VODATEL

Stock Code: 8033

Looking Beyond

2021 ANNUAL REPORT

Characteristics of GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

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Corporate Information

Directors

Executive Directors

José Manuel dos Santos
Kuan Kin Man
Monica Maria Nunes

Non-executive Director

Ho Wai Chung Stephen

Independent Non-executive Directors

Fung Kee Yue Roger
Wong Tsu An Patrick
Wong Kwok Kuen

Authorised Representatives of the Company

Monica Maria Nunes
Foo Chun Ngai Redford

Company Secretary

Foo Chun Ngai Redford, ACG (CS, CGP) HKACS (CS, CGP), ACMA, CGMA, FCCA, FCPA

Compliance Officer

Monica Maria Nunes

Audit Committee

Fung Kee Yue Roger
Ho Wai Chung Stephen
Wong Tsu An Patrick
Wong Kwok Kuen

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
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Hong Kong

Registered Office

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Bermuda

Head Office and Principal Place of Business

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Website

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Bankers

Banco Nacional Ultramarino, S.A.
Banco Comercial de Macau, S.A.
The Hongkong and Shanghai Banking Corporation Limited

Share Registrars

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Tricor Abacus Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Company Profile

Headquartered in Macao and listed on GEM, the Group primarily engages in the design, supply, implementation and maintenance of turnkey solutions in the areas of IT, networks and surveillance and in the development of customised software for its customers. Working in close collaboration with many renowned multinational manufacturers, the Group embodies the vision to deliver high-quality, cutting-edge and custom-tailored IT infrastructure for its customers across Macao, Hong Kong and Mainland China, offering them technology and solutions that optimise deployment of resources, maximise operational efficiency and enhance network security.

Over the years, the Group strives for excellence in its core business and develops a comprehensive set of competencies in IT, networks, surveillance and software solutions for the public sectors, as well as the telecommunication, Internet-related, educational, medical, gaming and hospitality sectors. The Group will continue to pursue latest technology for future IT industry applications that currently might not be feasible due to infrastructure limitations.

In addition to its main offices in Macao and Hong Kong, the Group has established research and development facilities in Shanghai, 24-hour service hubs and several presence across Mainland China.

Chairman's Statement

Dear Members of Vodatel,

COVID-19 in 2021 continued to accelerate disruptions and the approach we take is to continue to accept it and to articulate our strategies to create positive outcomes. While we managed to make some disruptions constructive, we certainly lost some grounds in some others as we fought this uphill battle. Despite hard work of the team, Vodatel has to report a year of dismay results. Revenue for the Year grew 3.9% to HK$413,079,000, yet factors such as impact of COVID-19 on the gaming sector, higher freight costs and impairment loss against China Fortune bonds, we incurred net loss from continuing operations of HK$5,762,000 for the Year as compared to net profit from continuing operations of HK$3,029,000 for 2020.

We are mindful that paying a stable dividend is an important obligation of Vodatel towards our Members. Looking into our current and future cashflow and projects pipelines and with long-term sustainability of Vodatel not compromised, the Board proposes a final dividend of HK$0.01 per Share. 2021 will become the eighth consecutive year where we declared a dividend payout.

Reflections of 2021

COVID-19 causes disruptions to the gaming sector and hurt Vodatel in 2021 again. As we looked back to 2019, total contracts generated from this sector in 2021 represented only 20% of total contracts secured in 2019. As Macao shifted from its significant weight placed on gaming to a greater role in the public sector, where MDL is one of the core players, it is not surprised that MDL has stronger organic growth potential. As a result, in 2021, we invested further in MDL and delegated more responsibilities to them, including supported MDL to set up a subsidiary in Hengqin.

Finding ways to improve return of investment for our Members remains a key agenda for us. Not only have we continued to streamline our operations for better efficiency and being more cost effective, we looked deeper into our subsidiaries to see what more could be done. As a result, we made the decisions to reduce our equity interests in Tidestone Group as they carried net liabilities in our books and to plan the consolidation of our Zhuhai operation into the subsidiary of MDL in Hengqin.

COVID-19 challenges technology in an unprecedented way to have a solid data networks infrastructure behind to keep us productive, connected and entertained. Our customers, telecommunications and Internet service providers, in Mainland China saw an even more profound need to meet and improve customer experiences. We are excited to see our business from Mainland China grew over 60% in 2021 as our customers put their trust in Vodatel to support them to build secured and high-performing SD-WAN and data networks infrastructure and to get prepared for the unexpected. We are also excited to play an active role with one of our networks vendors to test their high speed and high performance 400G Ethernet, which is believed to be the next major Ethernet speed for data centres and interconnectivity between data centres.

Chairman's Statement

Looking into 2022

Looking beyond 2021, with imbalances wrought by COVID-19 and business cycle not yet normalised, we enter into 2022 only to find the Omicron variant causing disruptions to Hong Kong and Mainland China. It is unknown yet whether or not any significant economy-wide impacts will emerge or how far they will prolong into the year, especially Mainland China which has emerged as a core market of Vodatel.

Getting into the year, we also found ourselves facing a complex global economic environment with issues such as inflation, supply chain risks, government policies and global political risks, all these issues of which will likely create volatilities to the markets. Risks are inevitable, hence we will, as always, find ways to mitigate them and where risks are unavoidable, such as COVID-19, we just have to embrace them and find ways to minimise their impact or hopefully, to turn them into constructive disruptions.

Whatever situation we found ourselves in, our objectives remain steadfast. We aim to become the trusted partner to our customers and vendors, offer innovative solutions, focus on services excellence, create seamless customer experiences, maintain capital and cost discipline and be environmentally and socially responsible. ESG is important. We believe as we continue to cultivate a strong service culture and make ESG part of our everyday life, Vodatel will have a more resilient future.

Our People

People have always been the core at Vodatel. Our number one priority has been the health and safety of our people and the local communities at large. Therefore, we encourage our people to follow the preventive measures recommended by the governments, including strict hygiene, social distancing and work from home arrangement.

COVID-19 causes us to make difficult decisions, but today, when I look at our people, I continue to see a team of skilled professionals from diverse backgrounds who have put in their hard work and innovation and who have continued to sharpen their skills to diligently and professionally support our customers who value both depth and breadth in what we do. They are definitely the ones who create and deliver strong value to Vodatel.

I also want to express my gratitude to our Board who challenges the executive leadership team to improve our operations and financial performance, allowing the team to responsibly grow. I also want to thank them for leveraging their own relationships and opening more doors to Vodatel.

Chairman's Statement

Our Appreciation

On behalf of the Board, I would like to, once again, extend my appreciation to our customers, vendors, business partners and, bankers for backing us, and to our Members, thank you for investing in Vodatel.

José Manuel dos Santos
Chairman
Macao, 30th March 2022

Management Discussion and Analysis

VODATEL – AT A GLANCE!

Headquartered in Macao, Vodatel is an integrated company that operates under the "Multiple Branding" philosophy, with "Vodatel" and "Mega Datatech" each positioned to achieve market differentiation, yet complementing one another in product and service offerings. Always putting customers first, the primary driver at Vodatel is to become the partner-of-choice of its customers when they seek a local partner for turnkey solutions or service provisioning that aligns their expectations in level of choices and service requirements and matches their demands, values and aspirations.

As a system integrator and service provider that already represented a list of international and renowned manufacturers, the Group is in continuous pursuit to identify products with high potential, in particular within their areas of expertise, to grow and complement its current products and service offerings. In terms of human resources, the Group continues to house a team of highly trained, skilled and experienced engineers, making "Vodatel" and "Mega Datatech" among the most sought companies to provide round-the-clock and reliable system maintenance and support services, in particular in handling sophisticated turnkey solutions where unexpected hiccups, which if not promptly resolved or contained, can potentially result in significant business and/or service interruptions.

REVIEW OF BUSINESS ACTIVITIES

Although the Group experienced another year of impressive growth with its business from Mainland China growing 64.61% on a year-on-year basis, such growth was offset by the gaming sector in Macao that remained lacklustre and challenges faced by the team in Hong Kong. During the Year, total contracts secured by the Group reached HK$420,000,000, representing an increase of 7.2% as compared to 2020.

Business in Macao

With the pandemic against the backdrop, total contracts secured by VHL and MDL were approximately HK$251,000,000, representing a 3.4% decline as compared to 2020.

Macao managed to remain a COVID-19-free city and Mainland China continued to be the only place to have a largely quarantine-free travel bubble with Macao. During the Year, there were signs of recovery as evidenced by number of arriving tourists reported by DSEC and monthly gross revenue from games of fortune reported by the Gaming Inspection and Coordination Bureau. However, as a tourist-centric city, Macao remains highly sensitive to any COVID-19 outbreak, both locally and in neighbouring cities, e.g. Zhuhai in Guangdong, and impact to number of arriving tourists and monthly gross revenue from games of fortune, which are highly correlated, is immediate. Clear examples were August and September 2021 where local confirmed cases were found and number of arriving tourists and monthly gross revenue from games of fortune for the months of August and October were the lowest in the Year. In addition to COVID-19, expiry of the gaming concessions in 2022, coupled with the consultation paper released in September 2021 calling for shorter licence tenure, higher capital base and scrutiny over certain operations, added more challenges to the business environment of Macao. With all the above-mentioned uncertainties and business not yet back to pre-pandemic level, it is not surprising that gaming operators continued to play cautious with their capital expenditure programmes. Within the product domain of the Group, namely surveillance and data networks, gaming operators shied away from major upgrade and improvements and focused primarily on maintenance and on solutions that will assist in the attraction of customers. Therefore, total contracts secured from different gaming operators amounted to approximately HK$48,000,000, which represented a drop of over 30% as compared to 2020. If compared against 2019, total contracts signed in the Year represented only 20% of total secured in that year.

To circumvent the impact of COVID-19 in the gaming sector, similar to 2020, the Group continued to put more focus on the Government of Macao and other key vertical markets, such as utilities, education, insurance, health and transportation. During the Year, VHL and MDL in combination secured HK$204,000,000 worth of contracts from the Government of Macao and other key vertical markets, which represented a 7.4% year-on-year increase. Of the total contracts secured, MDL attributed over 60%, which aligns the strategic position of MDL within the non-gaming sectors. Contracts received covered areas of networks infrastructure, surveillance, TETRA radio, access control, public access, servers and storage, firewalls, software development and maintenance services, with Public Security Police Force Bureau, Judiciary Bureau, Marine and Water Bureau, Identification Bureau, Financial Services Bureau, Meteorological and Geophysics Bureau, DSEC, Social Security Fund, to name a few, remain some of the key Government departments supported by both VHL and MDL. During the Year, MDL was again selected to provide support services at the legislative election in Macao that was held in September 2021, this project of which again reinforces the position of MDL as a reliable and trusted partner of the Government of Macao.

Business in Hong Kong and Mainland China

In Hong Kong, the COVID-19 pandemic and customers that the Hong Kong team serves not having a major play in 5G continued to challenge the business of the Group. During the Year, the Hong Kong team signed approximately HK$48,000,000 worth of data networks and SD-WAN infrastructure contracts, which trailed behind total contracts secured in 2020 by almost HK$9,000,000 or a 15.3% year-on-year decline. Business of SD-WAN infrastructure lost some ground with only HK$27,000,000 worth of contracts registered as compared to HK$39,500,000 worth of contracts received in 2020 due to increasing competition from other SD-WAN vendors. Thanks to a local telecommunications service provider being added to the customer base in 2020, business of data networks infrastructure grew by 22.0% to reach HK$21,400,000 in the Year.

In Mainland China, with the COVID-19 pandemic well under control, prospects of this market remains fundamentally attractive. As local and regional telecommunications and Internet service providers, some of which are key customers of the Group continued to scale up their infrastructure for faster, improved and better customer experience, total contracts secured during the Year reached HK$120,500,000, representing a whopping 61.4% year-on-year growth as compared to 2020. Strong business growth were experienced across both data networks and SD-WAN infrastructure with contracts of data networks infrastructure jumping 87.8% and SD-WAN infrastructure increasing 21.1% to HK$75,000,000 and HK$44,000,000 respectively. Key growth driver in data networks infrastructure continued to be attributable to a leading provider of Internet value-added service provider building new data centres in Latin America and expanding networks capacity at existing data centres in Asia Pacific. Growth of SD-WAN infrastructure was attributed to continuous collaborations with different local and regional telecommunications and Internet service providers, with key projects secured including a contract from a leading city/town real estate developer and lifestyle service provider with geographical focus in three major economic circles and key cities in mid-west Mainland China and a contract from a leading multi-brand hotel chain that operates more than four thousand hotels in over four hundred cities.

Other Investment Holdings

Tidestone Group – The business focus of Tidestone Group remains on the promotion of its self-developed "Tidestone"– branded network management system, with key functionalities including real-time network discovery and performance management, fault management and environmental management. On 30th December 2021, the Group reduced its equity interests in Tidestone Group to below 50% as a means to pave way for its possibility to be eligible for the application of the value-added telecommunication licence to offer 1. online data processing and transaction processing services for the operation of e-commerce business; 2. Internet protocol-based virtual private network services; 3. Internet data centre services; 4. Internet access services (except for providing Internet access services to end users); and 5. other content services (except for electronic application stores) in Mainland China. The disposal was also triggered by the net liabilities position of the Tidestone Group, hence the disposal is expected to enhance the net assets position of the Group and return of investment to its Members.

During the Year, Tidestone Group signed approximately HK$22,000,000 worth of contracts as compared to HK$16,255,000 in 2020. Projects included the deployment of its cloud-based CNMS and also upgrade and expansion of its installed CNMS for telecommunications service providers in the provinces of Guangdong, Jiangxi, Jiangsu, Hebei, Hubei and Hunan and the municipalities of Chongqing and Shanghai.

TTSA – During the Year, TTSA reported slight improvements to its operating performance. As per the unaudited financial statements of TTSA, revenue grew 4.35% from HK$177,115,000 in 2020 to HK$184,824,000 in the Year. EBITDA increased 3.09% from HK$60,582,000 in 2020 to HK$62,454,000 in the Year and for the first time since 2013, TTSA reported net profit of HK$4,521,000 for the Year as compared to net loss of HK$25,200,000 for the preceding year.

Despite improvements to the operating performance at TTSA, with continued delay in the deployment of fibre optic cable to Timor-Leste, lack of sufficient mobile spectrum for 4G and regulators requesting prepaid SIM card to be registered, turnaround of the operating performance of TTSA has yet to be confirmed.

There is no updates regarding any potential disposal of the shareholding of Oi S.A. – In Judicial Reorganisation, a company incorporated in Brazil with limited liability and whose shares are listed on the New York Stock Exchange in USA and B3 S.A. – Brasil, Bolsa, Balcão in Brazil, in TTSA. The Group will continue to watch out for any new development and will continue to evaluate and consider other strategic options to adopt over its equity share in TTSA.

Outlook of 2022

After the outbreak of COVID-19 in January 2020, a series of precautionary and control measures have been in effect across Macao, Hong Kong and Mainland China. As at the Latest Practicable Date, the Group has witnessed slowdown in its business activities in Macao and Hong Kong as the outbreak has caused interruptions to the capital expenditures programmes of certain customers of the Group. The Group is engaged in building data networks and information technology infrastructure primarily for the Government of Macao, gaming operators in Macao and telecommunications service providers in Hong Kong and Mainland China where the end users are the general public, visitors and enterprises. With different governments calling for the general public to stay at home and avoid social gathering, reduced business activities and imposing travelling restrictions, the demand for services of Government of Macao, different gaming operators and telecommunications service providers varies. The Group will continue to pay close attention to the development of COVID-19 and evaluate for any enduring impact on the business prospects of the Group.

REVIEW OF OPERATING RESULTS

With the disposal of the equity interests in Tidestone Group to below 50%, going forward, Tidestone Group will be equity accounted for, hence the financial figures for 2020 were restated as comparatives.

Turnover and Profitability

With total contracts secured by the Group in the Year reached HK$420,000,000, representing an increase of 7.2% as compared to 2020, revenue for the Year amounted to HK$413,079,000, which represented a 3.91% year-on-year growth over 2020 of HK$397,527,000. Gross profit was only HK$97,549,000, or a decline of 2.98% over the preceding year of HK$100,544,000, translating to a gross profit margin of 23.62%, or a 1.67 percentage-point drop over 2020. Decline in gross profit margin was attributable primarily to contracts secured from gaming operators in Macao with lower margins due to intense competition as a result of lack of ample works within the gaming sector, increasing competition from SD-WAN vendors that hurt the margins of contracts secured in Hong Kong and the need to absorb partial price hikes from suppliers due to shortage of electronic components.

Selling and marketing costs increased from HK$17,039,000 in 2020 to HK$18,198,000 in the Year. Included in selling and marketing costs is freight costs, which increased by HK$1,680,000 or a 28.8% year-on-year increase as a result of accelerated supply chain interruptions and need to catch up the long delivery lead time from equipment suppliers due to shortage of electronic components.

Administrative expenses slightly decreased from HK$84,463,000 in 2020 to HK$84,048,000 in the Year. Included in administrative expenses is staff costs, which remains the biggest cost element of the Group. To control this cost element and to align the shift of business momentum from gaming to the Government of Macao and other key vertical markets and from Macao to Mainland China, the Group continued to mobilise the gaming technical team to take on non-gaming projects and the Macao technical team to take on projects in Mainland China. During the Year, with vacancies filled only where necessary, the Group also further streamlined its operations, thus total headcounts dropped 7.74% from 168 to 155, resulting in total employee benefit expenses and Directors' emoluments decreased from HK$77,117,000 in 2020 to HK$73,289,000 in the Year.

Despite steps taken to control staff costs, in view of weaker gross profit margin and increase in freight costs, coupled with an impairment loss of financial assets at FVOCI to its market value of HK$4,018,000 as a result of the default of the CFLD Bond and CFLD Bond 2 subsequent to new financing limits for the property sector imposed by the Central Government in 2020 and only HK$194,000 COVID-19-related relief received from the Government of Macao as compared to total HK$1,325,000 relief from the Government of Macao and the Government of Hong Kong, the Group registered loss from continuing operations of HK$5,762,000 in the Year. Taking into consideration the loss from the discontinued operation of HK$2,669,000, the Group reported loss for the Year of HK$8,431,000 as compared to profit of HK$3,728,000 for 2020.

