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This document, for which the directors of Vodatel Networks Holdings Limited collectively 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, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:-- (1) the information contained in this document 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.

HIGHLIGHTS FOR THE THREE-MONTH PERIOD

- Achieved a net profit of HK\$12.5 million for the Three-Month Period ended 30th September, 2000. The amount represents a net profit margin of 15.7%.
- Strong orders awarded by China Telecom at both provincial and municipal levels, with new projects secured from China Unicom.
- Sales orders generated from the promotion of Vodafone to various mobile bureaus of China Mobile and the appointment of Guangzhou Thinker Vodatel Co. Ltd. as distributor to further strengthen the marketing channel.
- Successful promotion of the New Economy Trading Platform developed by Vodatel Crossland Technology Holdings Limited to retailers in Hong Kong. Commenced marketing to various departments under the Government of Macau.
- Guangzhou LG-TOPS Communications Technologies Co. Ltd. successfully secured orders from the promotion of CDMA Wireless Local Loop and cellular systems and terminals to carriers in China.

FIRST QUARTER RESULTS

On behalf of the Board of the Directors (the "Directors") of Vodatel Networks Holdings Limited (the "Company"), I am pleased to present the operating results of the Company and its subsidiaries (collectively, the "Group") for the Three-month Period ended 30th September, 2000, together with the comparative unaudited figures for the corresponding period in 1999 as follows:

		Three months ended 30th September	
		2000	1999
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Design and implementation of data networking systems and provision of related engineering services	1	67,251	63,624
Sale of goods	1	12,684	11,019
Total turnover		79,935	74,643
Gross profit		23,390	23,028
Share of results of associates		(494)	—
Operating profit before taxation		14,867	15,360
Taxation	2	2,341	2,420
Profit for the period		12,526	12,940
Earnings per share (HK cents)	3		
— Basic		2.0	2.6
— Diluted		2.0	—

1. Basis of preparation

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). In preparation for the listing of the Company's shares on GEM, a group reorganisation was effected whereby the Company became the holding company of the Group. The shares of the Company were listed on GEM on 25th February, 2000.

The combined results have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants.

The combined results of the Group have been prepared as if the current group structure had been in existence throughout the periods under review or since their respective dates of incorporation where this is a shorter period.

All significant intra-group transactions and balances have been eliminated on combination.

2. Taxation

The taxation charge comprises:—

	Three months ended 30th September	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax	—	—
Macau complimentary profits	2,341	3,318
	<u>2,341</u>	<u>3,318</u>
	<u><u>2,341</u></u>	<u><u>3,318</u></u>

No provision for Hong Kong profits tax has been made in the accounts as the Group does not have any estimated assessable Hong Kong profits for the periods under review.

Macau complimentary profits tax has been calculated at 15.75% on the estimated assessable profits of Group Companies operating in Macau for the periods under review.

3. Earnings per share

The calculation of the Group's basic earnings per share for the Three-Month Period is based on the Group's profit attributable to shareholders of approximately HK\$12.5 million (1999: approximately HK\$12.9 million) and the weighted average number of approximately 615,000,000 shares (1999: approximately 490,500,000 shares) in issue during the respective period. In determining the weighted average number of shares, a total of approximately 2,000,000 shares issued on the establishment of the Company and reorganisation of the Group and a further 488,500,000 shares being the capitalisation issue immediately following the new issue of shares to the public were deemed to have been issued since 1st July, 1999.

The calculation of diluted earnings per share for the three months ended 30th September, 2000 was based on profit attributable to shareholders of approximately HK\$12.5 million and the diluted weighted average number of approximately 615,102,000 shares in issue during the period. They have been calculated after taking into account all dilutive instruments outstanding as at 30th September, 2000. The effect of the dilutive potential ordinary shares resulting from the exercise of the outstanding share options on the weighted average number of shares in issue during three months ended 30th September, 2000 were approximately 102,000 shares which were deemed to have been issued at no consideration as if all outstanding share options had been exercised on the date the options were granted.

Diluted earnings per share is not presented for three months ended 30th September, 1999 because there were no dilutive potential ordinary shares in existence during the period.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Three-month Period ended 30th September, 2000 (1999: HK\$10.4 million).

