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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

- Hampered by the overall environment of the telecommunications industry, turnover and net profit for the Three-Month Period stood at HK\$108.7 million and HK\$2.9 million respectively. Nevertheless, turnover and net profit for the Nine-Month period reached HK\$492.7 million and HK\$50.0 million
- Successfully promoted the integrated networks concept to Hunan China Telecom with a HK\$20.2 million contract being awarded
- Completed the HK\$27.7 million contract from Guangxi China Telecom, extending Vodatel's footprints into 17 provinces, municipalities and autonomous regions
- Increased product offerings to achieve higher revenue from our installation base
- Riverstone Networks subscribed 100% of the US\$3.5 million convertible bonds at an exercise price of HK\$2.00 per share
- Took a 9.8% equity interest in Mobile Telecom Network (Holdings) Limited, a company that specializes in data compression and transmission

THIRD QUARTER RESULTS

On behalf of the Board of the Directors (the “Board”) 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 months (“Three-Month Period”) and nine months (“Nine-Month Period”) ended 31st March 2002 together with the comparative unaudited figures for the corresponding periods in 2001 as follows:

	Note	Three months ended 31st March		Nine months ended 31st March	
		2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	3	108,670	131,967	492,739	394,420
Cost of sales		(85,216)	(102,988)	(373,060)	(296,250)
Gross profit		23,454	28,979	119,679	98,170
Other revenue		1,501	2,709	6,884	12,002
Selling and administrative expenses		(20,528)	(15,333)	(65,009)	(50,611)
Profit from operations		4,427	16,355	61,554	59,561
Share of results of associates		(286)	(639)	(1,054)	(1,323)
Profit before tax		4,141	15,716	60,500	58,238
Taxation	4	(652)	(2,475)	(9,529)	(9,172)
Profit after tax		3,489	13,241	50,971	49,066
Minority interest		(561)	—	(958)	—
Net Profit for the period		2,928	13,241	50,013	49,066
Dividends		—	—	(6,080)	—
Profit retained for the period		2,928	13,241	43,933	49,066
Earnings per share (HK cents)	5				
- Basic		0.5	2.2	8.2	8.0
- Diluted		0.5	2.2	8.2	8.0

UNAUDITED STATEMENT OF CHANGES IN RESERVES

Movements in reserves of the Vodatel Group during the Three-Month Period and Nine-Month Period are as follows:

Three months ended 31st March 2002							
	Share premium HK\$'000	Capital redemption reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Merger reserve HK\$'000	Total HK\$'000
At 1st January 2002	86,590	702	145	(87)	137,872	35,549	260,771
Profit for the period retained	—	—	—	—	2,928	—	2,928
Translation of financial statements of PRC operations	—	—	—	33	—	—	33
At 31st March 2002	<u>86,590</u>	<u>702</u>	<u>145</u>	<u>(54)</u>	<u>140,800</u>	<u>35,549</u>	<u>263,732</u>
Nine months ended 31st March 2002							
	Share premium HK\$'000	Capital redemption reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Merger reserve HK\$'000	Total HK\$'000
At 1st July 2001	86,590	702	145	—	96,867	35,549	219,853
Profit for the period retained	—	—	—	—	43,933	—	43,933
Translation of financial statements of PRC operations	—	—	—	(54)	—	—	(54)
At 31st March 2002	<u>86,590</u>	<u>702</u>	<u>145</u>	<u>(54)</u>	<u>140,800</u>	<u>35,549</u>	<u>263,732</u>

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.

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

2. Principal Accounting Policies

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30th June 2001.

3. Turnover

The group is principally engaged in providing design and implementation of networking and related engineering services. Turnover recognized during the periods are as follows:

	Three months ended		Nine months ended	
	31st March		31st March	
	2002	2001	2002	2001
	<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	95,967	116,725	413,496	346,437
Sale of goods	12,703	15,242	79,243	47,983
Total turnover	<u>108,670</u>	<u>131,967</u>	<u>492,739</u>	<u>394,420</u>

4. Taxation

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. The taxation charge comprises: -

The amount of taxation charged to the consolidated Income Statements represent:

	Three months ended		Nine months ended	
	31st March		31st March	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax	—	—	—	—
Macau complimentary profits tax	652	2,475	9,529	9,172
	<u>652</u>	<u>2,475</u>	<u>9,529</u>	<u>9,172</u>

There was no material unprovided deferred taxation for the period (2001: Nil).

5. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Three months ended		Nine months ended	
	31st March		31st March	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings				
Earnings for the purpose of				
basic earnings per share	2,928	13,241	50,013	49,066
Effect of dilutive potential				
ordinary shares:				
Interest on convertible				
loan notes	<u>12</u>	<u>—</u>	<u>12</u>	<u>—</u>
Earnings for the purposes of				
diluted earnings per share	<u>2,940</u>	<u>13,241</u>	<u>50,025</u>	<u>49,066</u>

	Three months ended 31st March		Nine months ended 31st March	
	2002	2001	2002	2001
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	607,984	612,879	607,984	612,879
Effect of dilutive potential ordinary shares:				
Share option	1,033	—	248	—
Convertible loan notes	374	—	374	—
	<u>609,391</u>	<u>612,879</u>	<u>608,606</u>	<u>612,879</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share				
	<u>609,391</u>	<u>612,879</u>	<u>608,606</u>	<u>612,879</u>

INTERIM DIVIDEND

On 7th February 2002, the Board declared an interim dividend of HK 1.0 cent per share to its shareholders for the six months ended 31st December 2001. Save for the above, the Board does not recommend dividend payment for the Three-Month Period ended 31st March 2002 (Three-Month Period ended 31st March 2001: Nil).

BUSINESS REVIEW

Data Network Infrastructure

As a result of the restructuring of the telecommunications industry, splitting China Telecom by geography into China Telecom, governing the southern region of the PRC, and China Network Communications, covering 10 provinces in the northern part of the PRC and to be merged with China Netcom and China Jitong, the telecommunications industry in the PRC has been experiencing a short term slowdown in capital expenditure. Nevertheless, we believe that stronger market players will emerge from this restructuring and upon completion of the restructuring and integration, these telecommunications giants will strengthen their data services offerings hence speeding up the pace of infrastructure spending.

During the Three-Month Period, hampered by the slowdown in the capital spending of telecommunications services providers, we registered turnover of HK\$108.7 million, representing a drop of 17.7% over the same corresponding

period. While gross margin leveled at approximately 22%, due to lower interest income from low interest rates and higher administrative expenses, net profit for the period stood at HK\$2.9 million. Nevertheless, for the Nine-Month Period, we reported turnover and net profit of HK\$492.7 million and HK\$50.0 million respectively, representing a growth of 24.9% and 2.0% compared to the same corresponding period last year. Turnover remained healthy attributed to our strong installation base and the nature of our business in the construction of telecommunications infrastructure, allowing us to continue to receive handsome volume of recurring businesses.

During the Three-Month Period, we continued to register success in promoting the integrated networks concept to our installation base, with a HK\$20.2 million contract being awarded by Hunan China Telecom to upgrade and integrate its Digital Data Networks (“DDN”) and ATM/Frame Relay networks. In addition, during the period, we have extended our geographical reach to the Guangxi Province, allowing Vodatel to lay a stronger presence in the western region of China. With the completion of the HK\$27.7 million contract from the Guangxi China Telecom to expand and realign their DDN and ATM/Eframe Relay networks in the Guangxi Zhuang Autonomous Region, Vodatel now marks its footprints in 17 provinces, municipalities and autonomous regions in the PRC.

