terms of the Agreement are on normal commercial terms, fair and reasonable, and the entering into the Agreement by CAOCL are in the interests of the Company and the Members as a whole.

The purpose of this circular is to provide you with further information in relation to the Agreement. This circular also includes details required to be given to the Members pursuant to rule 19.64 of the GEM Listing Rules in respect of discloseable transactions.

### **PARTICULARS OF THE AGREEMENT**

**1. Date**

19th February, 2008

**2. Parties**

(a) The Purchaser

(b) CAOCL (as vendor)

**3. Assets to be disposed**

The Property

**4. Consideration**

HK\$4,800,000, which was satisfied by the Purchaser in cash.

The Consideration was arrived at after arm's length negotiations between CAOCL and the Purchaser by reference to a valuation report (valuing the Property at HK\$4,800,000 as at 1st December, 2007) of the Property conducted by an independent valuer. Such valuation has been arrived at by the direct comparison approach assuming sale of the Property in its existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant market. The expected gain to be accrued to the Company, calculated as the difference between the Consideration and the book value of the Property, is approximately HK\$2,565,000. The book value of



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## LETTER FROM THE BOARD

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the Property as at 19th February 2008 is approximately HK\$2,235,000. The Company considers that the sale of the Property will not result in any significant change in the earnings of the Group or material change in the liabilities of the Group. There will be a gain in the sum of HK\$2,565,000 as referred to above and the assets of the Group will increase by the same amount.

The proceeds from the sale of the Property, being approximately HK\$4,800,000, will be applied towards the general working capital of the Group.

### 5. Completion

On signing of the Agreement.

### INFORMATION ON THE COMPANY

The Group carries the vision to deliver high quality communications infrastructural solutions to customers, allowing them to manage their business and reach out for information, anywhere and anytime. The Group principally engages in the provision of network and system infrastructure and operation support systems.

The Group provides an integrated span of services in network and system infrastructure, ranging from network and system planning, design, provision of equipment and software, installation and implementation to maintenance and technical support for public telecommunications service providers in Mainland China, such as China Telecom, China Netcom, China Unicom and China Mobile, and enterprise customers in selected vertical markets, such as cable TV operators, electricity bureaus, governmental authorities and universities. In Macao, the Group is also a leading provider of solutions in structured cabling, surveillance, trunking radio, networking and access control for gaming and hotel operators.

The Group is also engaged in the provision of self-developed operation support systems for public telecommunications service providers in the PRC, which allows the various operators to effectively and efficiently manage the performance of and traffic over the networks.

### INFORMATION ON THE PURCHASER

The Purchaser is the chairman of the Company and an executive Director.

### INFORMATION OF THE PROPERTY

The Property is a commercial unit located in Macao and has been vacant prior to the date of the Agreement since May, 2007. The Property has been recognised by the Company as part of its freehold land, property, plant and equipment in the balance sheet of the Company. The Property has been acquired as part of the acquisition of CAOCL by the Company on 1st September, 2004. The book value of the Property as at 19th February, 2008 is approximately HK\$2,235,000 and it was valued at HK\$4,800,000 as at 1st December, 2007 based on the valuation report prepared by an independent valuer.

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## LETTER FROM THE BOARD

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### REASONS FOR THE DISPOSAL

With the recent increase generally in property value with respect to commercial properties in Macao, together with the expected gain of approximately HK\$2,565,000, the Group is of the view that it is an appropriate time to sell the Property. The Company decided to sell to the Purchaser because, in light of the Consideration being valued at market, the Company is of the view that selling to independent third parties will not substantially increase the sale price (if at all) above the Consideration amount and that agency fees may be incurred.

The Board (including the independent non-executive Directors) considers that the terms of the Agreement were arrived at after arm's length negotiations between CAOCL and the Purchaser and the terms of the Agreement are on normal commercial terms, fair and reasonable, and the entering into the Agreement by CAOCL are in the interests of the Company and the Members as a whole.

There is no prior transaction of similar nature with the Purchaser which requires aggregation for the purpose of rule 19.22 of the GEM Listing Rules.