BUSINESS REVIEW

Data Network Infrastructure

With most of the restructuring of the Ministry of Posts and Telecommunications and the Ministry of Information Industry settled during end of 1999, we continued to receive strong orders from China Telecom at both provincial and municipal levels to build and expand their narrowband and broadband data networks. Moreover, the promotion of the integrated data network concept by integrating the narrowband and the broadband data networks to achieve maximum network and resources efficiency has been encouraging. Of our successful achievements, we are proud to be awarded the HK\$114.3 million contract by the China Telecom Guangdong to expand their existing infrastructure and to combine their narrowband and broadband data networks together to form an integrated data network.

Nevertheless, turnover for the Three-Month Period registered only a slight growth of 6.6% compared to the corresponding three-month period ended 30th September, 1999. This was mainly attributable to majority of orders secured during the first quarter of this fiscal year, including the contract from China Telecom Guangdong, calling for delivery in November and December. As at 30th September, 2000 and 13th November, 2000, orders on hand amounted to HK\$142.8 million and HK\$202.3 million respectively, with another HK\$57.9 million in the process of being finalized.

The emergence of alternate carriers, such as China Unicom, Jitong, China Netcom, has indeed provided new market force. During the Three-Month Period, we have launched aggressive marketing campaigns to penetrate into these markets and are in the process of finalising a contract with China Unicom for the construction of an Integrated Access Network.

In anticipation of the market trend towards Broadband IP Metropolitan networks, we have commenced the promotion of Juniper's products in May 2000 for the construction of IP Metropolitan networks in China and have commenced the bidding of various Broadband IP projects. To complement our bidding of these projects and to provide a total solution to our customers, we have partnered with Vodatel Crossland Technology Holdings Limited ("Vodatel Crossland"), whereby the Company will provide equipment, design and construct the network and provide IP technical support; and Vodatel Crossland will rollout various value-added e-trade applications to run on the IP platform.

Self-developed Products

With success achieved by installing Vodalmage at various mobile bureaus within China Mobile in the Guangdong Province, we have extended the promotion of this internally developed imaging solution application to other China Mobile bureaus in the provinces of Hunan, Henan and Zhejiang. To further strengthen the marketing channel, we have appointed Guangzhou Thinker Vodatel Co. Ltd. ("GZ Thinker Vodatel"), our joint venture with Guangzhou Thinker Communications Technology Co. Ltd., as distributor of Vodalmage.

Strategic Alliances

E-Commerce — In addition to the above-mentioned whereby Vodatel Crossland will be complementing the Company's business in the IP network market, Vodatel Crossland, which has been positioned as the New Economy Trading Enabler, has also been promoting the New Economy Trading Platform ("NETP") in Hong Kong and Macau. In the former, Vodatel Crossland has applied NETP to various retailers to enable them to go e-trade. In Macau, Vodatel Crossland has combined its experience in management consultancy with NETP

in the promotion to various departments under the Government of Macau. Through this total solution, not only will we assist individual governmental department to move their operations off-line to on-line, but also improve the workflow and human resources management. Vodatel Crossland has been actively in talks with various departments under the Government of Macau to install NETP.

Wireless Communications — Guangzhou LG-TOPS Communications Technologies Co. Ltd. ("LG TOPS"), in which Vodatel has 9.8% equity interest, began operational in March 2000 and has promoting CDMA cellular systems and terminals to carriers in China, primarily to China Telecom and China Unicom. During the past six months, LG TOPS has successfully sold CDMA Wireless Local Loop terminals to China Telecom Guangzhou and has secured contracts from China Unicom in the city of Chengdu, Sichuan Province to provide CDMA Wireless Local Loop systems and terminals. LG TOPS has also commenced the promotion of CDMA handsets to China Mobile and has received good response.

FINANCIAL POSITION

As mentioned under Business Review -- Data Network Infrastructure, turnover for the Three-Month Period reported a slight increase of 6.6%. Net profit margin registered 15.7% as compared to 17.3% for the corresponding three month period ended 30th September, 1999, the latter of which was explained by exceptionally higher margin achieved from certain expansion projects and lower training costs. During the Three-Month Period, the increase in staff overhead to support business expansion was offset by interest earned from the strong cash position.

The financial position of the Company remained healthy with a debt-free capital structure. Worth noting was that export letters of credit of approximately HK\$93.8 million that had been presented to banks for collection as at 30th June, 2000 had been fully collected. Cash and bank balances increased from HK\$179.8 million as at 30th June, 2000 to HK\$258.3 million as at 30th September, 2000, with trade and bills receivable decreased from HK\$206.0 million to HK\$127.0 million.

