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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

- Achieved a net profit of HK\$23.3 million and HK\$35.8 million for the three months and six months ended 31st December, 2000 respectively. The amounts represent net profit margin of 12.8% and 13.7%.
- Strong orders awarded by China Telecom at both provincial and municipal levels and China Unicom.
- Major breakthrough into broadband IP Metropolitan market with contract awarded by China Telecom Jiaxiang in the Zhejiang province.
- Sales orders secured to install VodaImage at Shenzhen China Mobile.
- LG TOPS awarded contracts to supply CDMA cellular systems to China Telecom Guangzhou and China Unicom Chengdu.
- Vodatel Crossland successfully secured contract by a department under the Government of Macau.

INTERIM RESULTS

On behalf of the Board of the Directors (the “Directors”) of Vodatel Networks Holdings Limited (the “Company”), I am pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months (“Three-Month Period”) and six months (“Six-Month Period”) ended 31st December, 2000 together with the comparative unaudited figures for the corresponding periods in 1999 as follows:

	<i>Note</i>	Three months ended 31st December 2000		Six months ended 31st December 2000	
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Design and implementation of data networking systems and provision of related engineering services		162,519	102,160	229,712	165,784
Sale of goods		19,999	32,129	32,741	43,148
Total turnover		182,518	134,289	262,453	208,932
Gross profit		45,801	34,819	69,191	57,847
Share of results of associates		(190)	—	(684)	—
Operating profit before taxation		27,655	20,041	42,522	35,401
Taxation	2	4,356	3,156	6,697	5,576
Profit for the period		23,299	16,885	35,825	29,825
Earnings per share (HK cents)	3				
— Basic		3.8	3.4	5.8	6.1
— Diluted		3.8	3.4	5.8	6.1

Notes:

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		Six months ended	
	31st December		31st December	
	2000	1999	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax	—	—	—	—
Macau complimentary profits	4,356	3,156	6,697	5,576
	<u>4,356</u>	<u>3,156</u>	<u>6,697</u>	<u>5,576</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 three months and six months ended 31st December, 2000 is based on the Group's profit attributable to shareholders of approximately HK\$23.3 million and HK\$35.8 million (three months and six months ended 31st December, 1999: approximately HK\$16.9 million and HK\$29.8 million) and the weighted average number of approximately 615,000,000 ordinary shares and 615,000,000 ordinary shares (three months and six months ended 31st December, 1999: approximately 490,500,000 ordinary shares) in issue during the respective periods. 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.

There is no diluted earnings per share for the Three-Month Period since the Company has no potential dilution of earnings per share during the periods.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months and the six months ended 31st December, 2000 (three months and six months ended 31st December, 1999: HK\$10.4 million and nil).

BUSINESS REVIEW

Data Network Infrastructure

In addition to our continuous focus on selling to China Telecom at both provincial and municipal levels, we have been expanding our client base to include alternate carriers such as China Unicom, as well as pursuing selected vertical markets such as electricity bureaus and cable TV operators. During the Three-Month Period, we have completed the shipment of HK\$138.6 million contract awarded by China Telecom Guangdong Corporation to expand and integrate their digital data networks ("DDN") and broadband data networks. Other projects secured and in progress during the Three-Month Period included, from China Telecom, the HK\$8.76 million DDN by Jiangxi China Telecom Corporation and the HK\$9 million DDN by Guizhou China Telecom Corporation, and from China Unicom, the HK\$7.8 million contract to construct the Provincial Integrated Data Access Network in the Jiangsu Province.

Turnover for the Three-Month Period and Six-Month Period ended 31st December, 2000 registered a satisfactory growth of 35.9% and 25.6% respectively as compared to the corresponding periods ended 31st December, 1999. As at 12th February, 2001, orders on hand amounted to approximately HK\$150 million.

We have always been keeping abreast of the latest technological trends, in particular in the evolving development of e-commerce in the PRC. With the taking up of the distributorship of new generation core routers during April 2000, we have been actively promoting such products to our existing customer base. We are pleased to make a major breakthrough in November 2000 by being awarded the HK\$32.7 million contract by Jiaxiang China Telecom Corporation in the Zhejiang Province to construct their IP infrastructure — the first large-scale broadband IP Metropolitan networks secured by Vodatel. Encouraged by such results, we have extended the promotion of broadband IP networks into other provinces and in the process of aggressively bidding for various broadband IP network projects.