Capital Structure and Financial Resources

With no major projects in progress that requires the need to build up inventory, level of inventory stood at HK$15,823,000 as at 31st December 2021 as compared to HK$19,808,000 as at 31st December 2020. Trade receivable was at HK$113,021,000 as at 31st December 2021, which was within a 10% range as compared to 2020. Loss allowance against contract assets and trade receivable of HK$184,000 was only made, which aligns the credit quality of the customers of the Group and also prudent measures taken in the extension of credit terms. Contract assets increased considerably from HK$33,924,000 as at 31st December 2020 to HK$63,190,000 as at 31st December 2021 as approximately HK$33,000,000 of contract assets were related to equipment delivered and work completed for the supply and installation of a surveillance system (together with underlying data networks infrastructure) for a gaming operator at its new integrated resort in Cotai and for the supply and installation of a general hospital nurse call system at a new local health service complex in Macao, whose invoices were only submitted to the respective customers in January 2022. Similar to trade receivable, trade payable and contract liabilities in aggregate were at HK$121,038,000 as at 31st December 2021, which was also within a 10% range as compared to 2020.

The Group continues to exercise capital discipline and maintains a solid balance sheet with low gearing. As at 31st December 2021, a bank borrowing of HK$3,514,000 was incurred by MDL to finance an invoice, which is a new practice adopted during the Year to encourage major subsidiaries to be self-sustained with its cashflow. Equity base was HK$184,472,000 as at 31st December 2021, of which cash and cash equivalents and yield-enhanced financial instruments stood at a healthy level of HK$89,623,000. Due to the impairment loss of financial assets at FVOCI associated with the default of CFLD Bond and CFLD Bond 2 of HK$4,018,000, financial assets at FVOCI (both current and non-current) of HK$62,658,000 comprised primarily of investments in yield-enhanced financial instruments. Among the bond holdings were HK$3,196,000 from FWD Group Limited (a company incorporated in the Cayman Islands with limited liability), HK$3,146,000 from a subsidiary of Hysan Development Company Limited (a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board) and HK$3,022,000 from GLP Pte. Ltd., (a company incorporated in the Republic of Singapore with limited liability). As at 28th February 2022, the market values of CFLD Bond and CFLD Bond 2 were HK$320,000 and HK$792,000 respectively.

Financial prudence practised by over the years, including controlling credit terms to customers, closely monitoring recoverability of receivables and negotiating extended payment terms from vendors, has allowed management to protect the business of the Group. The Group also has banking facilities available for use when needed. Management believes that the current liquidity position, capital structure and banking facilities will suffice unexpected headwinds, in particular those brought by the COVID-19 pandemic and its aftermath, while providing flexibility to pursue and support new business opportunities.

EMPLOYEES' INFORMATION

As at 31st December 2021, the Group had 155 employees, of which 28, 14 and 113 employees were based in Mainland China, Hong Kong and Macao respectively.

The remuneration and bonus policies of the Group were basically determined by the performance of individual Directors and employees.

The Company adopted the Scheme whereby certain Directors and employees of the Group were granted Options. Details of the Scheme are set out under the section "Options" in the report of the Directors.

The Group also provided various training programmes and product orientation for the marketing and technical employees so as to improve their overall qualifications and to continuously keep them abreast of industry and technological changes.

CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENTS

As at 31st December 2021, the Group had significant investments of which the details are set out in Note 18 to the consolidated financial statements. Save as disclosed, the Group did not have any significant capital commitments and significant investments.

CHARGES ON GROUP ASSETS

As at 31st December 2021, the Group did not have any charges on the assets of the Group.

DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS

During the Year, the Group had no material acquisitions. The Group had the following disposals which constituted discloseable transactions for the Company under the GEM Listing Rules:

1 On 21st April and 20th July 2021, the Group disposed of the perpetual interest-bearing instruments of indebtedness issued by The Bank of East Asia, Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board, with a coupon rate of 5.625% per annum, in an aggregate nominal value of US$869,000 (approximately HK$6,754,000) in the secondary market at the aggregate consideration of US$887,000 (approximately HK$6,894,000);

2 On 23rd June 2021, the Group disposed of the perpetual interest-bearing instruments of indebtedness issued by CMB Wing Lung Bank Limited, a company incorporated in Hong Kong with limited liability, with a coupon rate of 6.5% per annum, in an aggregate nominal value of US$500,000 (approximately HK$3,883,000) in the secondary market at the aggregate consideration of US$541,000 (approximately HK$4,201,000); and

3 On 30th December 2021, the Group disposed of 356 issued ordinary shares of US$1 each in the share capital of CIL, representing approximately 32.36% of the total issued shares of CIL, to Wu Wenhua at the consideration of HK$62,000. This disposal also constituted a connected transaction for the Company under the GEM Listing Rules.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Directors do not have any future plans for material investments or capital assets.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in HK$, MOP, US$ and RMB. The Group incurred net foreign exchange gains of HK$1,000 during the Year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to maintaining the highest environmental standards to ensure sustainable development of its business, with compliance of all relevant laws and regulations having significant impact on the Group in relation to its business including health and safety, workplace conditions, employment and the environment.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year, to the best knowledge of the Directors, there was no material breach of or non-compliance with applicable laws and regulations by the Group that had a significant impact on the Group.

RELATIONSHIP WITH STAKEHOLDERS

The Group, as usual, maintains a good relationship with its customers, suppliers and employees.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

José Manuel DOS SANTOS, aged 74, was first appointed as an executive Director on 13th December 1999. He is the founder of the Group and Chairman of the Company. He has experience of over fifty years in the telecommunications industry in the Asia Pacific region. He served in a senior position at the Macao Post, prior to the founding of Zetronic Communications (Macau) Limited, and subsequently the Group. He is the sole director of ERL and OHHL which are Substantial Shareholders.

KUAN Kin Man, aged 56, was first appointed as an executive Director on 14th December 1999. He joined the Group in 1992. He is the managing director and Group general manager, overseeing all the key operating entities across Macao, Hong Kong and Mainland China. He began his career as an engineer and has over thirty years of experience in management and telecommunications industry. He is currently the Vice President of the Computer Chambers of Macau and the Vice President of the Smart City Alliance Association of Macau.

Monica Maria NUNES, aged 53, was first appointed as an executive Director on 13th December 1999. She is the managing director and finance director of the Company and the Compliance Officer and has over twenty-five years of management, accounting and finance experience. She graduated from the University of Calgary, Canada with a Bachelor of Commerce degree and from HKU, PRC with a Master of Social Sciences degree. She is a Canadian Chartered Professional Accountant, Certified Management Accountant and is a member of the Chartered Professional Accountants of Alberta, Canada. She is an associate of CIMA and a designee of CGMA. She has resigned as an independent non-executive director of AHL on 24th January 2022.

NON-EXECUTIVE DIRECTOR

HO Wai Chung Stephen, aged 63, was first appointed as a non-executive Director on 9th April 2020. He has been a practitioner and senior executive of the information and communications technologies industry for thirty-eight years. He is the founder and CEO of n-hop technologies Limited, a technology start-up. He is currently a director of Hong Kong Applied Science and Technology Research Institute Company Limited, a director of Hong Kong Internet Registration Corporation Limited, a member of the board of governors of Pacific Telecommunications Council of USA and the honorary chairman of CAHK. He is also a committee member of the IT management committee and the deputy chairman of the IT management club of HKMA, a member of the advisory board of the Department of Electronic and Computer Engineering of The Hong Kong University of Science and Technology, PRC and a member of the Asia Advisory Group of McGill University of Montreal, Canada. He holds a degree of Bachelor of Engineering – Honours Electrical from McGill University.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

FUNG Kee Yue Roger, aged 69, was first appointed as an independent non-executive Director on 30th September 2004. He was the managing director of Mitel Networks Asia Pacific Limited, a wholly-owned subsidiary of Mitel Networks Corporation in Canada. Prior to Mitel, he was the President of Newbridge Networks Asia Pacific Limited. 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 thirty years of experience in the telecommunications and electronics industry.

WONG Tsu An Patrick, aged 48, was first appointed as an independent non-executive Director on 4th June 2008. He is the founder and CEO of Tenacity International Group Limited, for which he is responsible for its overall strategic development, management and operations. He is also director of Wing Tak Group and Companies with a focus towards maritime services and private investments. Prior to founding Tenacity International Group Limited, he has over ten years of investment experience in USA and Asia, working as a portfolio manager for growth-orientated funds at Trust Company of the West in USA. He has been a member of the American Institute of Certified Public Accountants since 2010, a member of YPO since 2009, and a member of the Zhejiang Provincial Committee of the Chinese People's Political Consultative Conference since 2013.

WONG Kwok Kuen, aged 66, was first appointed as an independent non-executive Director on 12th March 2020. He has twenty-eight years of banking experience specialising in credit, marketing and general management functions in Hong Kong, Macao and Mainland China and fifteen years of investment and asset management experience in Hong Kong, Macao, Mainland China and London, UK. He holds the degree of Master of Business Administration from Bangor University, UK in cooperation with Alliance Manchester Business School, UK. He is an associate of LIBF, CGI and HKCGI respectively and was awarded CGP qualification.

SENIOR MANAGEMENT (By alphabetical order)

CHAN Chi Pio, aged 52, is the technical support manager of the Group, mainly responsible for overseeing the projects of the Group in Mainland China and overseas. He joined the Group in 1992 after having graduated from Huaqiao University, PRC with a Bachelor of Science degree in the same year.

CHUI Yiu Sui, aged 52, is the assistant general manager of MDL. He graduated from CUM, PRC with a degree of Bachelor of Arts. He joined MDL in 1993 as an assistant software manager. He also oversees the software research and development team of MDL.

FOO Chun Ngai Redford, aged 48, is the Company Secretary. He joined the Company in September 2003. He is responsible for company secretarial matters and overall financial and accounting management of the Group. He graduated from HKU, PRC with degrees of Bachelor of Business Administration in Accounting and Finance and Master of Arts. He is a fellow of the Association of Chartered Certified Accountants and HKICPA. He is also an associate of CGI and HKCGI and was awarded CGP qualification. He is an associate of CIMA and a designee of CGMA. Before joining the Company, he worked for another company listed on GEM as the company secretary and qualified accountant and for an international renowned accounting firm.

SENIOR MANAGEMENT (By alphabetical order) (Continued)

HO Wai Sam, aged 59, is the director of technical services of the Group. He graduated from CUM, PRC with a Master of Business Administration degree. He had worked in Companhia de Telecomunicações de Macau S.A.R.L. for eighteen years and was head of transport networks covering the international and national engineering such as optical fibre, synchronous and plesiochronous digital hierarchy transmission, submarine cable, microwave and satellite earth station. He joined the Group in June 2000.

LIANG Ka Man Gary, aged 56, is the sales director of the Group in Hong Kong where he heads the sales team. He joined the Group in 2001 as the business development manager for Hong Kong market. He graduated from UM, PRC with a degree of Bachelor of Business Administration in 1989. Before joining the Group, he was a product manager in one of the leading Hong Kong IT distribution companies for over five years. He has over twenty years of experience in sales and marketing IT solutions in Hong Kong.

LOI Man Keong, aged 51, is the sales manager of MDL, overseeing all the marketing activities at MDL. He obtained a degree of Bachelor of Economics from JU, PRC and a degree of Bachelor of Laws from China University of Political Science and Law, PRC. He joined MDL in 1994 as a sales executive and was promoted to sales manager in 2006.

MOK Chi Va, aged 56, is the general manager of VHL. He has obtained a Diploma in Business Administration jointly organised by UM, PRC and Macau Management Association and a Master of Business Administration – International Business degree from West Coast Institute of Management and Technology, Commonwealth of Australia. He first joined the Group on 3rd July 2000 as the business development manager principally in charge of the business of AHL and was appointed as an executive director of AHL on 29th January 2003. He was back to the Group on 1st July 2007. Prior to joining the Group, he worked for Charter Kingdom Limited as operation manager and Tung Tat E&M Engineering Co. Limited as project manager.

NG Ka Leung, aged 52, is the assistant technical director of the Group and leads the network team in Macao. He graduated from UM, PRC with a Bachelor of Science degree in 1994. He has been with the Group since 1995.

WANG Qing, aged 51, is the regional business manager of the Group in Mainland China. He graduated from Nanjing University of Posts and Telecommunications, PRC with a Bachelor of Science degree in 1992. He joined the Group in 1994. He was an engineer at a telecommunications equipment firm before joining the Group.

WONG Wai Kan, aged 57, is the senior regional business director of the Group and oversees the marketing team in Mainland China. He graduated from JU, PRC with a Bachelor of Science degree. He has been with the Group since 1993. He worked in the fields of purchasing and banking before joining the Group.

Corporate Governance Report

1 Corporate governance practices

The Company applied the principles in the Code by complying with the Code throughout the Year, except that:

1 not all Directors participated in continuous professional development;

2 certain independent non-executive Directors did not attend the AGM held in the Year;

3 the management do not provide all Directors with monthly updates; and

4 the Chairman of the Board did not attend the AGM held in the Year.

A.6.5 The Directors consider that briefing received from the Company Secretary is sufficient for them to render their contribution to the Board.

A.6.7 They consider that such attendance could not help to develop a balanced understanding of the views of the Members because not many Members attended the AGM in past few years.

C.1.2 Management consider that quarterly updates and periodic instant updates when developments arising out of the ordinary business instead of monthly updates are sufficient for the Board to discharge its duties. Management is also available to address any inquiries from Directors.

E.1.2 The Chairman of the Board was away on a business trip on the date of AGM.

2 Directors' securities transactions

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions.

The Company has made specific enquiry of all Directors that they have complied with the required standard of dealings and its code of conduct regarding Directors' securities transactions.

There is no event of non-compliance with the required standard of dealings.

3 Board

The Directors during the Year and up to the date of this report are:

Chairman:	José Manuel dos Santos
Executive Directors:	Kuan Kin Man
	Monica Maria Nunes
Non-executive Director:	Ho Wai Chung Stephen
Independent non-executive Directors:	Fung Kee Yue Roger
	Wong Tsu An Patrick
	Wong Kwok Kuen

Five meetings were held during the Year.

3 Board (Continued)

The attendance record of each Director was as follows:

	Board	AGM
José Manuel dos Santos	5/5	Absent
Kuan Kin Man	5/5	Present
Monica Maria Nunes	5/5	Present
Ho Wai Chung Stephen	5/5	Present
Fung Kee Yue Roger	5/5	Absent
Wong Tsu An Patrick	5/5	Absent
Wong Kwok Kuen	5/5	Present

Matters reserved for the Board are as follows:

(a) Approval of interim and final financial statements.

(b) Approval of the interim dividend and recommendation of the final dividend.

(c) Approval of any significant changes in accounting policies or practices.

(d) Appointment or removal of the Company Secretary.

(e) Remuneration of the Auditor where, as usual, Members have delegated this power to the Board and recommendations for the appointment or removal of Auditor following recommendations of the Audit Committee.

(f) Resolutions and corresponding documentations to be put forward to Members at general meetings.

(g) Approval of all circulars and listing particulars.

(h) Approval of press releases concerning matters decided by the Board.

(i) Board appointments and removals and any special terms and conditions attached to the appointment subject to the recommendations of the Nomination Committee and the Remuneration Committee.

(j) Terms of reference of Chairman, other executive Directors and Chief Executives.

(k) Terms of reference and membership of Board committees.

(l) Approval of the long term objectives and commercial strategies of the Group.

(m) Approval of the annual operating and capital expenditure budgets.

3 Board (Continued)

(n) Changes relating to the capital structure or its status of the Group.

(o) Terms and conditions of Directors and senior executives.

(p) Changes to the management and control structure of the Group.

(q) Major capital projects.

(r) Material contracts, either by reason of size or strategy, of the Company or any subsidiary in the ordinary course of business, for example, bank borrowings and acquisition or disposal of property, plant and equipment.

(s) Contracts of the Company or any subsidiary not in the ordinary course of business, for example, loans and repayments, foreign currency transactions, major acquisitions or disposals.

(t) Major investments.

(u) Risk management strategy.

(v) Treasury policies, including foreign currency exposure.

(w) Review of the overall corporate governance arrangements of the Company.

(x) Major changes to the rules of the Company pension scheme, and changes of trustees and changes in the fund management arrangements.

(y) Major changes to employee share schemes and the allocation of executive Options.

(z) Formulation of policy regarding charitable donations.

(aa) Political donations.

(ab) Approval of the principal professional advisors of the Company.

(ac) Prosecution, defence or settlement of litigation.

(ad) Internal control arrangements.

(ae) Directors' and officers' liability insurance.

3 Board (Continued)

Matters not mentioned above will be delegated to the management.

The Company confirmed that it has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and it still considers the independent non-executive Directors to be independent.

There is no financial, business or other material/relevant relationships among the Directors.

José Manuel dos Santos, Fung Kee Yue Roger and Wong Tsu An Patrick did not comply with Code A.6.5.

Kuan Kin Man complied with Code A.6.5 by attending seminars organised by a supplier.

Monica Maria Nunes complied with Code A.6.5 by attending seminars organised by CIMA, the Securities and Futures Commission established under Section 3 of the Securities and Futures Commission Ordinance and continuing in existence under section 3 of SFO, a supplier, a corporate business service provider, certain banks and accounting firms.

Ho Wai Chung Stephen complied with Code A.6.5 by attending the 2nd Abu Dhabi Smart City Summit and seminars organised by CAHK and HKMA.

Wong Kwok Kuen complied with Code A.6.5 by attending seminars organised by LIBF, CGI, HKCGI, a professional body, a university, an accounting firm and certain law firms.

During the Year, the Board determined the policy for the corporate governance of the Company, and duties performed by the Board under Code D.3.1.

4 Chairman and Chief Executives

Chairman:	José Manuel dos Santos
Chief Executives:	Kuan Kin Man
	Monica Maria Nunes

The roles of the Chairman and the Chief Executives are segregated and are not exercised by the same individual.