### GENERAL

The disposal of the Property constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

The Purchaser is a Director and therefore a Connected Person of the Company and the sale of the Property by CAOCL to the Purchaser constitutes a connected transaction under the GEM Listing Rules. As the consideration ratio of the transaction is more than 2.5% but less than 25% and the Consideration is less than HK\$10,000,000, the sale of the Property is subject to reporting and announcement requirements and is exempted from independent Members' approval requirement under Chapter 20 of the GEM Listing Rules.

Your attention is drawn to the additional information contained in the appendix to this circular.

Yours faithfully,  
By order of the Board  
**Yim Hong**  
*Deputy Chairman*

**RESPONSIBILITY STATEMENT**

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 circular misleading; and
3. all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

**DISCLOSURE OF INTERESTS**

**1. Directors' interests and short positions in Shares, underlying Shares and debentures of the Company or any Associated Corporations**

As at the Latest Practicable Date, the relevant interests and short positions of the Directors or Chief Executive in the Shares, underlying Shares and debentures of the Company or its Associated Corporations which will be required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he took or deemed to have under such provisions of the SFO) or required pursuant to section 352 of the SFO, to be entered in the register referred to therein or required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Exchange were as follows:

**Aggregate long positions in the Shares**

Name of Director	Nature of interest	Number of Shares held	Number of underlying Shares (in respect of share options) held (Note (h))	Approximate % of the issued share capital of the Company
José Manuel dos Santos	Corporate interest/founder of a discretionary trust (Note (a))	293,388,000	—	47.80%
	Personal (Note (b))	—	800,000	0.13%

Name of Director	Nature of interest	Number of Shares held	Number of underlying Shares (in respect of share options) held (Note (h))	Approximate % of the issued share capital of the Company
Yim Hong	Personal (Note (c))	7,357,500	800,000	1.33%
Kuan Kin Man	Personal (Note (d))	22,112,500	800,000	3.73%
Monica Maria Nunes	Personal (Note (e))	2,452,500	800,000	0.53%
Lo King Chiu Charles	Personal (Note (f))	—	500,000	0.08%
Fung Kee Yue Roger	Personal (Note (g))	210,000	500,000	0.12%

*Notes:*

- (a) As at the Latest Practicable Date, these Shares were held in the name of ERL. The entire issued share capital in ERL was held by LRL, a company wholly-owned by José Manuel dos Santos as trustee of the existing trust whereby the family members of José Manuel dos Santos are the discretionary objects and which assets included a controlling stake of 47.80% of the issued share capital of the Company.
- (b) The personal interest of José Manuel dos Santos comprised 800,000 underlying Shares in respect of share options granted to him by the Company. The aforesaid interest was held by José Manuel dos Santos as beneficial owner.
- (c) The personal interest of Yim Hong comprised 7,357,500 Shares and 800,000 underlying Shares in respect of share options granted to him by the Company. The aforesaid interest was held by Yim Hong as beneficial owner.
- (d) The personal interest of Kuan Kin Man comprised 22,112,500 Shares and 800,000 underlying Shares in respect of share options granted to him by the Company. The aforesaid interest was held by Kuan Kin Man as beneficial owner.
- (e) The personal interest of Monica Maria Nunes comprised 2,452,500 Shares and 800,000 underlying Shares in respect of share options granted to her by the Company. The aforesaid interest was held by Monica Maria Nunes as beneficial owner.
- (f) The personal interest of Lo King Chiu Charles comprised 500,000 underlying Shares in respect of share options granted to him by the Company. The aforesaid interest was held by Lo King Chiu Charles as beneficial owner.
- (g) The personal interest of Fung Kee Yue Roger comprised 210,000 Shares and 500,000 underlying Shares in respect of share options granted to him by the Company. The aforesaid interest was held by Fung Kee Yue Roger as beneficial owner.
- (h) The share options were granted on 11th July, 2007 and exercisable from 12th July, 2007 to 11th July, 2010 at HK\$0.32 per Share.

