

**VODATEL NETWORKS HOLDINGS LTD :  
WAIT FOR THE MORROW,  
SLEEP WITHOUT SORROW**

The Chairman of the Company will be earning somewhere in the region of \$HK60 million for himself.

Dao Heng Bank Ltd owns between 3.37 percent and 4.2 percent of the Issued and Fully Paid-Up Share Capital of the Company.

The shares of the Company, being placed, are not underwritten by anybody, any bank, or any other type of enterprise.

And, the Company is heading for the worst Financial Year since 1997.

The company, to which TARGET is referring with regard to the above-mentioned 4 points, is Vodatel Networks Holdings Ltd, the latest candidate to try to join the ranks of The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd.

Vodatel Networks is seeking to Place a total of 150 million, 10-cent shares at a Premium of between 90 cents per share and \$HK1.35 per share, depending on the number of people/entities which apply for these shares.

Of the 150 million shares on offer, the Chairman of the Company, Mr José Manuel dos Santos, via a private company which he controls, Eve Resources Ltd, will be trying to sell between 40.50 million shares and 48 million shares, all at between \$HK1 per share and \$HK1.45 per share, depending on the number of shares for which interested parties apply.

This will mean that Chairman José Manuel dos Santos will be taking home somewhere between \$HK40 million and \$HK69 million, depending on the reception this new flotation receives, thus determining how high will be the Offer Price.

Dao Heng Bank Ltd, part of publicly listed The Dao Heng Bank Group Ltd, on January 28, 2000, agreed to purchase between 21 million shares and 30 million shares from Chairman José Manuel dos Santos, a stake which equates to between 3.50 percent and 5 percent of the Enlarged Issued and Fully Paid-Up Share Capital.

The price per share, agreed by Dao Heng Bank, is between 80 cents and \$HK1.16, a discount of about 20 percent to the Placing Price of what is, now, being offered.

However, the entire float will be scrapped should Vodatel Networks not be able to attract at least \$HK150 million into its coffers from the investing public.


And this is, entirely, possible, by the looks of things.

**What Is Vodatel Networks?**

According to the Prospectus of Vodatel Networks, this Company was established in 1992 in Macau, now known as the Macau Special Administrative Region (MSAR) of the People's Republic of China (PRC).

*It claims to be 'one of the leading network solution providers in the PRC, specialising in DDN (the generic term for digital networks base on the TDM \* technology) Frame Relay, ATM \* and IP\* technologies. The Group provides fully integrated services ranging from provision of networking equipment to network planning, design, installation and implementation as well as after-sales maintenance and technical support to public*

*telecommunications service providers which are under China Telecom (Directorate General of Telecommunications of China Posts and Telecommunications, a branch of the PRC Government) which is in turn under the administration of MII (Ministry of Information Industry of the PRC Government), and enterprises in the PRC and Macau markets.'*

 Text Box: \* TDM = Time-Division Multiplexing, the division of a transmission facility into 2 or more channels by allotting the facility to several different information channels, one at a time or concurrently. \* ATM = Asynchronous Transfer Mode. ATM uses very large-scale integration (VLSI) technology to segment data at high speeds into units called cells. ATM is a cell-switching and multiplexing technology that combines the benefits of circuit switching ( i.e. constant transmission delay and guaranteed capacity) with those of packet switching ( i.e. flexibility and efficiency for intermittent traffic). \* IP = Internet protocol, any protocol that is part of the TCP/IP protocol stack.

In short, this Company is what is referred to, these days, as being a hi-tech company, complete with adult kids, who have never

learnt to comb their hair and like to wear jeans and sneakers to work.

The trading record of this Company is impressive, at least from the 1997 Financial Year to the 1999 Year (the Financial Year ends June 30).

But, for the first quarter of the Current Year, there appeared to have been a falling off in business, as the following TARGET table indicates:

	1997	1998	1999	1999 First Quarter To September 30,
	(\$HK'000)	(\$HK'000)	(\$HK'000)	(\$HK'000)
	Financial Year Ended June 30			
Turnover				
1. Project Sales	248,191	352,810	420,469	63,624
2. Trading Sales	<u>93,019</u>	<u>63,341</u>	<u>57,951</u>	<u>11,019</u>
<b>Totals:</b>	<b>341, 210</b>	<b>416,151</b>	<b>478, 420</b>	<b>74,643</b>
Profit Before Taxation	41,834	58,655	84,545	15,360
Taxation	(6,275)	(8,798)	(13,316)	(2,420)
Profit After Taxation	35,559	49,857	71,229	12,940

There appears to be no forecast for the Net Profits for the Current Financial Year, ending June 30, 2000, contained in the Prospectus. At least, TARGET could not locate a section, dealing with this matter. If there is one, it is well hidden.

However, on the basis of annualising the first-quarter profits, it would appear that the Company is heading for a Net Profit of not more than \$HK52 million, at most. ... [CLICK TO ORDER FULL ARTICLE](#)