To provide a total solution that meets the requirements of our customers, we have partnered with Vodatel Crossland to install the self-developed network management system to manage the traffic running over the broadband IP networks. We will be introducing Vodatel Crossland's New Economy Trading Platform ("NETP") to the telecommunication bureaus to run over the broadband IP networks. These solutions allow the telecommunication bureaus to offer an array of value-added applications to their customers, such as internet data center, web hosting and co-location, security management through Certificate of Authority over Public Key Infrastructure or Virtual Private Network, and other e-commerce network services.

Self-developed Products

We continued to receive positive responses from the promotion of Vodalmage to mobile bureaus in various provinces. Apart from the imaging system successfully installed at the mobile bureaus in Zhongshan, Zhuhai and Shantou in the Guangdong Province, in November, we are awarded the contract by Shenzhen China Mobile to install Vodalmage, this project of which, including those installed in Zhongshan, Zhuhai and Shantou, is part of the key project of Guangdong China Mobile's action in their "Service Year 2001" plan.

The marketing channel for Vodalmage has also been strengthened by the appointment of Guangzhou Thinker Vodatel Co. Ltd., our joint venture with Guangzhou Thinker Communications Technology Co. Ltd., as distributor. In October, Guangzhou Thinker Vodatel has secured orders from the mobile bureau in the city of Meizhou, Guangdong Province to install Vodalmage. Aggressive marketing of this internally developed imaging solution application has also been extended to other mobile bureaus in other provinces.

Strategic Alliances

E-Commerce — In addition to the above-mentioned whereby Vodatel Crossland will be complementing the Company's business in the construction of broadband IP Metropolitan network for the telecommunication bureaus, Vodatel Crossland, which has been positioned as the New Economy Trading Enabler, has also been promoting NETP to governmental authorities and enterprises in the PRC, Hong Kong and Macau. With the implementation of NETP, companies will be able to efficiently and economically e-enable their traditional business process. Promotion of NETP has first been initiated in Macau, our home territory in September 2000. In October 2000, Vodatel Crossland has been awarded the contract by a department under the Government of Macau to develop applicable e-solutions by deploying NETP, and pursuing other opportunities with the Government of Macau.

Wireless Communications — Since the operational of our joint venture, Guangzhou LG-TOPS Communications Technologies Co. Ltd. ("LG TOPS"), in March 2000, LG TOPS has successfully sold CDMA Wireless Local Loop systems to China Telecom Guangzhou and secured contracts from China Unicom in the city of Chengdu, Sichuan Province to provide CDMA cellular systems and terminals. Promotion of CDMA cellular systems and terminals has been extended to various mobile bureaus in other provinces.

FINANCIAL POSITION

The financial position of the Company remained healthy with a debt-free capital structure. Cash balance stood comfortably at HK\$230 million as at 31st December, 2000, with total export letters of credit of approximately HK\$35.6 million presented to banks for collection. As at 31st December, 2000, cash per share stood at HK\$0.37.

PROSPECTS

Revenue and business development

The Company will continue to focus on its core networking business — the construction of DDN, broadband data networks and broadband IP Metropolitan networks for China Telecom at both provincial and municipal levels and alternate carriers. To capitalize on the emergence of new technological waves and the demand of our customers, we will continue to expand our array of networks products to enhance the services and products offered to our installation base. With respect to Vodalmage, while we will continue to promote it to our customer base, we will extend the marketing channel by appointing other reputable distributors and upgrade the functionality of this imaging system.

Strategic Alliances

Vodatel Crossland will continue to complement the Company's business in the construction of broadband IP Metropolitan network for telecommunication bureaus by implementing network management system. Vodatel Crossland will also continue its role as an e-commerce infrastructure software builder by providing the New Economy Trading Platform and various innovative e-applications to governmental authorities and enterprises in Hong Kong, Macau and PRC.

With respect to wireless communications, LG TOPS will extend the promotion of CDMA Wireless Local Loop cellular systems and terminals to carriers in the PRC. Promotion of CDMA cellular systems and terminals will be conducted not only by LG TOPS, but by the Company and our joint venture partners. Both partnerships are expected to be self-sustaining and will gradually bring in revenue to the Company.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

According to the business objectives as stated in the prospectus dated 16th February, 2000

Actual business progress

Revenue and business development

Continue the business development activities from the last period

Continue to be awarded projects for upgrades and construction of new DDN or broadband data networks by China Telecom at both provincial and municipal levels and China Unicom. Projects being awarded and in progress include the HK\$138.6 million contract by China Telecom Guangdong, the HK\$8.76 million contract by Jiangxi China Telecom, the HK\$9 million contract by Guizhou China Telecom, and the HK\$7.8 million contract by China Unicom in the Jiangsu Province