5 Independent non-executive Directors

Wong Tsu An Patrick was reappointed for a two-year term expiring on 3rd June 2022. Fung Kee Yue Roger was reappointed for a two-year term expiring on 29th September 2022. Wong Kwok Kuen was reappointed for a two-year term expiring on 11th March 2024. Each Director's fee is HK$10,000 per month.

6 Remuneration of Directors

The Remuneration Committee is to assist the Board in determining the policy and structure for the remuneration of executive Directors, evaluating the performance of executive Directors, reviewing incentive schemes and Directors' service contracts and fixing the remuneration packages for all Directors and senior management.

The members of the Remuneration Committee during the Year and up to the date of this report are:

Wong Tsu An Patrick	(Chairman) (independent non-executive Director)
José Manuel dos Santos	(executive Director)
Ho Wai Chung Stephen	(non-executive Director)
Fung Kee Yue Roger	(independent non-executive Director)
Wong Kwok Kuen	(independent non-executive Director)

One meeting was held during the Year.

The attendance record of each Director was as follows:

José Manuel dos Santos	1/1
Ho Wai Chung Stephen	1/1
Fung Kee Yue Roger	1/1
Wong Tsu An Patrick	1/1
Wong Kwok Kuen	1/1

During the Year, the Remuneration Committee determined the policy and structure for the remuneration of the Directors; evaluated their performance and recommended the bonuses for the year ended 31st December 2020 and on the salary increment for the Year of all the executive Directors.

7 Nomination of Directors

The purpose of the Nomination Committee is to assist, identify, screen and recommend to the Board appropriate candidates to serve as Directors, to oversee the process for evaluating the performance of the Board and to develop, recommend to the Board and monitor nomination guidelines for the Company.

The members of the Nomination Committee during the Year and up to the date of this report are:

José Manuel dos Santos	(Chairman) (executive Director)
Ho Wai Chung Stephen	(non-executive Director)
Fung Kee Yue Roger	(independent non-executive Director)
Wong Tsu An Patrick	(independent non-executive Director)
Wong Kwok Kuen	(independent non-executive Director)

One meeting was held during the Year.

7 Nomination of Directors (Continued)

The attendance record of each Director was as follows:

José Manuel dos Santos	1/1
Ho Wai Chung Stephen	1/1
Fung Kee Yue Roger	1/1
Wong Tsu An Patrick	1/1
Wong Kwok Kuen	1/1

During the Year, the Nomination Committee recommended José Manuel dos Santos, Kuan Kin Man and Fung Kee Yue Roger to be reappointed in the AGM.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The composition of the Board (including gender, ethnicity, age, length of service) will be disclosed in the annual report.

8 Auditor's remuneration

Remuneration of audit was HK$1,412,000 for the Year.

9 Audit Committee

The Audit Committee is to assist the Board to deal with the matters concerning the Auditor, to review the financial information of the Company, and to oversee the financial reporting system and internal control procedures of the Company.

The members of the Audit Committee during the Year and up to the date of this report are:

Wong Tsu An Patrick	(Chairman) (independent non-executive Director)
Ho Wai Chung Stephen	(non-executive Director)
Fung Kee Yue Roger	(independent non-executive Director)
Wong Kwok Kuen	(independent non-executive Director)

9 Audit Committee (Continued)

Four meetings were held during the Year. Record of individual attendance was as follows:

Ho Wai Chung Stephen	4/4
Fung Kee Yue Roger	4/4
Wong Tsu An Patrick	4/4
Wong Kwok Kuen	4/4

During the Year, the Audit Committee reviewed the financial reports for the year ended 31st December 2020, for the six months ended 30th June 2021 and for the periods ended 31st March 2021 and 30th September 2021. The Audit Committee also reviewed and discussed the report of the Auditor to the Audit Committee for the year ended 31st December 2020 and reviewed the Auditor's statutory audit plan for the Year.

10 Other specific disclosures

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS and the disclosure requirements of CO, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The objectives of the Auditor are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes its opinion. It reports its opinion solely to the Members, as a body, in accordance with Section 90 of CA 1981 and for no other purpose. It does not assume responsibility towards or accept liability to any other person for the contents of its report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hong Kong Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11 Members' rights

Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of CA 1981.

Enquiries in written form may be put to the Board by sending a letter detailing such enquiries to the Company Secretary at Room 713B, 7th Floor, Block B, Sea View Estate, 2-8 Watson Road, North Point, Hong Kong.

Procedures for Members to propose a person for election as a Director are made available on the website of the Company. Members with other proposals could require a special general meeting to be called.

12 Investor relations

There is no change in the memorandum of association of the Company and the Bye-laws during the Year.

13 Risk management and internal control

The management identified and evaluated the significant risks relevant to the Group based on their experience in the business environment, regular meetings with frontline employees and operational and financial forecasts. The risk management and internal control systems are designed to cope with different areas covering currency, liquidity, fraud and other financial, operational and compliance risks. The Board acknowledges that it is responsible for the risk management and internal control systems and for reviewing their effectiveness. A report was compiled and presented to the Board and the Board conducted a review of the effectiveness of the systems of risk management and internal control of the Group in the Year. The Company considers them effective and adequate, though they are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. If material internal control defects are identified, they will be discussed in the Board meeting for resolution. Inside information is identified by the management and the Board will be notified. It will be kept in strict confidence and only disseminated to employees on a "need-to-know" basis.

13 Risk management and internal control (Continued)

Currently there is no separate internal audit function within the Group. Management are still working for ISO9001 on the business model of a subsidiary in Macao, a preliminary study was performed by an independent consulting firm during the year ended 31st December 2019 while a subsidiary in Hong Kong obtained ISO9001 in the Year and two subsidiaries in Guangzhou, Guangdong already obtained ISO9001 in the year ended 31st December 2016. ISO9001 requires an annual audit on the internal control systems and procedures. An internal audit function will be developed, either in-house or outsourced. Management consider to apply for ISO9001 for subsidiaries in other locations, and internal audits will be implemented afterwards.

14 Dividend policy

The Group is committed to a stable ordinary dividend policy. The aim of the policy is to at least maintain a basic annual dividend per Share. The continuity of such policy and any potential dividend growth are dependent on the financial performance and funding requirements of the Group.

On behalf of the Board

José Manuel dos Santos
Chairman

Macao, 30th March 2022

ESG Report

ESG AT VODATEL

Vodatel is a renowned and reliable system integrator that delivers high quality IT infrastructure and solutions to the public sector and private enterprises in Macao, Hong Kong and Mainland China. With "ethics, quality, safety and efficiency" as core principles of our operations and management style, we are committed to building trust with all our stakeholders, including Members, customers, suppliers, employees, the local community and regulators.

We adhere to the people-oriented principle, under which our employees and contractors are our greatest assets. At Vodatel, we firmly commit to the well-being and development of the people who help us to succeed and the communities in which we operate.

As we continue our ESG journey, we remain as staunch believers in the environment in which we work and live, and resolute in our mission to integrate ESG elements in our operations, business strategies and management in order to foster sustainable, long-term growth for the business, our stakeholders and communities.

Governance Structure

The management evaluates, prioritises and manages material ESG-related issues based on our observation and experience in the business environment and regular meetings with frontline employees. The evaluation and prioritisation cover ESG-related issues including, but not limited to, greenhouse gas emissions, resources usage, impacts of climate change, employment and labour practices, operating practices and community investment. The Board acknowledges that it is responsible for overseeing ESG issues. This ESG report has been compiled and presented to the Board and the Board has conducted a review of the progress made against ESG-related goals and targets.

Reporting Principles

All the business segments of the Group are examined based on specific risks, such as legal risk and reputation risk, associated with the relevant ESG-related issues in order to identify the material ESG factors. ESG factors which are considered material should possess the following characteristics:

– Oversight of such factors would result in personal health issues or injury;

– Neglect of such factors would culminate in harms to the environment; or

– Omission of such factors would cause an unfair market.

Material areas are listed beside each aspect at the beginning of each subject area below.

Information of the methodologies and sources of key conversion factors used on the KPI listed below are stated wherever appropriate. Consistent methodologies are adopted when calculating these KPI.

Reporting Boundary

The boundary covers the operations of the Group. Concerning electricity and water consumption, we compare the relevant expenses incurred by different operations and identified offices in Macao and Hong Kong as reportable entities, based on their significance. There is no change of the boundary compared with the ESG report for the year ended 31st December 2020.

A) ENVIRONMENTAL

Exchange ESG Guide Aspects	Material Areas
A1 Emissions	Waste Management
A2 Use of Resources	n/a
A3 The Environment and Natural Resources	n/a
A4 Climate Change	Extreme Weather

Aspect A1: Emissions

Vodatel is conscious of the need to protect the environment. The Group believes that environmental management starts at the source and should be cultivated at all levels in order to nurture positive attitudes on how environmental resources are used and protected. We support the waste hierarchy of "3Rs" – Reduce, Reuse and Recycle – which aims at waste control and minimisation.

As a system integrator, there are a few aspects regarding emissions that routinely apply to our day-to-day business operations:

Air Emission – Vodatel provides vehicles to our engineers in Macao for easy access to construction sites and premises of the customers. Other than adhering to Regulamento Administrativo n° 30/2016 in Macao, where light motor vehicles and heavy motorcycles are subject to annual mandatory inspection after eight years from the date of acceptance of the initial inspection, we regularly inspect our fleet to ensure that any damaged exhaust pipe is immediately repaired or replaced. Though this is not an area of concern as the fleet numbers around ten vehicles, improved fleet utilisation through vehicle-sharing is strongly encouraged.

Waste management – As a provider of IT equipment, solid waste, such as packaging material, is systematically collected and transported to designated Government-funded disposal facilities. For surplus resources, e.g. end-of-life disposal products, we make every effort to ensure their responsible handling and disposal. Donation of surplus resources to charitable organisations is strongly supported and, where disposal is necessary, Vodatel will isolate any recyclable components, e.g. paper and metals, prior to disposal.

Hazardous Waste – Hazardous waste is not an area of concern at Vodatel. Where we are required to handle hazardous waste, they will be securely packaged in purpose-built containers, stored safely and marked as "dangerous" before being independently stored and transported to third-party professionals for safe and legal disposal.

Policies applicable at Vodatel

√ **Continually monitor regulatory developments in order to remain compliant at all times;**

√ **Communicate relevant legal requirements or corporate best practices to all affected stakeholders; and**

√ **Practise common sense when it comes to generation of emissions which may be harmful to the environment.**

KPI A1.1 Referring to the types of emissions mentioned above, normal level of NOx is generated from engines in the fleet of vehicles. Other emissions data (if applicable) are disclosed in the KPI below.

KPI A1.2 Energy indirect (scope 2) greenhouse gas emissions are produced due to:

1. Consumption of electricity by various offices in different locations – The largest office of the Group, which is in Macao, generates around 130 tonnes of carbon dioxide each year, while the Hong Kong office around 50 tonnes. Greenhouse gas emissions data is presented in carbon dioxide equivalent and is calculated based on the "Practical Guide on Carbon Audit and Management – Guide to Low Carbon Offices" issued by the Environmental Protection Department in Hong Kong; and

2. Use of freight services – With the need to use freight services for picking up equipment from overseas suppliers and for delivering equipment to customers at different overseas locations, there is carbon emission produced by carriers. While emission data is unavailable, steps have been taken to minimise such gas emissions via (a) consolidation of shipments; and (b) where possible, engagement of carriers that use fuel-efficient fleet, receive accreditation for carbon reduction or continue to make investments in energy-saving measures.

KPI A1.3	There is no hazardous waste produced and this KPI is not applicable.
KPI A1.4	Packaging materials weighs approximately 0.7 kg to 4 kg for each piece of equipment, depending on its size. Such waste weighs less than 30 tonnes each year.
KPI A1.5	Our emission target set is to maintain the carbon dioxide generated at its present level, which is reasonable taking into account the normal consumption of light and air-conditioning during office hours. Steps taken to achieve this target can be referred to KPI A2.3 below. Measures to mitigate emissions and results achieved can be referred to in the paragraphs above.
KPI A1.6	How non-hazardous wastes are handled, reduction initiatives and results achieved are mentioned under the paragraph "Waste Management" above. Reduction target for packaging materials is not set. As a system integrator, we purchase equipment from suppliers which are responsible for the design of the packaging. There is no hazardous waste produced.

Aspect A2: Use of Resources

Given that the business of Vodatel involves no production element, as a system integrator for various IT-related turnkey solutions and services, the use of resources by Vodatel, such as energy, water and other raw materials, in its day-to-day operations is minimal. This aspect is not of great relevance to our cost structure, which mainly involves purchase of equipment from our suppliers and the associated freight and insurance, salaries and benefits to employees and engagement of contractors during the installation of equipment and system commissioning. Despite that the use of natural resources is not largely relevant to Vodatel, we are aware of our consumption of electricity, water and fuel within an office environment, and will, therefore, focus our ESG improvement efforts in those areas.

Policies applicable at Vodatel

√ **Instil a culture of resource-usage consciousness;**

√ **Introduction of a framework for assessing resource utilisation, ensuring its optimised application on a systematic basis; and**

√ **Dissemination of any current-term measure/procedures, relating to resource usage to stakeholders.**

KPI A2.1 Details of electricity consumption can be referred to KPI A1.2 above.

KPI A2.2 The Macao office consumes around 3,000 cubic metres of water each year.

KPI A2.3 As mentioned in KPI A1.5 above, our emission target set for energy use efficiency is in line with that for emission target, i.e. to maintain it at present level, which is reasonable taking into account the normal consumption of light and air-conditioning during office hours. Measures have been implemented for better energy use efficiency, such as 1. use of energy-efficient lightings and use of only energy-efficient appliances that are accredited under the Mandatory Energy Efficiency Labelling Scheme introduced through the Energy Efficiency (Labelling of Products) Ordinance (Chapter 598 of the Laws of Hong Kong); and 2. raise awareness on energy saving among employees by encouraging them to turn off lights, computers and air-conditioning when leaving the premises, even during short period of time, e.g. lunch break.

KPI A2.4 There is no issue in sourcing water that is fit for purpose. The level of water consumption in pantries and toilets is considered reasonable. Where water leakage is identified, employees are encouraged to report to Human Resources and Administration Department immediately.

KPI A2.5 Details of packaging materials used can be referred to KPI A1.4 above.

Aspect A3: The Environment and Natural Resources

Vodatel specialises in the design and systems integration of IT infrastructure, hence our operations have little impact on the environment or natural resources apart from those mentioned in the previous section. While we do encourage our employees to practise the "3Rs" and to protect the natural environment, as this aspect has no material relevance to our business, we have opted not to report on it, and KPI A3.1 (concerning the significant impacts of activities on the environment and natural resources and the actions taken to manage them) is not applicable.

Aspect A4: Climate Change

With the geographical expansion of our customers, in recent years they sought our assistance in delivering equipment to different locations across the globe. Storage of inventory as well as logistics may be impacted by climate-related issues.

Extreme weather – Typhoons and hurricanes with more frequent occurrences and stronger magnitude may cause delay in the despatch of equipment due to flight delays, diversions or cancellation, or in more extreme situations, damage or loss during shipment. Also torrential rain may flood the warehouse and damage the equipment stored. Moreover, business trips will resume to normal in the post-COVID-19 era but can be hindered by such extreme weather conditions. Since technology in weather forecast and software applications have advanced considerably over recent years, Vodatel has implemented certain policies to mitigate such risks.

Policies applicable at Vodatel

- √ **Pay close attention to weather forecast and communicate with suppliers and customers in advance if interruption to transportation route is expected;**

- √ **Ensure suitable force majeure clauses are included in the distribution agreements; and**

- √ **Use videoconferencing applications in order to reduce the necessity of business trips.**

KPI A4.1 The Group has not experienced any climate-related issues. Description of such issues which may potentially impact us and the policies to be implemented to manage them are mentioned in the paragraphs above.

B) SOCIAL

Our people are our greatest asset and they are essential to the continued growth at Vodatel. We staunchly believe that investing in our people and their development is inseparable from the development and ongoing success of our business.

Exchange ESG Guide Aspects	Material Areas
B1 Employment	Attraction and Retention of Talents, Working Hours and Rest Periods
B2 Health and Safety	Occupational Health and Safety
B3 Development and Training	Learning and Training
B4 Labour Standards	Human Rights
B5 Supply Chain Management	Assessment of Suppliers
B6 Product Responsibility	Reliable Services and Products
B7 Anti-corruption	Anti-Corruption and Anti-Bribery
B8 Community Investment	Contribution to the Community

Aspect B1: Employment

Vodatel is an equal opportunity employer and we believe strongly in the principles of diversification and anti-discrimination. Our human resources policies are in strict compliance with those labour laws issued by the governments in different jurisdictions in which we operate, namely Macao, Hong Kong and Mainland China, taking the highest standards to be applied across all entities, and other applicable laws and regulations regarding compensation and insurance, employment, promotion and termination of employees. To this end, the employee handbook at Vodatel outlines the benefits and rights enjoyed by all employees.

Attraction and Retention of Talents – With people being our key to success, we offer market-competitive employment packages, consisting of both fringe benefits and welfare for all our employees, to ensure that we attract and retain the best people for our business operations. Our comprehensive packages offer discretionary incentives, including bonus scheme, sales commission, Options, housing allowances, medical insurance and retirement protection. In addition, we also encourage our employees to enjoy a well-balanced work and personal life. Other than annual leaves, we help our employees to effectively manage their work and life commitments through such policies as marriage, parental and compassionate leave. For job opportunities for personal development or career advancement, we open up new job postings for internal applications prior to outside recruitments. Any promotions are decided within a level-playing field environment disregard to gender or years of service and are awarded based on experience, performance and the ability to cohere to teamwork.

Working Hours and Rest Periods – As a system integrator that provides round-the-clock, top quality support services to our customers, many of our engineers are required to be on standby duty in case of emergency and to work during non-office hours and on public holidays. In addition to overtime pay, meal allowance and additional compensation will be paid to those on roster. Any compensation on working hours and rest periods are in full compliance with the relevant local employment ordinances.