In November 2001, to complement our product offerings in the construction of Broadband IP Metropolitan Networks, we have taken up the distributorship of Riverstone Networks’ core routing switches. In February 2002, as an opportunity to enhance the relationship with Riverstone Networks and to promote Vodatel’s name into the US market, we have entered into a subscription agreement with Riverstone Networks, whereby Riverstone Networks will subscribe 100% of the US\$3.5 million convertible bonds to be issued by Vodatel. Of the US\$3.5 million convertible bonds, US\$2.00 million of convertible bonds are to be converted into shares of Vodatel at an exercise price of HK\$2.00 at the sole discretion of Riverstone Networks, whereas US\$1.5 million of convertible bonds are to be converted into shares of Vodatel at the same exercise price at both the option of Riverstone Networks and Vodatel.

Product Offerings — Software and Applications

In view of telecommunications services providers to rollout services and applications over their established networks to improve revenue, we have continued to add value-added services and applications to our product offerings and have taken up Packeteer’s application performance infrastructure systems for traffic and bandwidth management, Mirapoint’s internet messaging software and messaging server infrastructure equipment, and Inktomi’s scalable network infrastructure software solutions for network caching, content distribution, media publishing and broadcasting. By strengthening our product portfolio, we will be able to provide a complete solution for our customers, ranging from network equipment, value-added services and applications and after-sales technical support, so as to enhance higher revenue per customer.

Wireless Communications

As an extension of our business development in wireless/mobile communications, we have taken up 9.8% equity interest in Hong Kong-based Mobile Telecom Network (Holdings) Limited ("MTel"). MTel specializes in the area of data compression, acceleration, device specific reformatting and multiple applications integration for all types of wireless terminals, including PDAs, laptops and other mobile devices. Though MTel's mobile data acceleration platform, speed of data transmission via wireless or mobile devices will be greatly enhanced. Joint promotion with MTel to promote its services to various mobile bureaus in the PRC is underway.

DIRECTORS' INTERESTS IN SHARE CAPITAL AND OPTIONS

As at 31st March 2002, the interests of the directors and their associates in the share capital of the Company and its associates 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
Mr. José Manuel dos Santos	293,388,000	Corporate (<i>Note</i>)
Mr. Yim Hong	7,357,500	Personal
Mr. Kuan Kin Man	12,262,500	Personal
Ms. Monica Maria Nunes	2,452,000	Personal

Note: These shares are held in the name of Eve Resources Limited. The entire issued share capital in Eve Resources Limited is in turn held by a company wholly-owned by Mr. José Manuel dos Santos, as trustee of a discretionary family trust.

Under a share option scheme approved by the shareholders of the Company, the Board 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 1st August 2001, share options to subscribe for 2,088,000 and 11,378,000 shares were respectively granted to certain directors of the company and certain employees of the Group respectively.

The directors of the Company have been granted the following share options to subscribe for shares in the Company which were all outstanding as 31st March 2002:

	Date of share options granted	Number of shares options granted	Exercisable period	Exercise price HK\$
Mr. José Manuel dos Santos	16th August 2000	290,000	16th August 2000 to 15th August 2003	1.19
	1st August 2001	522,000	1st February 2002 to 31st July 2004	0.79
Mr. Yim Hong	16th August 2000	290,000	16th August 2000 to 15th August 2003	1.19
	1st August 2001	522,000	1st February 2002 to 31st July 2004	0.79
Mr. Kuan Kin Man	16th August 2000	290,000	16th August 2000 to 15th August 2003	1.19
	1st August 2001	522,000	1st February 2002 to 31st July 2004	0.79
Ms. Monica Maria Nunes	16th August 2000	290,000	16th August 2000 to 15th August 2003	1.19
	1st August 2001	522,000	1st February 2002 to 31st July 2004	0.79

As at 31st March 2002, 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 March 2002, 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

As notified by the Company's sponsor, Core Pacific-Yamaichi Capital Limited ("CPY"), as at 31st March 2002, a wholly-owned subsidiary of Core Pacific-Yamaichi International (H.K.) Limited, an associate (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) of CPY, held 130,000 shares in the Company. Save as disclosed herein, neither CPY nor its directors or employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interest in the share capital of the Company as at 31st March 2002.

Pursuant to the agreement dated 16th February 2000 entered into between the Company and CPY, CPY 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 and the Nine-Month Period ended 31st March 2002, 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 May 2002