## 2. Substantial Shareholders' interests and short positions in the Shares and underlying Shares

The register of Substantial Shareholders required to be kept under section 336 of Part XV of the SFO showed that as at the Latest Practicable Date, the Company was notified of the following Substantial Shareholders' interests being 5% or more of the issued share capital of the Company. These interests were in addition to those disclosed above in respect of the Directors and Chief Executive:

### Aggregate long positions in the Shares

Name	Nature of interest	Number of Shares held	Approximate % of the issued share capital of the Company
ERL	Corporate interest (Note (a))	293,388,000	47.80%
LRL	Corporate interest (Note (a))	293,388,000	47.80%
Lei Hon Kin (Note (b))	Family interest	294,188,000	47.93%

Notes:

- (a) As at the Latest Practicable Date, these Shares were held in the name of ERL. The entire issued share capital in ERL was held by LRL.
- (b) Lei Hon Kin, the spouse of José Manuel dos Santos, was deemed to be interested in all the interests of José Manuel dos Santos.

### Substantial shareholding in other members of the Group

Name of indirectly owned subsidiary of the Company and place of incorporation	Name of member	% of the issued share capital of the subsidiary held by the member
GVDL (PRC)	Ho Wai Sam	23%
GVDL (PRC)	Wong Chi Ping	23%
廣州市圖文資訊有限公司 (Guangzhou Information Communication Co., Ltd.*) (PRC)	呂晚昌 (Lu Wan Chang*)	18.18%

\* for identification purpose only

Save as disclosed above, the Directors are not aware of any person (other than Directors or Chief Executive) who, as at the Latest Practicable Date, has interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be recorded in the register required to be kept under section 336 of the SFO, or who is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### **COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors, senior management, the Management Shareholders or Substantial Shareholders or any of their respective Associates have any interest in a business, which competes or may compete with the business of the Group.

### **LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

### **SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has entered into any service contract or has any proposed service contract (excluding contracts which will expire or may be terminated by the Group within a year without payment of any compensation (other than statutory compensation)).

### **GENERAL**

1. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
2. The head office and principal place of business of the Company is at 74 da Rua da Felicidade, Edifício Vodatel, Taipa, Macao.
3. The principal place of business of the Company in Hong Kong is at Room 713B, 7th Floor, Block B, Seaview Estate, 2-8 Watson Road, North Point.
4. The branch share registrar of the Company in Hong Kong is Tricor Abacus Limited at Level 28, Three Pacific Place, 1 Queen's Road East.
5. The company secretary and qualified accountant of the Company is Foo Chun Ngai Redford. He is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is also an associate of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

6. The compliance officer of the Company is Monica Maria Nunes. She holds a Certified Management Accountant Designation of Certified Management Accountants of Alberta, Canada.
7. The Audit Committee comprises the two independent non-executive Directors, Lo King Chiu Charles and Fung Kee Yue Roger. The number of members of the Audit Committee fell below the GEM Listing Rules requirement of three independent non-executive Directors due to the recent resignation of Chui Sai Cheong (as announced in the announcement of the Company dated 15th February, 2008). The Company is searching for a suitable candidate to fill the vacancy as soon as practicable.

The primary duties of the Audit Committee are to assist the Board in considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the auditors of the Company. Biographical details of members of the Audit Committee are as follows:

#### **LO KING CHIU CHARLES**

LO King Chiu Charles, aged 64, was first appointed as an independent non-executive Director on 14th December, 1999. He holds a Bachelor of Arts degree and major in economics from Lake Forest University, the United States of America in 1967. He is a member of Jiangxi Province Committee, Chinese People's Political Consultative Conference. He is the special advisor to president (Asia) of the University of Victoria, Canada and is a consultant on public relations for British American Tobacco Plc. in Macao. He is also the founder of the Macao Junior Chamber of Commerce and past president of the Rotary Club of Macao.

#### **FUNG KEE YUE ROGER**

FUNG Kee Yue Roger, aged 55, 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, Canada 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.

8. The English text of this circular shall prevail over the Chinese text in the event of inconsistency.