Policies applicable at Vodatel

√ **Focus on sustaining employment practices of excellence, from selection to employee satisfaction;**

√ **Preserving a broad approach towards employment standards, beyond legal stipulations; and**

√ **Observing good monitoring and assessment methodologies regarding employment practices.**

KPI B1.1 As at 31st December 2021, the total workforce of the Group was analysed as follows:

Number of employees	155
By gender	
Male	119
Female	36
By employment type	
Full-time	154
Contract	1
By age group	
Below 30	14
30 to 50	90
Over 50	51
By geographical region	
Mainland China	28
Hong Kong	14
Macao	113

KPI B1.2 During the Year, the employee turnover rate was as follows:

Rate of employee turnover	14.63%
By gender	
Male	14.90%
Female	13.70%
By age group	
Below 30 (Note 1)	66.67%
30 to 50	6.28%
Over 50 (Note 2)	13.46%
By geographical region	
Macao	6.93%
Hong Kong (Note 1)	68.75%
Mainland China (Note 3)	15.38%

Notes:

1 A subsidiary of the Company participated in an expo in Hong Kong whereby university students were employed on short-term basis.

2 Four employees reaching retirement age sought retirement from the Group.

3 During the Year, the Group closed down one of its offices in Mainland China.

Aspect B2: Health and Safety

Vodatel strictly abides by all legal requirements, as well as industry best practices, to ensure a healthy and safe workplace for all its employees, contractors and customers. The status quo is directed by, and adheres to, Decreto-Lei n° 37/89/M in Macao (published on 22nd May 1989) and also observes occupational health and safety standards under the Labour Department in Hong Kong, namely the Occupational Safety and Health Ordinance (Chapter 501 of the Laws of Hong Kong), coupled with other discretionary policies implemented by Vodatel, covering:

1 Workplace conditions (seat, space, schedule/workload, office supplies, protective equipment, etc.);

2 Workplace tidiness and conservation;

3 Workplace ambience (air quality, luminosity, temperature, noise and vibrations);

4 Adequate safety features to prevent risk of injury from fire, explosion and toxic substances;

5 Self-care facilities or conditions (showers, lockers, restrooms, among others);

6 Insurance policy for employees (travel, health, accident-related and others); and

7 Readily accessible first-aid assistance and equipment.

Policies applicable at Vodatel

√ **Implementation of guidelines on contingency planning on fire, injury, electric shocks/burns, lift entrapment and bogus/fraudulent/threat calls;**

√ **Assuring good practices for self-controlled workspaces by establishing sound working standards and anticipating, or swiftly resolving, issues;**

√ **Due diligence on the workplace/facilities owned/controlled by clients, contractors, suppliers or any other external entity; and**

√ **Promoting effective data gathering systems and its periodic review.**

KPI B2.1	There were no work-related fatalities occurred in each of the past three years including the Year.
KPI B2.2	There were no lost days due to work injury.
KPI B2.3	Description of occupational health and safety measures adopted are mentioned in the paragraphs above. Our employee handbook sent to employees outlines those measures. Disinfectants, plasters and painkillers are placed in the offices. For installation works to be performed in construction sites, senior management will visit the premises first to ensure proper working conditions for our employees. Any injury needs to be reported to the line manager immediately.

Aspect B3: Development and Training

The training and development of personnel is of utmost importance to the management at Vodatel. As our business continues to grow, it is crucial that we build a sustainable workforce and continue to develop a team of employees who keep up with emerging technologies and deliver solutions that meet the fast-changing requirements of our customers.

Learning and Training – Our training and development approach focuses on:

1 Internal and on-the-job training, rotating them to different support teams to broaden their exposure and to build up their technical skills; and

2 External training in several specific knowledge areas or skill sets, such as technology-related (associated with certain vendor technologies), management techniques, individual worker skills and certification-related courses (Project Management Professional, Certified Public Accountant, etc.).

Policies applicable at Vodatel

√ **Formulation of a long-term training and development strategy;**

√ **Elaboration of training and development plans; and**

√ **Periodic formal review of the training and development programmes.**

KPI B3.1 During the Year, the percentage of employees who received training are analysed below:

By gender	
Male	32.77%
Female	5.56%
By category	
Executive Directors and senior management	38.46%
Other employees	25.35%

KPI B3.2 During the Year, the average training hours completed per employee are analysed below:

By gender	
Male	22.21
Female	1.74
By category	
Executive Directors and senior management	9.83
Other employees	18.15

Aspect B4: Labour Standards

Vodatel strictly prohibits the employment of minors or engagement of child labour activities.

Human Rights – We will only employ persons who meet minimum age requirements of the regions in which we operate. Child and forced labour are considered criminal acts in all the jurisdictions where Vodatel operates, thus we remain vigilant in this regard, including inspection of all associated partners, to ensure Vodatel is not exposed to any illegal acts or injury. The Group has an active whistleblower policy and encourages individuals to come forward in complete privacy and without penalty to report potential incidents of abuse or illegality. The Group actively educates its workforce to clearly understand, recognise and report acts of corporate malfeasance, such as fiscal improprieties, or perceived criminal activity.

Policies applicable at Vodatel

√ **Incorporation of guidelines concerning forced and child labour in employment practices;**

√ **Consistent verification of compliance with the latest legal development; and**

√ **Whistleblower protection to record any illegal activities.**

KPI B4.1 The age of each new employee is verified against his identity card to ensure minimum age requirement is attained. Salary for each employee is determined compared with similar position in the industry of the relevant jurisdiction.

KPI B4.2 No child and forced labour were discovered throughout the history of Vodatel. Such practices should be terminated with immediate effect and be reported to the authorities.

Aspect B5: Supply Chain Management

Committed to "ethics, quality, safety and efficiency", Vodatel closely monitors and constantly reviews its key procedures in operations, from supplier assessment and procurement to contract execution and safety management. We support collaboration, mutual benefits, standards and integrity throughout our supply chain.

Assessment of Suppliers – Though Vodatel depends on the support of its suppliers, we remain vigilant in our selections of contractors, not only in terms of quality, cost, service and delivery, but also for their corporate commitment to upholding high standards of ethical, environmental and social responsible behaviour over 1. legal and regulatory compliance; 2. environmental protection; 3. human rights of workers; 4. occupational health and safety; and 5. prevention of corruption and bribery.

Policies applicable at Vodatel

√ **Conduct yearly assessment concerning environmental and social risks over selection of suppliers; and**

√ **Whistleblower protection to record any illegal activities related to kickbacks.**

KPI B5.1 During the Year, the number of suppliers with contract sum exceeding HK$1,500,000 are analysed by geographical region as follows:

Number of key suppliers	22
Macao	5
Hong Kong	11
Mainland China	1
Asia excluding Macao, Hong Kong and Mainland China	2
USA	2
Europe	1

KPI B5.2 Our suppliers are mainly manufacturers of networking, surveillance and IT equipment and its distributors or resellers. Being a system integrator, Vodatel discusses with its customers beforehand in order to engage the supplier with the most relevant and advanced equipment, and the specifications requested by the end users. This practice is implemented with all our suppliers.

KPI B5.3 As most of our suppliers are renowned large-scale networking, surveillance and IT equipment manufacturers with listing status, we study their ESG report or similar documents in order to get informed on the ethical, environmental and social risks which the industry is facing. Also we shall pay attention to the news to understand if our suppliers are involved in any ethical, environmental or social issues.

KPI B5.4 Frequent meetings are held with both frontline and management of the suppliers. During such meetings, we obtain up-to-date information about their products or services sustainability, for example, if the equipment is manufactured with eco-friendly materials. Also we can communicate with them on our concerns about any environmental issues, such as packaging materials.

Aspect B6: Product Responsibility

The fiduciary nature of concerns of Vodatel over product responsibility revolves mainly around the inspection and selection of responsible and competent suppliers and their products to ensure that we deliver quality and reliable products and services to our customers.

Reliable Services and Products – Providing reliable services and products to our customers is our top priority. We place great importance in applying stringent due diligence on the products and systems that we install for our customers to ensure that, while they meet their intended business requirements, they also adhere to internationally-recognised safety standards, i.e. minimal risk of electrocution, etc.

Policies applicable at Vodatel

√ **Establishment of formal guidance concerning product responsibility;**

√ **Periodic assessment/revision of product responsibility guidance; and**

√ **Effecting action/initiatives when deemed necessary.**

KPI B6.1 No products sold or shipped are subject to recalls for safety and health reasons during the Year.

KPI B6.2 No official complaint related to products and services were received during the Year. Any complaint will be recorded in a log book and line manager responsible for customer service would determine if such complaint could be fixed by equipment replacement or on-site service. Continuous communication with customers will help to bolster their confidence in the equipment and services provided by Vodatel.

KPI B6.3 The "Vodatel" trademark is registered with the authorities in Macao, Hong Kong and Mainland China. Distribution agreements or similar documents are entered into with suppliers with clauses protecting intellectual property rights of both parties.

KPI B6.4 As a system integrator, we ensure that the equipment received from our suppliers are not damaged during transportation and fit for the purpose of our customers. Distribution agreements with suppliers include return merchandise authorisation clauses which illustrate steps to be taken when customers report malfunction of equipment.

KPI B6.5 Basically before any business negotiation, Vodatel executes non-disclosure agreements with potential customers and suppliers, and such confidentiality clauses will continue in the contracts afterwards. In addition, all employees are informed about the importance of data protection for the customers, suppliers and ourselves and such responsibilities are stated in the employee handbook and in each employment letter.

Aspect B7: Anti-Corruption

Vodatel is committed to conducting our business with honesty and integrity and in compliance with the laws of the countries in which we are active. This includes compliance with all laws, domestic and foreign, prohibiting improper payments or inducements to any person, including public officials.

Anti-corruption and Anti-bribery – It is the policy at Vodatel to conduct all business in an honest and ethical manner. At Vodatel, we take a zero-tolerance approach to corruption and bribery and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. In the normal course of conducting its business, our usual financial framework revolves around the purchasing of equipment for and on behalf of customers under strict contractual terms. These actions are closely monitored to avoid any instances of fraud, misappropriation or favouritism. We also perform regular due diligence when it comes to appointing Board, management, and other personnel at Vodatel to avoid potential conflicts of interest.

Our employees, whether existing or newly hired, are all provided with the relevant policies and guidelines, including any updates or revisions, and are required to attend anti-corruption and anti-bribery training. Where there exists new laws and regulations that may impact our business, all employees will be provided updates with training to ensure compliance.

Vodatel aims to encourage openness and will support anyone who raises genuine concerns in good faith under the anti-corruption and anti-bribery policies of the Group, even if they turn out to be mistaken. Vodatel has adopted a whistleblower policy to strongly encourage individuals to come forward in complete privacy and without penalty.

Policies applicable at Vodatel

√ **Implementation of guidelines on anti-corruption and anti-bribery practices; and**

√ **Whistleblower protection.**

KPI B7.1 No legal cases regarding corrupt practices were brought against us or our employees during the Year.

KPI B7.2 Description of preventive measures and whistle-blowing procedures are mentioned in the paragraphs above. Our employee handbook sent to employees outlines those measures.

KPI B7.3 Description of anti-corruption training provided to Directors and employees are mentioned in the paragraphs above.

Aspect B8: Community Investment

Vodatel is committed to making a positive impact to our internal and external stakeholders, as well as the communities we interact with through active social or philanthropic investments.

Contributions to the Community – Vodatel is committed to developing positive relationships with the communities in which we operate:

1 In August 2021, Vodatel and our employees raised and donated MOP56,000 to the disaster relief fund to support the aftermath of the severe flooding in Henan Province in Mainland China;

2 We continued to support MAIDS, an association with a core focus on the provision of job opportunities to the mentally-challenged. In August 2021, we made a payment of MOP40,000 to purchase packs of "Fortunate Rice", which were distributed to employees of the Group in Macao and Hong Kong, different elderly homes in Macao and Hong Kong and low income families in Hong Kong;

3 We engaged a supplier to deploy their marketing funds to purchase flower tea packages from MAIDS;

4 We offered six scholarships to the "Future Stars – Upward Mobility Scholarship", which is a scholarship scheme implemented by the Commission on Poverty under the Government of Hong Kong and coordinated with the assistance of the Hong Kong Council of Social Service that aims to assist youths from less privileged backgrounds to enhance their ability to move upward socially;

5 A Director continued to join the "Future Stars Mentoring Programme", organised by the Commission on Poverty. The programme is to provide one-to-one mentoring, with the aim to assist and promote upward mobility of children and youth. During the seven-month programme, the Director provides advice and guidance to her matched youth, and share and exchange views with them on life planning, schooling and career choices and overcoming obstacles; and

6 A Director joined the "Millennium Entrepreneurship Programme" organised by Rotary Club of Harmony and Prosperity Hong Kong and Wofoo Social Enterprises. The programme aims to arouse awareness of students in social needs and care for the community, to enhance their understanding of selected topic of social issues and importance of corporate social responsibility and to equip students with future skills and entrepreneurship.

Going forward, we aim to deepen our understanding about our communities and their needs. We will continue to explore different channels and platforms to contribute meaningfully to the local communities.

Policies applicable at Vodatel

√ **Definition of the nature and extent of involvement in the communities where the corporation has operations, or is related to; and**

√ **Periodic assessment of success, regarding philanthropic initiatives.**

KPI B8.1 Our focus area of contribution is the disadvantaged.

KPI B8.2 Our resources contributed to the focus areas are mentioned in the paragraphs above.

Report of the Directors

The Directors submit their report together with the audited financial statements for the Year.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 10 to the financial statements.

An analysis of the performance of the Group for the Year by operating segment is set out in Note 5 to the financial statements.

Business review

The business review is set out on pages 7 to 13 under the section headed "Management Discussion and Analysis".

Results and appropriations

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 56.

The Directors recommend the payment of a final dividend of HK$0.01 per Share, totalling HK$6,161,000 (2020: HK$0.01 per Share, totalling HK$6,144,000).

Donations

Charitable donations made by the Group during the Year amounted to HK$109,000 (2020: HK$29,000).

Shares issued in the Year

Details of the Shares issued in the Year are set out in Note 23 to the financial statements.

Distributable reserves

Distributable reserves of the Company as at 31st December 2021, calculated under CA 1981 (as amended), amounted to HK$139,482,000 (2020: HK$177,647,000).

Options granted to Directors and selected employees

Details of the Options granted in prior year is set out in Note 26 to the financial statements and "Options" section contained in this Report of the Directors.

Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 132 of the annual report.

Purchase, sale or redemption of securities

The Company did not redeem any of the Shares during the Year. Neither the Company nor any of its subsidiaries purchased or sold any of the Shares during the Year.

Options

Options were granted to certain Directors and employees at the invitation of the Directors under the Scheme. The purpose of the Scheme was to reward Participants who have contributed or will contribute to the Group and to encourage Participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the Members as a whole.

Pursuant to the Scheme, the Grantee shall pay HK$1 to the Company as consideration for the grant of Options.

The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of 1. the closing price of the Shares as stated in the daily quotation sheets issued by the Exchange on the Date of Grant which must be a Business Day; 2. the average closing price of the Shares as stated in the daily quotations sheets issued by the Exchange for the five Business Days immediately preceding the Date of Grant; and 3. the nominal value of the Shares.

The Directors may, at their discretion, invite Participants to take up Options at the Subscription Price.

The total number of Shares available for issue under the Scheme as at 31st December 2021 was 61,611,500, representing 10% of the issued share capital of the Company as at 31st December 2021.

Under the Scheme, the maximum number of Shares issued and to be issued upon exercise of the Options granted and to be granted to each Participant (including both exercised and outstanding Options) in any twelve-month period shall not exceed 1% of the Shares in issue for the time being.

An Option may be exercised in accordance with the terms of the Scheme at any time during the period to be determined and notified by the Board to the Grantee at the time of making an Offer which shall not expire later than ten years from the Date of Grant.

As at the Latest Practicable Date, Options to subscribe for a total of 16,734,000 Shares were still outstanding under the Scheme which represented approximately 2.72% of the issued Shares.

The Scheme was adopted for a period of ten years commencing on 22nd June 2012.

Options (Continued)

Details of the Shares outstanding on which Options were granted as at 31st December 2021 under the Scheme are as follows:

	Number of Options held as at 1st January 2021	exercised during the Year	lapsed during the Year	held as at 31st December 2021	Exercise price HK$	Grant date	Exercisable from	Exercisable until
Directors								
Kuan Kin Man	840,000	(840,000)	–	–	0.12	9th April 2020	10th April 2020	9th April 2023
Monica Maria Nunes	840,000	(840,000)	–	–	0.12	9th April 2020	10th April 2020	9th April 2023
Ho Wai Chung Stephen	350,000	–	–	350,000	0.12	9th April 2020	10th April 2020	9th April 2023
Fung Kee Yue Roger	350,000	–	–	350,000	0.12	9th April 2020	10th April 2020	9th April 2023
Wong Tsu An Patrick	350,000	–	–	350,000	0.12	9th April 2020	10th April 2020	9th April 2023
Wong Kwok Kuen	350,000	–	–	350,000	0.12	9th April 2020	10th April 2020	9th April 2023
Director's daughter								
Sonia Andreia dos Santos	144,000	–	–	144,000	0.12	9th April 2020	10th April 2020	9th April 2023
Continuous contract employees	16,490,000	–	(1,300,000)	15,190,000	0.12	9th April 2020	10th April 2020	9th April 2023
	19,714,000	(1,680,000)	(1,300,000)	16,734,000				

Directors

The Directors during the Year and up to the date of this report are:

Executive Directors
José Manuel dos Santos (Chairman)
Kuan Kin Man
Monica Maria Nunes

Non-executive Director
Ho Wai Chung Stephen

Independent non-executive Directors
Fung Kee Yue Roger
Wong Tsu An Patrick
Wong Kwok Kuen

Directors (Continued)

In accordance with Article 87 of the Bye-laws, Wong Tsu An Patrick retires by rotation at the forthcoming AGM and, being eligible, offers himself for re-election. Pursuant to Code A.4.3, any reappointment of independent non-executive Directors who have served more than nine years shall be subject to a separate resolution to be approved by the Members. Wong Tsu An Patrick has been an independent non-executive Director for more than fourteen years at the forthcoming AGM. The Board believes that, despite his length of service, he remains independent as he has not held any executive or management positions in the Group throughout his appointment. He has also demonstrated his ability to provide an independent view to the matters of the Company. Notwithstanding his years of service as an independent non-executive Director, the Board is of the view that he is able to continue to fulfill his role as required and thus recommends him for re-election at the AGM. In this regard, a separate resolution will be put forward at the AGM to re-elect Wong Tsu An Patrick as an independent non-executive Director.