PROSPECTS

Revenue and business development

Going forward, the Company will continue to focus on its core networking business for the construction of narrowband and broadband data networks and in the promotion of the integrated data network concept to China Telecom at both provincial and municipal levels. We will also capitalize on the emergence

of new alternate carriers and continue to penetrate into these new markets. With respect to Vodalmage, we will continue to promote it to our customer base and will further strengthen the marketing channel by appointing other reputable resellers.

In line with the take-off of Broadband IP networks in China and with the encouraging results achieved from the promotion of IP Metropolitan networks, we will extend the marketing of Juniper's products in China. Orders for the construction of IP Metropolitan networks are expected to gradually expand, which will strengthen the revenue base of the Company.

Strategic Alliances

We will partner with Vodatel Crossland to complement the Company's business in the IP network market and to rollout various value-added e-trade applications developed by Vodatel Crossland to run on these IP network platforms. Aggressive marketing of NETP and other vertical solutions in Hong Kong and Macau, in particular to the Government of Macau, will continue. In respect to wireless communications, LG TOPS will extend the promotion of CDMA Wireless Local Loop, cellular systems and terminals, and handsets to carriers in China. Both partnerships are expected to be self-sustaining and will gradually bring in revenue to the Company.

DIRECTORS' INTERESTS IN SHARE CAPITAL AND OPTIONS

As at 30th September, 2000, the interests of the Directors and their associates in the share capital of the Company and its associated corporations as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance were as follows:

Name of Directors	Number of Shares	Nature of Interest
José Manuel dos Santos	293,388,000	Trust (<i>Note</i>)
Yim Hong	7,357,500	Personal
Kuan Kin Man	12,262,500	Personal
Ho Kwok Hung	706,000	Personal
Monica Maria Nunes	2,452,000	Personal

Note: The 293,388,000 shares are owned by Eve Resources Limited, which is in turn held by a company wholly-owned by Mr. Santos, the Chairman of the Company, as trustee of a discretionary family trust.

Under a share option scheme approved by the shareholders of the Company, the board of directors of the Company may, at its discretion, grant options to eligible employees of the group, including executive directors, to subscribe for shares in the Company. The maximum number of shares in respect of which options may be granted under the scheme may not exceed 10% of the issued share capital of the Company from time to time.

On 16th August, 2000, share options to subscribe for 1,450,000 and 4,466,000 shares were respectively granted to certain directors of the Company and certain employees of the group. Details of the share options which have been granted to the directors of the Company as at 16th August, 2000 are as follows:

	Number of share options
Mr. José Manuel dos Santos	290,000
Mr. Yim Hong	290,000
Mr. Kuan Kin Man	290,000
Ms. Monica Maria Nunes	290,000
Mr. Ho Kwok Hung	290,000
	<hr/>
	1,450,000
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The exercise price of the above share options is HK\$1.19 and the exercisable period is from 16th August, 2000 to 15th August, 2003.

As at 30th September, 2000, non of the options being granted to the directors have been exercised or cancelled. Save as disclosed above, none of the Directors or their associates had any interests in the share capital of the Company or its associated corporations (as defined in the SDI Ordinance).

The interests of the management shareholders (as defined in the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") in the share capital of the Company are the same as disclosed above.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the periods under review was the Company or its subsidiaries a party to any arrangements to enable the Directors (including their spouses or children under 18 years of age) or chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2000, the register of substantial shareholders maintained under Sections 16(1) of the SDI Ordinance shows that the Company has been notified of the following interests, being 10% or more of the Company's issued share capital.

Name of Shareholder	Number of Shares
Eve Resources Limited	293,388,000

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

SPONSOR'S INTERESTS

The Company's sponsor, Core Pacific - Yamaichi Capital Limited ("Core Pacific - Yamaichi"), its directors, employees or associates (as referred to in Note 3 to rule 6.35 of the GEM Listing Rules), were interested in 2,600,000 shares of HK\$0.10 each in the share capital of the Company as at 30th September, 2000 and 13th November, 2000 respectively.

Pursuant to the agreement dated 16th February, 2000 entered into between the Company and Core Pacific - Yamaichi, Core Pacific - Yamaichi has received and will receive a fee for acting as the Company's retained sponsor for the period from 16th February, 2000 to 30th June 2002.

AUDIT COMMITTEE

The Company established an audit committee on 10th February, 2000 with written terms of reference in compliance with Rules 5.23 and 5.24 of the GEM Listing Rules. The audit committee has three members comprising Mr. José Manuel dos Santos, Chairman, and the two independent non-executive Directors, Mr. Chui Sai Cheong and Mr. Lo King Chiu, Charles.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Three-Month Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 14th November, 2000