Continue to expand revenue generated through an expanded array of network communications products and support services offered to existing and new clients in the PRC

To support the emergence of broadband IP networks, we have taken up the distributorship of new generation core routers in April 2000, with the HK\$32.7 million contract being awarded by Jiaxiang China Telecom in the Zhejiang Province in November 2000 to construct their broadband IP Metropolitan networks. Will continue to identify and source new network products to complement our existing array of products and to meet the demand of our customers

Generate business from project sales based on integrated data network concept in major provinces/cities and expand the marketing campaign into other provinces/cities in the PRC

Promotion of the integrated data network concept has been widely accepted by our customers, with contracts being awarded by China Telecom Guangdong, China Telecom Shanghai and China Telecom Jiangxi

Generate business from sales of Voice Over IP systems and Internet Remote Access systems and conduct the next round of marketing campaign to other provinces/cities in the PRC

With the trend of China Telecom allotting more resources towards the construction of broadband IP Metropolitan networks, we have shifted our marketing focus to follow such trend, hence promotion of these products has been slowed down

Investigate new business opportunities upon the PRC's entry into the WTO

In progress, with various investment opportunities under review

Initiate marketing campaign for mobile networking solutions for operators in major provinces/cities in the PRC

Promotion being carried out through LG TOPS, which the Group took a 9.8% equity participation during June 2000, with contracts being awarded by China Telecom Guangzhou and China Unicom Chengdu in Sichuan Province

Technical and engineering support

Establish a technical support center in Guangzhou upon approval from the PRC government

Recruitment of a number of high calibre engineers to strengthen our technical support team. A general 24-hour hotline center was setup in Zhuhai to centralize all clients' inquiries

R&D

Research on electronic payment system

The electronic payment system, the research and development of which to be carried out by Vodatel Crossland, will complement the functionality of the New Economy Trading Platform to incorporate payment gateways to facilitate electronic payments

Continue to develop the existing imaging solution application for selected vertical markets

Completed, with Vodalmage successfully installed at the mobile bureaus in Zhongshan, Zhuhai and Shantou and contract awarded by Shenzhen China Mobile. Research and development underway to upgrade Vodalmage into a complete office automation solution

Develop broadband data networks applications

Research of broadband multi-media application, to be conducted through Guangzhou Thinker Vodatel Development Co. Ltd.; and research and development of network management systems to manage the traffic running over broadband IP networks, which is being carried out by Vodatel Crossland

Continue to research wide-band CDMA applications

Conducted through LG TOPS, with promotion of CDMA cellular systems and terminals commenced

Develop e-commerce applications in the finance sector in Hong Kong

Completed by Vodatel Crossland, with vcShare, the self-developed stock-trading platform for brokers to connect to the Third Generation Automatic Matching System of the Stock Exchange of Hong Kong, being promoted to brokers in Hong Kong. Continuous enhancements and upgrades being incorporated into the stock-trading platform to improve the features and functionality of the platform

Develop Internet access solutions

Completed the hardware prototype of the set-top box, with research and development of new versions underway

Acquisition, joint ventures and collaborations

Evaluate a joint venture opportunity in ISP/ICP in the PRC upon approval from the PRC government	Various investment opportunities under review
Form a new joint venture to enhance the Group's R&D capabilities	Group's R&D capabilities being strengthened through our strategic alliances with Guangzhou Thinker Communications Technology Co. Ltd. to form Guangzhou Thinker Vodatel Development Ltd. and with Crossland Technology Holdings Limited to form Vodatel Crossland Technology Holdings Limited

Subsidiaries, representative offices and branches

Evaluate need to establish new offices to cope with business expansion	New locations under review to strengthen our geographical presence
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DIRECTORS' INTERESTS IN SHARE CAPITAL AND OPTIONS

As at 31st December, 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 shares options
Mr. José Manuel dos Santos	290,000
Mr. Yim Hong	290,000
Mr. Kuan Kin Man	290,000
Mr. Ho Kwok Hung	290,000
Ms. Monica Maria Nunes	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 31st December, 2000, none 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 31st December, 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 and 2,608,000 shares of HK\$0.10 each in the share capital of the Company as at 31st December, 2000 and 12th February, 2001 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 and the Six-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, 12th February, 2001

Vodatel Networks Holdings Limited

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