Wong Tsu An Patrick, Fung Kee Yue Roger and Wong Kwok Kuen are independent non-executive Directors and were reappointed for two-year terms expiring on 3rd June 2022, 29th September 2022 and 11th March 2024 respectively.

Directors' service contracts

None of the Directors who were proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' material interests in transactions, arrangements and contracts that were significant in relation to the business of the Company

Details of José Manuel dos Santos's interests in contracts of significance in relation to the business of the Group are set out in Note 31 to the consolidated financial statements.

Save for contracts amongst Group companies and the aforementioned transactions, no other transactions, arrangements and contracts of significance to which the subsidiaries of the Company or its parent companies were a party and in which a Director and his connected party had a material interest, whether directly or indirectly, subsisted as at 31st December 2021 or at any time during the Year.

Biographical details of Directors and senior management

Brief biographical details of Directors and senior management (including the professional qualifications of the Company Secretary and the Compliance Officer) are set out on pages 14 to 16.

Directors' and Chief Executives' interests and/or short positions in the Shares, underlying Shares and debentures of the Company or any Associated Corporation

As at 31st December 2021, the relevant interests and short positions of the Directors or Chief Executives 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 SFO (including interests and short positions which he took or deemed to have taken under such provisions of SFO) or required pursuant to Section 352 of 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 Options held)	Approximate % of the issued share capital of the Company
José Manuel dos Santos	Corporate (Note 1)	357,945,500	–	58.10
Kuan Kin Man	Personal (Note 2)	22,952,500	–	3.73
Monica Maria Nunes	Personal (Note 3)	3,292,500	–	0.53
Ho Wai Chung Stephen	Personal (Note 4)	–	350,000	0.06
Fung Kee Yue Roger	Personal (Note 5)	210,000	350,000	0.09
Wong Tsu An Patrick	Personal (Note 6)	–	350,000	0.06
Wong Kwok Kuen	Personal (Note 7)	–	350,000	0.06

Notes:

1 As at 31st December 2021, these Shares were held in the name of ERL. The entire issued share capital in ERL was held by OHHL, a company wholly-owned by José Manuel dos Santos.

2 The personal interest of Kuan Kin Man comprised 22,952,500 Shares. The aforesaid interest was held by Kuan Kin Man as beneficial owner.

3 The personal interest of Monica Maria Nunes comprised 3,292,500 Shares. The aforesaid interest was held by Monica Maria Nunes as beneficial owner.

4 The personal interest of Ho Wai Chung Stephen comprised 350,000 underlying Shares in respect of Options granted to him by the Company. The aforesaid interest was held by Ho Wai Chung Stephen as beneficial owner.

5 The personal interest of Fung Kee Yue Roger comprised 210,000 Shares and 350,000 underlying Shares in respect of Options granted to him by the Company. The aforesaid interest was held by Fung Kee Yue Roger as beneficial owner.

6 The personal interest of Wong Tsu An Patrick comprised 350,000 underlying Shares in respect of Options granted to him by the Company. The aforesaid interest was held by Wong Tsu An Patrick as beneficial owner.

7 The personal interest of Wong Kwok Kuen comprised 350,000 underlying Shares in respect of Options granted to him by the Company. The aforesaid interest was held by Wong Kwok Kuen as beneficial owner.

Substantial Shareholders' interests and/or short positions in the Shares and underlying Shares

The register of Substantial Shareholders required to be kept under Section 336 of Part XV of SFO showed that as at 31st December 2021, 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 Executives:

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 *(Note 1)*	357,945,500	58.10
OHHL	Corporate *(Note 1)*	357,945,500	58.10
Lei Hon Kin	Family *(Note 2)*	357,945,500	58.10

Notes:

1 As at 31st December 2021, these Shares were held in the name of ERL. The entire issued share capital in ERL was held by OHHL, a company wholly-owned by José Manuel dos Santos.

2 Lei Hon Kin, the spouse of José Manuel dos Santos, was deemed to be interested in all the interests of José Manuel dos Santos.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

Major suppliers and customers

The percentages of purchases and sales for the Year attributable to the major suppliers and customers of the Group are as follows:

Purchases	
– the largest supplier	22.48%
– five largest suppliers in aggregate	61.45%
Sales	
– the largest customer	24.80%
– five largest customers in aggregate	49.35%

None of the Directors, their Close Associates or any Member (which to the knowledge of the Directors owned more than 5% of the share capital of the Company) had an interest in these major suppliers or customers.

Connected transactions

On 30th December 2021, an indirect wholly-owned subsidiary of the Company entered into the sale and purchase agreement with Wu Wenhua in relation to the disposal of 356 issued ordinary shares of US$1 each in the share capital of CIL, representing approximately 32.36% of the total issued shares of CIL, pursuant to which the Group agreed to sell, and Wu Wenhua agreed to purchase, those shares for a consideration of HK$62,000. Wu Wenhua, on that date, was a substantial shareholder and a director of CIL and therefore was a connected person of the Company at the subsidiary level under the GEM Listing Rules.

The related party transactions as disclosed under Note 31(d) to (e) in the consolidated financial statements constituted connected transactions under the GEM Listing Rules. However, they were exempt from Members' approval and disclosure and other requirements under Chapter 20 of the GEM Listing Rules because they were below the de minimis threshold under Rule 20.74.

Sufficiency of public float

Based on the information that was publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the issued Shares as at the Latest Practicable Date.

Corporate governance report

The corporate governance report is set out on pages 17 to 25.

Permitted indemnity provisions

During the Year and as at 30th March 2022, a permitted indemnity provision is in force for the benefit of all the Directors.

Auditor

The financial statements were audited by PricewaterhouseCoopers who retires and, being eligible, offers itself for reappointment.

On behalf of the Board

José Manuel dos Santos
Chairman

Hong Kong, 30th March 2022

羅兵咸永道

Independent Auditor's Report
To the Shareholders of Vodatel Networks Holdings Limited
(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of Vodatel Networks Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 56 to 131, comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Loss allowance for trade receivables, contract assets and other receivables
- Provision for inventories impairment

Key Audit Matter	How our audit addressed the Key Audit Matter
Loss allowance for trade receivables, contract assets and other receivables Refer to Note 4(b) (critical accounting judgements) and Note 3a(ii)(II), 5(f), 17 and 20 to the consolidated financial statements. As at 31 December 2021, the Group had gross trade receivables, contract assets and other receivables amounting to HK$123 million (2020: HK$124 million), HK$65 million (2020: HK$36 million) and HK$22 million (2020: HK$24.3 million) respectively, and loss allowance amounting to HK$26.6 million (2020: HK$31.7 million). The total amount of net trade receivables, contract assets and other receivables has accounted for approximately 54% (2020: 44%) of the total assets.	Our audit procedures relating to management's assessment of the loss allowance for trade receivables, contract assets and other receivables included: We understood and evaluated the internal control over the Group's process in determining the loss allowance for trade receivables, contract assets and other receivables and evaluated the inherent risk of material misstatement by considering the degree of estimation uncertainty and judgement involved in estimating the loss allowance. We checked, on a sample basis, the accuracy of aging profile of the trade receivables balances.

Key Audit Matter (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group provides loss allowance for trade receivables and contract assets based on the expected credit loss during lifetime. Trade receivables and contract assets are grouped in accordance with credit risk characteristics to determine the expected credit loss. In relation to other receivables, the Group assesses whether the expected credit risk of other receivables have increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their loss allowance. Management exercises significant judgement in making assumptions about risk of default and expected loss rates. In making such judgement, management selects the appropriate inputs for the impairment calculations, based on the past collection history, existing market conditions as well as forward-looking estimates at the end of each reporting period. The assessment was an area of focus for the audit given the significant management judgement and estimates involved in the determination of loss allowance and the significance of the related balances.	We evaluated the outcome of prior year assessment of the loss allowance, by reviewing receivable settlement records, to assess the effectiveness of management's estimation process. We assessed the appropriateness of the expected credit loss provisioning methodology and assumptions adopted by management with reference to historical default rate and forward looking factor. We challenged management for the assumptions and data used in assessing the expected credit loss rate, corroborated explanations through examining underlying relevant supporting documents such as post year end settlements, historical payment record, financial information of the customers and debtors, and other corresponding documents. We assessed the appropriateness of the management's identification of significant increase in credit risk for the other receivables, in consideration of the financial information of the debtors, relevant external evidence and other factors. Based on the procedures performed, we found the assumptions and judgement made by management in respect of the loss allowance of trade receivables, contract assets and other receivables to be supportable by available evidence.

Key Audit Matter (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for inventories impairment Refer to Note 2(j) (Summary of significant accounting policies), Note 4(a)(i) (Critical accounting estimates) and Note 21 to the consolidated financial statements. As at 31 December 2021, the Group had net inventories of approximately HK$15.8 million (2020: HK$19.8 million) and the provision for obsolete inventories was approximately HK$12.2 million (2020: HK$11.2 million). Management assesses the provision for inventories impairment based on consideration of obsolescence and the net realisable value of finished goods. The identification of inventory obsolescence and determination of net realisable value require the use of significant judgement and estimates, based on the latest invoice price and current market conditions. The estimates are also subject to uncertainty of market trends and customer demands. The assessment was an area of focus for the audit given the significant management judgement and estimates involved in the determination of provision for inventories impairment and the significance of the inventories balance.	Our audit procedures relating to management's assessment of the provision for inventories impairment included: We understood and evaluated the internal control over the Group's process in determining the net realisable value of inventories based on prevailing market conditions and evaluated the inherent risk of material misstatement by considering the degree of estimation uncertainty and judgments involved in estimating the provision for inventories impairment. We evaluated the outcome of prior year assessment of the provision for inventories impairment, by reviewing actual utilisation rate of inventories, to assess the effectiveness of management's estimation process. We checked, on a sample basis, the accuracy of aging profile of the inventories balances. We tested, on a sample basis, the estimated selling price by comparing it with post year-end sales data of the selected items. We further corroborated management's explanation on the expectation of future sales orders with historical sales records as well as post year-end sales orders. Based on the procedures performed, we considered the key judgement and estimates as adopted by management in assessing the provision for inventories impairment were supported by available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Ka Keung, Johnny.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30th March 2022

Consolidated Statement of Profit or Loss

	Notes	Year ended 31st December 2021 HK$'000	2020 Restated HK$'000
Continuing operations			
Revenue from contracts with customers	5(e)	**413,079**	397,527
Cost of sales of goods	7	**(219,542)**	(217,106)
Cost of providing services		**(95,988)**	(79,877)
Gross profit		**97,549**	100,544
Selling and marketing costs	7	**(18,198)**	(17,039)
Administrative expenses	7	**(84,048)**	(84,463)
(Net)/reversal of impairment losses on financial assets	3(a)(ii)(II)	**(4,374)**	624
Other gains – net	6	**748**	1,086
Operating (loss)/profit		**(8,323)**	752
Finance income		**2,999**	3,469
Finance costs		**(126)**	(112)
Finance income – net	9	**2,873**	3,357
(Loss)/profit before income tax		**(5,450)**	4,109
Income tax expense	12(a)	**(312)**	(1,080)
(Loss)/profit from continuing operations		**(5,762)**	3,029
(Loss)/profit from discontinued operation	33(b)(i)	**(2,669)**	699
(Loss)/profit for the Year		**(8,431)**	3,728
(Loss)/profit is attributable to:			
Owners of the Company		**(6,321)**	3,826
NCI		**(2,110)**	(98)
		(8,431)	3,728
		HK Cents	HK Cent
(Loss)/earnings per Share for (loss)/profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic and diluted (loss)/earnings per Share	13(a)&(b)	**(0.73)**	0.54
(Loss)/earnings per Share for (loss)/profit attributable to the ordinary equity holders of the Company:			
Basic (loss)/earnings per Share	13(a)	**(1.03)**	0.62
Diluted (loss)/ earnings per Share	13(b)	**(1.02)**	0.62

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31st December 2021 HK$'000	2020 Restated HK$'000
(Loss)/profit for the Year		**(8,431)**	3,728
(Other comprehensive loss)/OCI			
Items that may be reclassified to profit or loss			
Changes in the fair value of debt instruments carried at FVOCI	24	**(3,073)**	(1,128)
Release to profit or loss upon disposal of debt instruments carried at FVOCI	24	**157**	188
Exchange differences on translation of foreign operations	24	**(121)**	(306)
Release to profit or loss on disposal of subsidiaries	24	**2,624**	–
Other comprehensive loss for the Year, net of tax		**(413)**	(1,246)
Total comprehensive (loss)/income for the Year		**(8,844)**	2,482
Total comprehensive (loss)/income for the Year is attributable to:			
Owners of the Company		**(6,734)**	2,597
NCI		**(2,110)**	(115)
		(8,844)	2,482
Total comprehensive (loss)/income for the Year arose from:			
Continuing operations		**(8,793)**	1,815
Discontinued operation		**(51)**	667
		(8,844)	2,482

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

	Notes	As at 31st December 2021 HK$'000	2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1,724**	2,944
Right-of-use assets – buildings	15	**1,281**	3,070
Interests in an associate	11	**–**	–
Financial assets at FVOCI	18	**58,858**	36,075
Total non-current assets		**61,863**	42,089
Current assets			
Inventory – networking equipment	21	**15,823**	19,808
Prepayment		**46,616**	46,576
Contract assets	5(f)	**63,190**	33,924
Trade receivable	20	**113,021**	108,574
Other receivables and deposits	17	**8,103**	10,287
Financial assets at FVOCI	18	**3,800**	7,545
Financial assets at FVPL	19	**–**	5,929
Cash and cash equivalents	22	**26,965**	70,891
Total current assets		**277,518**	303,534
Total assets		**339,381**	345,623
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	**357**	1,511
Current liabilities			
Trade payable	27	**76,126**	61,553
Other accounts payable and accruals	27	**20,880**	22,546
Contract liabilities		**44,912**	50,815
Current tax liabilities		**8,131**	11,457
Borrowing	28	**3,514**	–
Lease liabilities	15	**989**	1,626
Total current liabilities		**154,552**	147,997
Total liabilities		**154,909**	149,508
Net current assets		**122,966**	155,537
Net assets		**184,472**	196,115

Consolidated Balance Sheet

	Notes	As at 31st December 2021 HK$'000	2020 HK$'000
EQUITY			
Share capital	23	**61,771**	61,570
Other reserves	24	**143,676**	144,866
Accumulated losses	25	**(17,976)**	(6,288)
Capital and reserves attributable to owners of the Company		**187,471**	200,148
NCI		**(2,999)**	(4,033)
Total equity		**184,472**	196,115

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 56 to 131 were approved by the Board on 30th March 2022 and were signed on its behalf

José Manuel dos Santos **Monica Maria Nunes**

Consolidated Statement of Changes in Equity

		Attributable to owners of the Company					
	Notes	Share capital HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000	NCI HK$'000	Total equity HK$'000
Balance as at 1st January 2020		**61,570**	**145,478**	**(3,970)**	**203,078**	**(3,918)**	**199,160**
Profit for the year ended 31st December 2020		–	–	3,826	3,826	(98)	3,728
Other comprehensive loss	24	–	(1,229)	–	(1,229)	(17)	(1,246)
Total comprehensive (loss)/income for the year ended 31st December 2020		**–**	**(1,229)**	**3,826**	**2,597**	**(115)**	**2,482**
Transactions with owners in their capacity as owners:							
Dividend paid	29(a)	–	–	(6,144)	(6,144)	–	(6,144)
Share-based payment expenses		–	617	–	617	–	617
		–	617	(6,144)	(5,527)	–	(5,527)
Balance as at 31st December 2020		**61,570**	**144,866**	**(6,288)**	**200,148**	**(4,033)**	**196,115**
Loss for the Year		–	–	(6,321)	(6,321)	(2,110)	(8,431)
Other comprehensive loss	24	–	(413)	–	(413)	–	(413)
Total comprehensive loss for the Year		**–**	**(413)**	**(6,321)**	**(6,734)**	**(2,110)**	**(8,844)**
Transactions with owners in their capacity as owners:							
Issue of Shares under Scheme	23(a)	201	–	–	201	–	201
Release to accumulated losses on disposal of subsidiaries		–	(777)	777	–	3,144	3,144
Dividend paid	29(a)	–	–	(6,144)	(6,144)	–	(6,144)
		201	(777)	(5,367)	(5,943)	3,144	(2,799)
Balance as at 31st December 2021		**61,771**	**143,676**	**(17,976)**	**187,471**	**(2,999)**	**184,472**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Notes	Year ended 31st December 2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	30(a)	**(19,114)**	19,312
Interest paid		**(122)**	(138)
Income taxes paid		**(24)**	(367)
Net cash (outflow)/inflow from operating activities		**(19,260)**	18,807
Cash flows from investing activities			
Payments for property, plant and equipment	14	**(350)**	(790)
Payments for financial assets at FVOCI		**(59,062)**	(57,207)
Payments for financial assets at FVPL		**–**	(5,612)
Proceeds from disposal of discontinued operation		**62**	–
Cash outflows in respect of the disposal of subsidiaries		**(3,070)**	–
Proceeds from sale of financial assets at FVOCI		**33,075**	55,522
Proceeds from sale of financial assets at FVPL		**5,929**	–
Interest received on financial assets		**3,005**	3,473
Net cash outflow from investing activities		**(20,411)**	(4,614)
Cash flows from financing activities			
Proceeds from issues of Shares		**201**	–
Proceeds from bank borrowing		**3,514**	–
Principal elements of lease payments		**(1,602)**	(1,759)
Dividend paid to Members	29(a)	**(6,144)**	(6,144)
Net cash outflow from financing activities		**(4,031)**	(7,903)
Net (decrease)/increase in cash and cash equivalents		**(43,702)**	6,290
Cash and cash equivalents at the beginning of the financial year		**70,891**	64,263
Effects of exchange rate changes on cash and cash equivalents		**(224)**	338
Cash and cash equivalents at end of Year		**26,965**	70,891

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

The Group primarily engages in the design, supply, implementation and maintenance of turnkey solutions in the areas of IT, networks and surveillance and in the development of customised software for its customers. Working in close collaboration with many renowned multinational manufacturers, the Group embodies the vision to deliver high-quality, cutting-edge and custom-tailored IT infrastructure for its customers across Macao, Hong Kong and Mainland China, offering them technology and solutions that optimise deployment of resources, maximise operational efficiency and enhance network security.

Over the years, the Group strives for excellence in its core business and develops a comprehensive set of competencies in IT, networks, surveillance and software solutions for the public sectors, as well as the telecommunication, Internet-related, educational, medical, gaming and hospitality sectors. The Group will continue to pursue latest technology for future IT industry applications that currently might not be feasible due to infrastructure limitations.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company has its listing on GEM.

These financial statements are presented in thousands of units of HK$(HK$'000), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of significant accounting policies adopted in the preparation of these consolidated financial statements. These policies were consistently applied to all the years presented, unless otherwise stated. The financial statements were for the Group.

(a) Basis of preparation

(i) Compliance with HKFRS and CO

The consolidated financial statements of the Company were prepared in accordance with HKFRS and the disclosure requirements of CO.

(ii) Historical cost convention

The consolidated financial statements were prepared on a historical cost basis, except for certain financial assets at FVOCI and FVPL, which were measured at fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(iii) Amended standards adopted by the Group

The Group applied the following amendments for the first time for its annual reporting period commencing 1st January 2021:

- *Interest Rate Benchmark Reform – Phase 2 – amendments to* HKFRS 9 *Financial Instruments,* HKAS 39 *Financial Instruments: Recognition* and *Measurement,* HKFRS 7 *Financial Instruments: Disclosures,* HKFRS 4 *Insurance Contracts* and HKFRS 16 *Leases*

The amendments listed above did not have any impact on the amounts recognised in prior periods and were not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations were published that were not mandatory for 31st December 2021 reporting period and were not early adopted by the Group. These standards, amendments or interpretations were not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries were all entities (including structured entities) over which the Company directly or indirectly had control. The Company directly or indirectly controlled an entity where the Company was directly or indirectly exposed to, or had rights to, variable returns from its involvement with the entity and had the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries were fully consolidated from the date on which control was transferred to the Company directly or indirectly. They were deconsolidated from the date that control ceased.

Inter-company transactions, balances and unrealised gains on transactions between Group companies were eliminated. Unrealised losses were also eliminated unless the transaction provided evidence of an impairment of the transferred asset. Accounting policies of subsidiaries were changed where necessary to ensure consistency with the policies adopted by the Group.

NCI in the results and equity of subsidiaries were shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associate

Associate was the entity over which the Group had significant influence but not control or joint control. This was generally the case where the Group held between 20% and 50% of the voting rights. Investment in an associate was accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation and equity accounting (Continued)

(iii) Equity method

Under the equity method of accounting, the investments were initially recognised at cost and adjusted thereafter to recognise the share of the post-acquisition profits or losses of the investee of the Group in profit or loss, and the share of movements in OCI of the investee of the Group in OCI. Dividends received or receivable from associates were recognised as a reduction in the carrying amount of the investment.

When the share of losses of the Group in an equity-accounted investment equalled or exceeded its interest in the entity, the Group did not recognise further losses, unless it incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associate were eliminated to the extent of the interest of the Group in these entities. Unrealised losses were also eliminated unless the transaction provided evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees were changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments was tested for impairment in accordance with the policy described in Note 2(h).

(iv) Changes in ownership interests

When the Group ceased to consolidate for an investment because of a loss of control, any retained interest in the entity was remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value became the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate. In addition, any amounts previously recognised in OCI in respect of that entity were accounted for as if the Group had directly disposed of the related assets or liabilities. This might mean that amounts previously recognised in OCI were reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRS.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Separate financial statements

Investments in subsidiaries were accounted for at cost less impairment. Cost included direct attributable costs of investment. The results of subsidiaries were accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries was required upon receiving a dividend from these investments if the dividend exceeded the total comprehensive income of the subsidiary in the period the dividend was declared or if the carrying amount of the investment in the separate financial statements exceeded the carrying amount in the consolidated financial statements of the net assets of the investee including goodwill.

(d) Segment reporting

Operating segments were reported in a manner consistent with the internal reporting provided to the chief operating decision makers.

The executive Directors, who assessed the financial performance and position of the Group and made strategic decisions, were identified as the chief operating decision makers.

(e) Foreign currency translation

(i) Functional Currency and presentation currency

Items included in the financial statements of each of the entities of the Group were measured using the Functional Currency. The consolidated financial statements are presented in HK$, which was the Functional Currency and presentation currency of the Company.

(ii) Transactions and balances

Foreign currency transactions were translated into the Functional Currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates were generally recognised in profit or loss.

All foreign exchange gains and losses were presented in the statement of profit or loss on a net basis within administrative expenses.

Non-monetary items that were measured at fair value in a foreign currency were translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value were reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equities classified as FVOCI were recognised in OCI.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of non-Hong Kong operations (none of which had the currency of a hyperinflationary economy) that had a Functional Currency different from the presentation currency were translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented were translated at the closing rate at the date of that balance sheet;

- income and expenses for each statement of profit or loss and statement of comprehensive income were translated at average exchange rates (unless this was not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses were translated at the dates of the transactions); and

- all resulting exchange differences were recognised in OCI.

On consolidation, exchange differences arising from the translation of any net investment in non-Hong Kong entities were recognised in OCI. When a non-Hong Kong operation was sold, the associated exchange differences were reclassified to profit or loss, as part of the gain or loss on sale.

(iv) Disposal of non-Hong Kong operation

On the disposal of a non-Hong Kong operation (that is, a disposal involving loss of control over a subsidiary that included a non-Hong Kong operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company were reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

All property, plant and equipment were stated at historical cost less depreciation. Historical cost included expenditure that was directly attributable to the acquisition of the items.

Subsequent costs were included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it was probable that future economic benefits associated with the item would flow to the Group and the cost of the item could be measured reliably. The carrying amount of any component accounted for as a separate asset was derecognised when replaced. All other repairs and maintenance were charged to profit or loss during the reporting period in which they were incurred.

Depreciation was calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

– Vehicles	Five years
– Furniture, fixtures and office equipment	Two to five years
– Demonstration equipment	Three years

Leasehold improvements were depreciated over the shorter of five years or the lease term.

The residual values and useful lives of the assets were reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying amount of an asset was written down immediately to its recoverable amount if the carrying amount of the asset was greater than its estimated recoverable amount (Note 2(g)).

Gains and losses on disposals were determined by comparing proceeds with carrying amount. These were included in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of non-financial assets

Assets were tested for impairment whenever events or changes in circumstances indicated that the carrying amount might not be recoverable. An impairment loss was recognised for the amount by which the carrying amount of the asset exceeded its recoverable amount. The recoverable amount was the higher of the fair value of an asset less costs of disposal and value in use. For the purposes of assessing impairment, assets were grouped at the lowest levels for which there were separately identifiable cash inflows which were largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment were reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Investments and other financial assets

(i) Classification

The Group classified its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depended on the business model of the entity for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses would either be recorded in profit or loss or OCI. For investments in equity instruments that were not held for trading, the Group made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassified debt investments when and only when its business model for managing those assets changed.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets were recognised on trade-date, the date on which the Group committed to purchase or sell the asset. Financial assets were derecognised when the rights to receive cash flows from the financial assets expired or were transferred and the Group transferred substantially all the risks and rewards of ownership.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investments and other financial assets (Continued)

(iii) Measurement

At initial recognition, the Group measured a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that were directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL were expensed in profit or loss.

(I) Debt instruments

Subsequent measurement of debt instruments depended on the business model of the Group for managing the asset and the cash flow characteristics of the asset. There were two measurement categories into which the Group classified its debt instruments:

- FVOCI: Assets that were held for collection of contractual cash flows and for selling the financial assets, where the cash flows of the assets represented solely payments of principal and interest, were measured at FVOCI. Movements in the carrying amount were taken through OCI, except for the recognition of impairment gains and losses. When the financial asset was derecognised, the cumulative gain or loss previously recognised in OCI was reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets was included in finance income using the effective interest rate method. Foreign exchange gains and losses were presented in administrative expenses and impairment expenses were presented as separate line item in the statement of profit or loss.

- FVPL: Assets that did not meet the criteria for amortised cost or FVOCI were measured at FVPL. A gain or loss on a debt investment that was subsequently measured at FVPL was recognised in profit or loss and presented net within other gains/(losses) in the period in which it arose.

(II) Equity instruments

The Group subsequently measured all equity investments at fair value. Where the management of the Group elected to present fair value gains and losses on equity investments in OCI, there was no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continued to be recognised in profit or loss as other income when the right of the Group to receive payments was established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI were not reported separately from other changes in fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investments and other financial assets (Continued)

(iv) Impairment

The Group assessed on a forward-looking basis the expected credit losses associated with its debt instruments carried at FVOCI. The impairment methodology applied depended on whether there was a significant increase in credit risk.

For trade receivable, the Group applied the simplified approach permitted by HKFRS 9, which required expected lifetime losses to be recognised from initial recognition of the receivables, see Note 20 for further details.

(i) Offsetting financial instruments

Financial assets and liabilities were offset and the net amount was reported in the balance sheet where the Group currently had a legally enforceable right to offset the recognised amounts, and there was an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(j) Inventory

Inventory was stated at the lower of cost and net realisable value. Costs were assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory were determined after deducting rebates and discounts. Net realisable value was the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Trade receivable

Trade receivable was any amount due from customers for goods sold or services performed in the ordinary course of business. It was generally due for settlement within thirty to forty-five days and therefore all classified as current.

Trade receivable was recognised initially at the amount of consideration that was unconditional. The Group held the trade receivable with the objective of collecting the contractual cash flows and therefore measured it subsequently at amortised cost using the effective interest method. See Note 20 for further information about the accounting of the Group for trade receivable and Note 3(a)(ii)(II) for a description of the impairment policies of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents included cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that were readily convertible to known amounts of cash and which were subject to an insignificant risk of changes in value.

(m) Share capital

Shares were classified as equity (Note 23).

(n) Trade payable and other accounts payable

These amounts represented liabilities for goods and services provided to the Group prior to the end of financial year which were unpaid. The amounts were unsecured and were usually paid within thirty to sixty days of recognition. Trade and other accounts payable were presented as current liabilities unless payment was not due within twelve months after the reporting period. They were recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

Borrowings were initially recognised at fair value, net of transaction costs incurred. Borrowings were subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount was recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities were recognised as transaction costs of the loan to the extent that it was probable that some or all of the facility would be drawn down. In this case, the fee was deferred until the draw-down occurred. To the extent there was no evidence that it was probable that some or all of the facility would be drawn down, the fee was capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it related.

Borrowings were removed from the balance sheet when the obligation specified in the contract was discharged, cancelled or expired. The difference between the carrying amount of a financial liability that was extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, was recognised in profit or loss as finance costs.

Borrowings were classified as current liabilities unless the Group had an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Borrowing costs

Borrowing costs were expensed in the period in which they were incurred.

(q) Current and deferred income tax

The income tax expense or credit for the period was the tax payable on the taxable income of the current period based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge was calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the regions where the Company and its subsidiaries and associate operated and generated taxable income. Management periodically evaluated positions taken in tax returns with respect to situations in which applicable tax regulation was subject to interpretation and considered whether it was probable that a taxation authority would accept an uncertain tax treatment. The Group measured its tax balances either based on the most likely amount or the expected value, depending on which method provided a better prediction of the resolution of the uncertainty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Current and deferred income tax (Continued)

(ii) Deferred income tax

Deferred income tax was provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax was not accounted for if it arose from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affected neither accounting nor taxable profit or loss and did not give rise to equal taxable and deductible temporary differences. Deferred income tax was determined using tax rates (and laws) that were enacted or substantively enacted by the end of the reporting period and were expected to apply when the related deferred income tax asset was realised or the deferred income tax liability was settled.

Deferred tax assets were recognised only if it was probable that future taxable amounts would be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets were not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company was able to control the timing of the reversal of the temporary differences and it was probable that the differences would not reverse in the foreseeable future.

Deferred tax assets and liabilities were offset when there was a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities were offset where the entity had a legally enforceable right to offset and intended either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred taxes were recognised in profit or loss, except to the extent that they related to items recognised in OCI or directly in equity. In this case, the tax was also recognised in OCI or directly in equity, respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries that were expected to be settled wholly within twelve months after the end of the period in which the employees rendered the related service were recognised in respect of employees' services up to the end of the reporting period and were measured at the amounts expected to be paid when the liabilities were settled. The liabilities were included in other accounts payable and accruals in the consolidated balance sheet.

(ii) Pension obligations

For defined contribution plan, the Group paid contributions to a privately administered pension insurance plan on a mandatory and contractual basis. The Group had no further payment obligations once the contributions were paid. The contributions were recognised as employee benefit expense when they were due.

(iii) Profit-sharing and bonus plans

The Group recognised a liability and an expense for bonuses and profit-sharing based on a formula that took into consideration the profit attributable to the Members after certain adjustments. The Group recognised a provision where contractually obliged or where there was a past practice that created a constructive obligation.

(iv) Termination benefits

Termination benefits were payable when employment was terminated by the Group before the normal retirement date, or when an employee accepted voluntary redundancy in exchange for these benefits. The Group recognised termination benefits when the Group could no longer withdraw the offer of those benefits. Benefits falling due more than twelve months after the end of the reporting period were discounted to their present value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Share-based payments

Share-based compensation benefits were provided to employees via the Scheme. Information relating to the Scheme is set out in Note 26.

Options

The fair value of Options granted under the Scheme was recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed was determined by reference to the fair value of the Options granted:

- excluding the impact of any service and non-market performance vesting conditions; and

- including the impact of any non-vesting conditions.

The total expense was recognised during the year ended 31st December 2020. There was no Options granted during the Year.

(t) Provisions

Provisions for legal claims, service warranties and make good obligations were recognised when the Group had a present legal or constructive obligation as a result of past events, it was probable that an outflow of resources would be required to settle the obligation and the amount could be reliably estimated. Provisions were not recognised for future operating losses.

Where there were a number of similar obligations, the likelihood that an outflow would be required in settlement was determined by considering the class of obligations as a whole. A provision was recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions were measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value was a pre-tax rate that reflected current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time was recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition

(i) Project sales

Revenue from the design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services was recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work could be measured reliably.

Some contracts included multiple deliverables, such as the sale of hardware and related installation services. However, the installation could be performed by another party. It was therefore accounted for as a separate performance obligation.

Where the contracts included multiple performance obligations, the transaction price would be allocated to each performance obligation based on the stand-alone selling prices. For these contracts, revenue for the hardware was recognised at a point in time when the hardware was delivered, the legal title passed and the customer accepted the hardware. Revenue for service was recognised based on the actual service provided to the end of the reporting period.

The customer paid the fixed amount based on a payment schedule. If the services rendered by the Group exceeded the payment, a contract asset was recognised. If the payments exceeded the service rendered, a contract liability was recognised.

(ii) Sales of services

The Group sold maintenance services to the end users. Revenue from fixed-price contracts for delivering maintenance services was generally recognised in the period the services were provided, using a straight-line basis over the term of the contract. These services were provided as a fixed-price contract, with contract terms generally ranging from less than one year to three years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (Continued)

(iii) Sales of software

Revenue from software implementation was recognised when the customer accepted and took the control of software implementation. Revenue was based on the price specified in the contracts. No elements of financing was deemed present as the sales were made with a credit term of thirty to forty-five days, which was consistent with market practice.

(iv) Financing components

The Group did not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeded one year. As a consequence, the Group did not adjust any of the transaction prices for the time value of money.

(v) (Loss)/earnings per Share

(i) Basic (loss)/earnings per Share

Basic (loss)/earnings per Share was calculated by dividing:

- the (loss)/profit attributable to owners of the Company
- by the weighted average number of Shares outstanding during the Year.

(ii) Diluted (loss)/earnings per Share

Diluted (loss)/earnings per Share adjusted the figures used in the determination of basic (loss)/earnings per Share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary Shares, and
- the weighted average number of additional ordinary Shares that would have been outstanding assuming the conversion of all dilutive potential ordinary Shares.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Leases

Leases were recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset was available for use by the Group.

Contracts might contain both lease and non-lease components. The Group allocated the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group was a lessee, it elected not to separate lease and non-lease components and instead accounted for these as a single lease component.

Lease terms were negotiated on an individual basis and contained a wide range of different terms and conditions. The lease agreements did not impose any covenants other than the security interests in the leased assets that were held by the lessor. Leased assets might not be used as security for borrowing purposes.

Assets and liabilities arising from a lease were initially measured on a present value basis. Lease liabilities included the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options were also included in the measurement of the liability.

The lease payments were discounted using the interest rate implicit in the lease. If that rate could not be readily determined, which was generally the case for leases in the Group, the incremental borrowing rate of the lessee was used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group used recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments were allocated between principal and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets were measured at cost comprising the amount of the initial measurement of lease liability.

Right-of-use assets were generally depreciated over the shorter of the useful life of the asset and the lease term on a straight-line basis.

Payments associated with short-term leases were recognised on a straight-line basis as an expense in profit or loss. Short-term leases were leases with a lease term of twelve months or less.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Dividend distribution

Provision was made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(y) Government grants

Grants from the Government were recognised at their fair value where there was a reasonable assurance that the grant would be received and the Group would comply with all attached conditions.

Government grants relating to costs were deferred and recognised in the profit or loss over the period necessary to match them with the costs that they were intended to compensate.

Note 6 provides further information on how the Group accounted for Government grants.

(z) Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method was recognised in profit or loss as finance income.

Interest income was presented as finance income where it was earned from financial assets that were held for cash management purposes, see Note 9 below.

Interest income was calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently became credit-impaired. For credit-impaired financial assets the effective interest rate was applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(aa) Discontinued operation

A discontinued operation was a component of the entity that was disposed of or was classified as held for sale and that represented a separate major line of business or geographical area of operations, was part of a single coordinated plan to dispose of such a line of business or area of operations, or was a subsidiary acquired exclusively with a view to resell. The results of discontinued operations were presented separately in the statement of profit or loss.

3 FINANCIAL RISK MANAGEMENT

This note explains the exposure of the Group to financial risks and how these risks could affect the future financial performance of the Group. Current year profit and loss information was included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in HK$	Cash flow forecasting Sensitivity analysis	Minimal risk
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Risk not significant
Market risk – security prices	Debt investments	Sensitivity analysis	Portfolio diversification
Credit risk	Cash and cash equivalents, trade receivable, debt investments and contract assets	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The risk management of the Group was controlled by the Directors. They identified and evaluated financial risks in close co-operation with the operating units of the Group.

(a) Financial risk factors

(i) Market risk

(I) Foreign exchange risk

The Group operated internationally and was exposed to foreign exchange risk, primarily RMB. Foreign exchange risk arose from future commercial transactions and recognised assets and liabilities denominated in a currency that was not the Functional Currency of the relevant Group entity.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(I) Foreign exchange risk (Continued)

Exposure

Management considered that foreign exchange risk related to financial assets denominated in US$ and MOP was minimal, since these currencies were pegged to HK$ and exchange rate fluctuation was minimal throughout the Year. The exposure of the Group to foreign currency risk in relation to RMB against HK$ at the end of the reporting period, expressed in HK$, was as follows:

	2021 **HK$'000**	2020 HK$'000
Cash and cash equivalents (RMB against HK$)	**61**	334

The aggregate net foreign exchange gain recognised in profit or loss of HK$1,000 (2020: loss of HK$383,000) were included in administrative expenses.

Sensitivity

As shown in the table above, the Group was exposed to changes in RMB/HK$ exchange rates. The sensitivity of profit or loss to changes in the exchange rates arose mainly from RMB denominated financial assets. As at 31st December 2021, if HK$ had weakened/strengthened by 5% against RMB with all other variables held constant, post-tax loss and total comprehensive loss for the Year would have been HK$3,000 (2020: post-tax profit and comprehensive income of HK$17,000 higher/lower) higher/lower.

(II) Cash flow and fair value interest rate risk

The interest rate risk of the Group arose from bank deposits and borrowing. The interest income from bank deposits and interest expenses from bank borrowing were not significant. As such, the cash flows of the Group were substantially independent of changes in market interest rates.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(III) Price risk

Exposure

The exposure of the Group to debt investments price risk arose from investments held by the Group and classified in the balance sheet as at FVOCI (Note 18).

To manage its price risk arising from debt investments, the Group diversified its portfolio. Diversification of the portfolio was done in accordance with the limits set by the Group.

All of the debt investments of the Group were publicly traded.

Sensitivity

With all other variables held constant, if the market price of financial assets at FVOCI had been 10% higher/lower than the actual closing price as at 31st December 2021, other components of equity would increase/decrease by approximately HK$6,266,000 (2020: HK$4,362,000).

(ii) Credit risk

Credit risk arose from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost and at FVOCI and deposits with banks, as well as credit exposures to customers, including outstanding receivables.

(I) Risk management

Credit risk was managed on a Group basis, except for credit risk relating to trade receivable balances.

Each local entity was responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions were offered. Risk control assessed the credit quality of the customer and bank, taking into account their financial positions, past experience and other factors. Individual risk limits were set based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by customers was regularly monitored by line management.

The investment of the Group in debt instruments were generally considered to be low risk investments. The credit ratings of the investments were monitored for credit deterioration.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

(II) Impairment of financial assets

The Group had four types of financial assets that were subject to the expected credit loss model:

– trade receivable for sales of inventory and from the provision of services;

– contract assets;

– other receivables and deposits; and

– debt investments carried at FVOCI.

While cash and cash equivalents were also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivable and contract assets

The Group applied the HKFRS 9 simplified approach to measuring expected credit losses which used a lifetime expected loss allowance for all trade receivable and contract assets.

To measure the expected credit losses, trade receivable and contract assets were grouped based on shared credit risk characteristics and the days past due. The contract assets related to unbilled work in progress and had substantially the same risk characteristics as the trade receivable for the same types of contracts. The Group therefore concluded that the expected credit loss rates for trade receivable were a reasonable approximation of the loss rates for the contract assets.

The expected credit loss rates were based on the payment profiles of sales over a period of twenty-four months on or before 31st December 2021 or 31st December 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

(II) Impairment of financial assets (Continued)

Trade receivable and contract assets (Continued)

On that basis, the loss allowance as at 31st December 2021 and 31st December 2020 was determined as follows for both trade receivable and contract assets:

	Within six months	>Six months but <twelve months	Over twelve months	Total
31st December 2021				
Expected loss rate	0.02%	0.23%	70.34%	
Gross carrying amount – trade receivable and contract assets	169,250	1,718	17,787	188,755
Loss allowance	**29**	**4**	**12,511**	**12,544**
31st December 2020				
Expected loss rate	0.08%	4.64%	92.17%	
Gross carrying amount – trade receivable and contract assets	136,348	5,025	18,676	160,049
Loss allowance	105	233	17,213	17,551

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

(II) Impairment of financial assets (Continued)

Trade receivable and contract assets (Continued)

The loss allowances for trade receivable and contract assets as at 31st December reconcile to the opening loss allowances as follows:

	2021 **HK$'000**	2020 HK$'000
Opening loss allowance as at 1st January	**17,551**	15,644
Increase in loss allowance recognised in profit or loss during the Year	**184**	1,252
Derecognised loss allowance for discontinued operation	**(5,484)**	–
Currency translation difference	**293**	655
Closing loss allowance as at 31st December	**12,544**	17,551

Trade receivable and contract assets were written off where there was no reasonable expectation of recovery. Indicators that there was no reasonable expectation of recovery included the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivable and contract assets were presented as net impairment losses. Subsequent recoveries of amounts previously written off were credited against the same line item.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

(II) Impairment of financial assets (Continued)

Other receivables and deposits

The credit quality of other receivables and deposits were assessed with reference to historical information about the counterparties default rates and financial positions of the counterparties. The Directors were of the opinion that the credit risk of other receivables and deposits was low due to the sound collection history of the receivables due from them, except for the receivable due from a project owner. Due to uncertainty over the timing of its recoverability from the project owner, an expected credit loss rate of 100% was employed. The expected credit loss rate of the remaining other receivables and deposits was assessed to be close to zero.

The loss allowance for trade receivable, contract assets and other receivables as at 31st December:

	2021 **HK$'000**	2020 HK$'000
Loss allowance for trade receivable (Note 20)	**10,413**	15,450
Loss allowance for contract assets (Note 5(f))	**2,131**	2,101
Loss allowance for other receivables (Note 17)	**14,100**	14,100
	26,644	31,651

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

(II) Impairment of financial assets (Continued)

Debt investments carried at FVOCI

Debt investments carried at FVOCI included listed debt securities. The loss allowance for debt investments carried at FVOCI was recognised in profit or loss and reduced the fair value loss otherwise recognised in OCI.

The loss allowance for debt investments carried at FVOCI as at 31st December reconciles to the opening loss allowance as follows:

	2021 and 2020 **HK$'000**
Opening loss allowance as at 1st January 2020	**106**
Increase in the allowance recognised in profit or loss during the year ended 31st December 2020	111
Closing loss allowance as at 31st December 2020	217
Increase in the allowance recognised in profit or loss during the Year	4,190
Closing loss allowance as at 31st December 2021	**4,407**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

(II) Impairment of financial assets (Continued)

Net impairment losses on financial and contract assets recognised in profit or loss

During the Year, the following losses were recognised in profit or loss in relation to impaired financial assets:

	2021 HK$'000	2020 HK$'000
Impairment losses/(reversal of impairment losses) on financial assets at amortised cost – movement in loss allowance for trade receivable and contract assets		
– from continuing operations	**184**	(735)
– from discontinued operation	**–**	1,987
	184	1,252
Impairment losses on financial assets at FVOCI		
– from continuing operations	**4,190**	111
Net/(reversal of) impairment losses on financial and contract assets		
– from continuing operations	**4,374**	(624)
– from discontinued operation	**–**	1,987
	4,374	1,363

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Liquidity risk

Prudent liquidity risk management implied maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period the Group held cash and cash equivalents of HK$26,965,000 (2020: HK$70,891,000) that were expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Directors maintained flexibility in funding by maintaining availability under committed credit lines.

Management monitored rolling forecasts of the liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (Note 22) of the Group on the basis of expected cash flows. This was generally carried out at local level in the operating companies of the Group, in accordance with practice and limits set by the Group. These limits varied by location to take into account the liquidity of the market in which the entity operated. In addition, the liquidity management policy of the Group involved projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(I) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2021 **HK$'000**	2020 HK$'000
Fixed rate		
– Expiring within one year (bank overdraft)	**391,823**	408,553

The bank facilities might be drawn at any time and might be terminated by the bank without notice. The unsecured bill acceptance facility might be drawn at any time and was subject to annual review.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

(II) Maturities of financial liabilities

The table in below analysed the financial liabilities of the Group into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table were the contractual undiscounted cash flows. Balances due of trade payable and other accounts payable within twelve months equalled their carrying balances as the impact of discounting was not significant.

Contractual maturities of financial liabilities – non derivatives	Less than one year HK$'000	Between one and two years HK$'000	Total contractual cash flows HK$'000	Carrying amount HK$'000
As at 31st December 2021				
Trade payable	**76,126**	**–**	**76,126**	**76,126**
Other accounts payable	**14,876**	**–**	**14,876**	**14,876**
Borrowing	**3,533**	**–**	**3,533**	**3,514**
Lease liabilities	**1,030**	**372**	**1,402**	**1,346**
Total	**95,565**	**372**	**95,937**	**95,862**
As at 31st December 2020				
Trade payable	61,553	–	61,553	61,553
Other accounts payable	15,567	–	15,567	15,567
Lease liabilities	1,763	188	1,951	3,137
Total	78,883	188	79,071	80,257

(b) Capital management – risk management

The objectives of the Group when managing capital were to

- safeguard its ability to continue as a going concern, so that it could continue to provide returns for Members and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group might adjust the amount of dividends paid to Members, return capital to Members, issue new Shares or sell assets to reduce debt.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation – financial assets and liabilities

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that were recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements	Level one HK$'000	Level two HK$'000	Level three HK$'000	Total HK$'000
As at 31st December 2021				
Financial assets				
Financial assets at FVOCI				
Debt investments	**62,658**	**–**	**–**	**62,658**
Equity investments	**–**	**–**	**–**	**–**
	62,658	**–**	**–**	**62,658**
As at 31st December 2020				
Financial assets				
Financial assets at FVOCI				
Debt investments	43,620	–	–	43,620
Equity investments	–	–	–	–
Financial assets at FVPL				
Bank wealth management products	–	5,929	–	5,929
	43,620	5,929	–	49,549

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation – financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

The policy of the Group was to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level one: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) was based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group was the current bid price. These instruments were included in level one.

Level two: The fair value of financial instruments that were not traded in an active market was determined using valuation techniques which maximised the use of observable market data and relied as little as possible on entity-specific estimates. If all significant inputs required to value an instrument fairly were observable, the instrument was included in level two.

Level three: If one or more of the significant inputs was not based on observable market data, the instrument was included in level three. This was the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Discounted cash flow analysis was used to value bank wealth management products which were measured at FVPL and unlisted equity securities.

The resulting fair value estimate of bank wealth management products was included in level two, where the fair value was determined, based on a discount cash flow model, by using PRC Loan Prime Rate.

The fair value of the unlisted equity securities was immaterial. No valuation was performed for the unlisted equity securities.

4 CRITICAL ESTIMATES AND JUDGEMENT

The preparation of financial statements required the use of accounting estimates which, by definition, would seldom equal the actual results. Management also needed to exercise judgement in applying the accounting policies of the Group.

Estimates and judgements were continually evaluated. They were based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that were believed to be reasonable under the circumstances.

4 CRITICAL ESTIMATES AND JUDGEMENT (CONTINUED)

(a) Critical accounting estimates

(i) Provision for impairment of inventory

The Group reviewed an ageing analysis of inventory at each balance sheet date, and made allowance for obsolete and slow-moving inventory identified that was no longer recoverable or suitable for use. Management estimated the net realisable value for inventory based primarily on the latest invoice prices and current market conditions. The Group carried out a review of inventory on a product-by-product basis at each balance sheet date and made allowances for obsolete items.

(ii) Estimation of current tax payable and current tax expense

The Group was subject to income taxes in a few jurisdictions. Significant judgement was required in determining the worldwide provision for income taxes. There were many transactions and calculations for which the ultimate tax determination was uncertain. The Group recognised liabilities for anticipated tax audit issues based on estimates of whether additional taxes would be due. Where the final tax outcome of these matters was different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination was made.

(iii) Estimation of the fair value of certain financial assets

The fair value of financial instruments that were not traded in an active market was determined using valuation techniques. The Group used its judgement to select a variety of methods and made assumptions that were mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 3(c).

(b) Critical accounting judgement – impairment of financial assets

The loss allowances for financial assets were based on assumptions about risk of default and expected loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the past history of the Group, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the table in Note 3(a)(ii)(II).

5 SEGMENT INFORMATION

(a) Description of segments and principal activities

The executive Directors examined the performance of the Group both from a product and geographic perspective and identified three reportable segments of its business:

(i) Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services – Mainland China

The founding business of the Group mainly comprised of provision of networking equipment and technical support services.

(ii) Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services – Hong Kong and Macao

This segment was mainly for the Government of Macao and gaming and hotel operators in Macao, and various telecommunication solutions providers located in Hong Kong with branches across the world. It began to grow since 2003 and specialised in the IT and surveillance systems in casinos. It also included the provision of computer software, hardware and system integration, network management services and customised software in Macao, carried under MDL.

(iii) CNMS

It engaged in software consultancy services in PRC.

During the Year, the Group disposed of the CNMS segment business (Note 33). Accordingly, certain comparative segment information related to the segment was classified as “loss from discontinued operation” in the consolidated statement of profit or loss. The impact of the abovementioned changes in the reportable operating segment of the Group for the Year was considered retrospectively and the operating segment information of the Group was restated as if the Group had reallocated the resources in that year.

The executive Directors primarily used a measure of adjusted EBITDA (see below) to assess the performance of the operating segments. However, they also received information about the revenue and assets of the segments on a monthly basis.

5 SEGMENT INFORMATION (CONTINUED)

(b) Adjusted EBITDA

Adjusted EBITDA for continuing operations excluded the effects of gains or losses on financial instruments.

Interest income and finance cost were not allocated to segments, as these types of activities were driven by the executive Directors, who managed the cash position of the Group.

	2021	2020
		Restated
	HK$'000	HK$'000
Continuing operations		
Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services:		
Mainland China	**(2,370)**	50
Hong Kong and Macao	**348**	3,486
Total adjusted EBITDA	**(2,022)**	3,536

Adjusted EBITDA for continuing operations reconciled to (loss)/profit before income tax as follows:

	2021	2020
		Restated
	HK$'000	HK$'000
Total adjusted EBITDA	**(2,022)**	3,536
Depreciation – property, plant and equipment	**(838)**	(948)
Depreciation – right-of-use assets	**(1,430)**	(1,537)
Finance income – net	**2,873**	3,357
Gain/(loss) on disposal of financial assets at FVOCI	**157**	(188)
Provision of loss allowance for financial assets at FVOCI	**(4,190)**	(111)
(Loss)/profit before income tax	**(5,450)**	4,109

5 SEGMENT INFORMATION (CONTINUED)

(c) Other profit and loss disclosures

	2021			2020		
	Reversal/ (provision) of impairment losses on financial assets at amortised cost HK$'000	Depreciation HK$'000	Income tax expense HK$'000	Reversal/ (provision) of impairment losses on financial assets at amortised cost HK$'000	Depreciation HK$'000	Income tax expense HK$'000
Continuing operations						
Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services:						
Mainland China	30	(547)	(26)	352	(1,067)	2
Hong Kong and Macao	(214)	(1,721)	(286)	383	(1,379)	(1,082)
Discontinued operation						
CNMS	–	(518)	(187)	(1,987)	(1,152)	–
Total	(184)	(2,786)	(499)	(1,252)	(3,598)	(1,080)

5 SEGMENT INFORMATION (CONTINUED)

(d) Segment assets

Segment assets were measured in the same way as in the financial statements. These assets were allocated based on the operations of the segment and the physical location of the asset.

	2021		2020	
	Segment assets HK$'000	Additions to property, plant and equipment HK$'000	Segment assets HK$'000	Additions to property, plant and equipment HK$'000
Continuing operations				
Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services:				
Mainland China	22,133	26	18,514	5
Hong Kong and Macao	254,590	230	264,751	645
	276,723	256	283,265	650
Discontinued operation (CNMS)	–	94	18,738	140
Total segment assets	276,723	350	302,003	790
Unallocated:				
Financial assets at FVOCI	62,658		43,620	
Total assets as per the balance sheet	339,381		345,623	

Investments in financial assets were not considered to be segment assets. These were investments in debt and equity instruments that were classified as at FVOCI.

Non-current assets other than financial instruments were located in PRC.

5 SEGMENT INFORMATION (CONTINUED)

(e) Disaggregation of revenue from contracts with customers

	Revenue from external customers	
	2021	2020
	HK$'000	HK$'000
Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services:		
Mainland China	**147,543**	89,630
Hong Kong and Macao	**265,536**	307,897
	413,079	397,527

Revenues of approximately HK$102,439,000 (2020: HK$98,795,000) were derived from a single group of external customers. These revenues were attributable to the segment of design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services in Hong Kong and Macao.

The Company was domiciled in Bermuda. All revenues were derived outside Bermuda.

(f) Assets and liabilities related to contracts with customers

The Group recognised the following assets related to contracts with customers:

	2021	2020
	HK$'000	HK$'000
Current contract assets	**65,321**	36,025
Loss allowance	**(2,131)**	(2,101)
Total contract assets	**63,190**	33,924

5 SEGMENT INFORMATION (CONTINUED)

(f) Assets and liabilities related to contracts with customers (Continued)

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	2021 **HK$'000**	2020 HK$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services – Hong Kong and Macao	**29,158**	32,963

(ii) Unsatisfied long-term maintenance contract

The following table shows unsatisfied performance obligations resulting from fixed-price long-term maintenance contracts:

	2021 **HK$'000**	2020 HK$'000
Aggregate amount of the transaction price allocated to long-term maintenance contracts that were partially or fully unsatisfied as at 31st December	**39,845**	18,623

5 SEGMENT INFORMATION (CONTINUED)

(f) Assets and liabilities related to contracts with customers (Continued)

(ii) Unsatisfied long-term maintenance contract (Continued)

Management expects that the transaction price allocated to unsatisfied performance obligations of HK$24,822,000 (2020: HK$11,729,000) as at 31st December 2021 will be recognised as revenue during the next reporting period. The remaining HK$15,023,000 (2020: HK$6,894,000) will be recognised in the financial years beyond. The amount disclosed above did not include variable consideration which was constrained.

All other maintenance contracts were for periods of one year or less. As permitted under HKFRS 15 *Revenue from Contracts with Customers*, the transaction price allocated to these unsatisfied contracts was not disclosed.

6 OTHER GAINS – NET

	2021 **HK$'000**	2020 Restated HK$'000
Gain/(loss) on disposal of financial assets at FVOCI	**157**	(188)
Other items	**591**	1,274
	748	1,086

Grants to support local employment received from the Governments of Hong Kong and Macao amounted to HK$194,000 are included in the "other items" line. There were no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of Government assistance.

7 EXPENSES BY NATURE

	2021 **HK$'000**	2020 Restated HK$'000
Auditor's remuneration – audit services	**1,412**	1,412
Changes in inventory	**218,517**	215,773
Depreciation – property, plant and equipment	**838**	909
Depreciation – right-of-use assets	**1,430**	1,537
Employee benefit expense and Directors' emoluments (Note 8)	**73,289**	77,117
Provision on inventory (Note 21(b))	**1,025**	1,333
Loss on disposal of property, plant and equipment	**13**	–
Short-term lease	**398**	410
Transportation expenses	**7,509**	5,829
Other expenses	**17,357**	14,288
Total cost of sales of goods, selling and marketing costs and administrative expenses	**321,788**	318,608

8 EMPLOYEE BENEFIT EXPENSE AND DIRECTORS' EMOLUMENTS

	2021 **HK$'000**	2020 Restated HK$'000
Wages and salaries	**71,093**	74,822
Options granted to Directors and employees	**–**	617
Directors' fees	**870**	838
Social security costs	**1,077**	585
Pension costs – defined contribution plans	**249**	255
Total employee benefit expense and Directors' emoluments	**73,289**	77,117

(a) Pensions – defined contribution plans

There were no forfeited contributions.

Contributions totalling HK$249,000 (2020: HK$255,000) were paid to the fund during the Year.

8 EMPLOYEE BENEFIT EXPENSE AND DIRECTORS' EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the Year included three (2020: three) Directors whose emoluments are reflected in the analysis shown in Note 34. The emoluments payable to the remaining two (2020: two) individuals during the Year are as follows:

	2021 **HK$'000**	2020 HK$'000
Basic salaries and allowances	**2,016**	1,995
Contribution to pension scheme	**21**	21
Bonuses	**51**	57

The emoluments fell within the following band:

	Number of individuals	
	2021	2020
Emolument bands		
HK$500,001 – HK$1,000,000	**1**	1
HK$1,000,001 – HK$1,500,000	**1**	1

(c) Remuneration (including sales commission) payable to members of senior management (other than Directors) by band

	Number of individuals	
	2021	2020
Emolument bands		
HK$500,001 – HK$1,000,000	**8**	8
>HK$1,000,000	**2**	3

9 FINANCE INCOME – NET

	2021 HK$'000	2020 Restated HK$'000
Finance income		
Interest income	**2,999**	3,469
Finance costs		
Bank borrowing interest expense	**(19)**	(1)
Interest and finance charges paid/payable for lease liabilities	**(107)**	(111)
	(126)	(112)
Finance income – net	**2,873**	3,357

10 SUBSIDIARIES

The principal subsidiaries of the Company as at 31st December 2021 are set out below and on next page. They were held indirectly by the Company and the proportion of ownership interests held equalled the voting rights held by the Company.

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Effective ownership interest held by the Company %	Ownership interest held by NCI %
廣州市愛達利發展有限公司	PRC, limited liability company	Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services in Mainland China	RMB3,000,000	54	46
廣州市圖文資訊有限公司	PRC, limited liability company	Provision of Internet related data services in Mainland China	RMB1,000,000	44	56
廣州愛達利科技有限公司	PRC, limited liability company	Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services in Mainland China	HK$3,000,000	100	–
Guangzhou Thinker Vodatel Limited	PRC, limited liability company	Research and development of wireless data communications and Internet related products in Mainland China	US$1,505,000	82	18

10 SUBSIDIARIES (CONTINUED)

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Effective ownership interest held by the Company %	Ownership interest held by NCI %
Mega Datatech Limited ("MDL")	Macao, limited liability company	Provision of computer software, hardware and system integration in Macao	MOP100,000	100	–
Vodatel Holdings Limited ("VHL")	BVI, limited liability company	Investment holding and design, sale and implementation of network and systems infrastructure, customer data automation, customisation and integration; and provision of technical support services in Macao	10,000 ordinary shares of US$1 each	100	–
VDT Operator Holdings Limited	BVI, limited liability company	Investment holding in Hong Kong and Timor-Leste	1,000 ordinary shares of US$1 each	100	–
Vodatel Networks (H.K.) Limited	Hong Kong, limited liability company	Sale of data networking systems and provision of related engineering services in Hong Kong	2 ordinary shares	100	–
Vodatel Systems Inc.	BVI, limited liability company	Sale of data networking systems in Macao	1,000 ordinary shares of US$1 each	100	–
Vodatel Systems (HK) Limited	BVI, limited liability company	Provision of warehouse services in Hong Kong	1,000 ordinary shares of US$1 each	100	–
Zhuhai MegaSoft Software Development Co., Ltd.	PRC, limited liability company	Research and development of software and related software consultancy services in Mainland China	HK$3,200,000	100	–

(a) Significant restrictions

Cash and short-term deposits held in Mainland China were subject to local exchange control regulations. These regulations provided for restrictions on exporting capital from Mainland China, other than through normal intra-group sale and purchase and dividends.

The carrying amount of the assets included within the consolidated financial statements to which these restrictions applied was HK$9,115,000 (2020: HK$7,628,000).

10 SUBSIDIARIES (CONTINUED)

(b) NCI

The total NCI as at 31st December 2021 was a deficit of HK$2,999,000 (2020: HK$4,033,000). NCI in respect of each individual subsidiary was not material.

(c) Transaction with NCI

On 30th December 2021, an indirect wholly-owned subsidiary of the Company entered into the sale and purchase agreement with Wu Wenhua in relation to the disposal of 356 issued ordinary shares of US$1 each in the share capital of CIL, representing approximately 32.36% of the total issued shares of CIL, pursuant to which the Group agreed to sell, and Wu Wenhua agreed to purchase, those shares for a consideration of HK$62,000. Wu Wenhua, before that date, was a shareholder of NCI of CIL.

11 INTERESTS IN AN ASSOCIATE

Set out below was the associate of the Company as at 31st December 2021. The principal places of business were Hong Kong and Mainland China, and the proportion of ownership interest was the same as the proportion of voting rights held.

Name of entity	Place of incorporation	% of ownership interest	Measurement method
Capital Instant Limited ("CIL")	BVI	49.91	Equity method

No summarised financial information about Tidestone Group is disclosed as it is not material to the Company.

12 INCOME TAX EXPENSE

This note provides an analysis of the income tax expense of the Group, and shows how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the tax position of the Group.

(a) Income tax expense

	2021 **HK$'000**	2020 HK$'000
Current tax		
Current tax on profits for the Year		
– Macao complementary profits tax	**286**	1,082
– Mainland China corporate income tax	**213**	–
Adjustments for current tax of prior periods	**–**	(2)
Income tax expense	**499**	1,080
Income tax expense is attributable to:		
Profit from continuing operations	**312**	1,080
Profit from discontinued operation	**187**	–
	499	1,080

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2021 **HK$'000**	2020 Restated HK$'000
(Loss)/profit from continuing operations before income tax expense	**(5,450)**	4,109
(Loss)/profit from discontinued operation before income tax expense	**(2,482)**	699
	(7,932)	4,808
Tax calculated at domestic tax rates in the respective regions	**(1,189)**	42
Tax effect of amounts which were not deductible (taxable) in calculating taxable income:		
– Income not subject to tax	**(1,862)**	(141)
– Expenses not deductible for tax purposes	**144**	452
Adjustments for current tax of prior periods	**–**	(2)
Previously unrecognised tax losses now recouped to reduce current tax expense	**(30)**	(444)
Tax losses for which no deferred income tax asset was recognised	**3,436**	1,173
Income tax expense	**499**	1,080

12 INCOME TAX EXPENSE (CONTINUED)

(c) Tax losses

The Group did not recognise deferred income tax assets of HK$15,303,000 (2020: HK$15,822,000) in respect of tax losses amounting to HK$86,443,000 (2020: HK$85,537,000) that could be carried forward against future taxable income. Cumulative tax losses amounting to HK$74,203,000 (2020: HK$65,440,000) could be carried forward indefinitely; cumulative tax losses of HK$12,240,000 (2020: HK$20,097,000) would expire (if not utilised) within the next five years.

13 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per Share

Basic (loss)/earnings per Share was calculated by dividing:

- the (loss)/profit attributable to owners of the Company
- by the weighted average number of Shares outstanding during the Year.

	2021 **HK Cents**	2020 HK Cent
From continuing operations attributable to the ordinary equity holders of the Company	**(0.73)**	0.54
From discontinued operation	**(0.30)**	0.08
Total basic (loss)/earnings per Share attributable to the ordinary equity holders of the Company	**(1.03)**	0.62

(b) Diluted (loss)/earnings per Share

Diluted (loss)/earnings per Share adjusted the figures used in the determination of basic (loss)/earnings per Share to take into account the weighted average number of additional Shares that would have been outstanding assuming the conversion of all dilutive potential Shares.

	2021 **HK Cents**	2020 HK Cent
From continuing operations attributable to the ordinary equity holders of the Company	**(0.73)**	0.54
From discontinued operation	**(0.29)**	0.08
Total diluted (loss)/earnings per Share attributable to the ordinary equity holders of the Company	**(1.02)**	0.62

13 (LOSS)/EARNINGS PER SHARE (CONTINUED)

(c) Reconciliation of (loss)/earnings used in calculating (loss)/earnings per Share

	2021 HK$'000	2020 HK$'000
Basic and diluted (loss)/earnings per share		
(Loss)/profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted (loss)/earnings per Share:		
From continuing operations	**(4,513)**	3,297
From discontinued operation	**(1,808)**	529
	(6,321)	3,826

(d) Weighted average number of Shares used as the denominator

	2021 Number	2020 Number
Weighted average number of Shares used as the denominator in calculating basic (loss)/earnings per Share (thousands)	**614,794**	614,435
Adjustments for calculation of diluted (loss)/earnings per Share:		
Options (thousands)	**3,444**	–
Weighted average number of Shares and potential Shares used as the denominator in calculating diluted (loss)/earnings per Share (thousands)	**618,238**	614,435

(e) Total comprehensive (loss)/income attributable to owners of the Company

	2021 HK$'000	2020 HK$'000
Total comprehensive (loss)/income attributable to owners of the Company arose from:		
– Continuing operations	**(7,544)**	2,068
– Discontinued operation	**810**	529
	(6,734)	2,597

(f) Information concerning the classification of securities – Options

Options granted to the Directors and employees under the Scheme were considered to be potential Shares. They were included in the determination of diluted (loss)/earnings per Share to the extent to which they were dilutive. The Options were not included in the determination of basic (loss)/earnings per Share. Details relating to the Options are set out in Note 26. The 19,884,000 Options granted on 9th April 2020 were not included in the calculation of diluted earnings per Share for the year ended 31st December 2020 because they were antidilutive.

14 PROPERTY, PLANT AND EQUIPMENT

Non-current	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Demonstration equipment HK$'000	Total HK$'000
As at 1st January 2020					
Cost	3,929	11,968	1,812	2,174	19,883
Accumulated depreciation	(2,327)	(9,995)	(1,702)	(2,071)	(16,095)
Net book amount	1,602	1,973	110	103	3,788
Year ended 31st December 2020					
Opening net book amount	1,602	1,973	110	103	3,788
Exchange differences	–	49	2	–	51
Additions	428	270	45	47	790
Depreciation charge	(440)	(1,096)	(47)	(102)	(1,685)
Closing net book amount	1,590	1,196	110	48	2,944
As at 31st December 2020					
Cost	4,375	12,609	1,876	2,221	21,081
Accumulated depreciation	(2,785)	(11,413)	(1,766)	(2,173)	(18,137)
Net book amount	1,590	1,196	110	48	2,944
Year					
Opening net book amount	1,590	1,196	110	48	2,944
Exchange differences	16	17	(10)	(1)	22
Additions	47	290	–	13	350
Derecognised for discontinued operation	(5)	(444)	–	–	(449)
Depreciation charge	(476)	(604)	(29)	(34)	(1,143)
Closing net book amount	1,172	455	71	26	1,724
As at 31st December 2021					
Cost	4,258	7,369	1,594	2,199	15,420
Accumulated depreciation	(3,086)	(6,914)	(1,523)	(2,173)	(13,696)
Net book amount	1,172	455	71	26	1,724

15 LEASES

This note provides information for leases where the Group was a lessee.

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2021 HK$'000	2020 HK$'000
Right-of-use assets		
Buildings	**1,281**	3,070
Lease liabilities		
Current	**989**	1,626
Non-current	**357**	1,511
	1,346	3,137

These were no additions to the right-of-use assets during the Year (2020: HK$2,339,000).

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2021 HK$'000	2020 HK$'000
Depreciation charge of right-of-use assets – buildings	**1,643**	1,913
Interest expense (included in finance cost)	**122**	137
Expense relating to short-term leases (included in administrative expenses)	**986**	815

The total cash outflow for leases in the Year was HK$2,583,000 (2020: HK$2,711,000).

(c) The leasing activities of the Group and how these were accounted for

The Group leased various offices and a warehouse. Rental contracts were typically made for fixed periods of one to five years.

Lease terms were negotiated on an individual basis and contained a wide range of different terms and conditions. The lease agreements did not impose any covenants. Leased assets might not be used as security for borrowing purposes.

16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group held the following financial instruments:

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at amortised cost		
Contract assets, trade receivable, other receivables and deposits	**184,314**	152,785
Cash and cash equivalents	**26,965**	70,891
Financial assets at FVOCI	**62,658**	43,620
Financial assets at FVPL	**–**	5,929
	273,937	273,225
Financial liabilities		
Liabilities at amortised cost		
Trade payable and other accounts payable	**91,002**	77,120
Borrowing	**3,514**	–
Lease liabilities	**1,346**	3,137
	95,862	80,257

The exposure of the Group to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period was the carrying amount of each class of financial assets mentioned above.

17 OTHER FINANCIAL ASSETS AT AMORTISED COST

Financial assets at amortised cost included the following:

Current	2021 HK$'000	2020 HK$'000
Other receivables and deposits (Note (a))	**22,203**	24,387
Less: provision for other receivables from a project owner	**(14,100)**	(14,100)
	8,103	10,287

17 OTHER FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

(a) Other receivables and deposits

These amounts generally arose from transactions outside the usual operating activities of the Group. Collateral was not normally obtained. Loss allowance was made for other receivables from a project owner.

(b) Impairment and risk exposure

Note 3(a)(ii)(II) sets out information about the impairment of financial assets and the exposure of the Group to credit risk.

18 FINANCIAL ASSETS AT FVOCI

(a) Classification of financial assets at FVOCI

Financial assets at FVOCI included the following:

	2021 **HK$'000**	2020 HK$'000
Equity instruments	**–**	–
Debt instruments	**62,658**	43,620
	62,658	43,620

Financial assets at FVOCI comprised:

- Equity securities which were not held for trading and which the Group irrevocably elected at initial recognition to recognise in this category. These were strategic investments and the Group considered this classification to be more relevant.

- Debt securities where the contractual cash flows were solely principal and interest and the objective of the business model of the Group was achieved both by collecting contractual cash flows and selling financial assets.

18 FINANCIAL ASSETS AT FVOCI (CONTINUED)

(b) Equity investments at FVOCI

Equity investments at FVOCI comprised the following investment:

Non-current assets	**2021** **HK$'000**	2020 HK$'000
Unlisted securities – TTSA	**–**	–

(c) Debt investments at FVOCI

Debt investments at FVOCI comprised listed bonds.

On disposal of these debt investments, any related balance within the FVOCI reserve was reclassified to other gains, net within profit or loss.

(d) Amounts recognised in profit or loss and OCI

During the Year, losses of HK$2,916,000 (2020: HK$940,000) related to debt investments were recognised to OCI. Net losses of HK$4,033,000 (2020: gain of HK$77,000) related to debt investments were recognised in profit or loss.

(e) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3(c)(i).

All of the financial assets at FVOCI were denominated in US$. For an analysis of the sensitivity of the assets to price risk refer to Note 3(a)(i)(III).

19 FINANCIAL ASSETS AT FVPL

(a) Classification of financial assets at FVPL

The Group classified bank wealth management products that did not qualify for measurement at either amortised cost or FVOCI (Note 18) at FVPL.

Financial assets mandatorily measured at FVPL included bank wealth management products.

(b) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3(c)(ii).

20 TRADE RECEIVABLE

Current assets	2021 HK$'000	2020 HK$'000
Trade receivable from contracts with customers	**123,434**	124,024
Loss allowance	**(10,413)**	(15,450)
	113,021	108,574

Sales of the Group were on receipts in advance, letter of credit or documents against payment and open terms credit. The credit terms granted to customers varied and were generally the result of negotiations between the individual customers and the Group. As at 31st December, the ageing analysis of the trade receivable based on invoice date was as follows:

	2021 HK$'000	2020 HK$'000
Within three months	**90,084**	89,649
> Three months but ≤ six months	**15,976**	12,752
> Six months but ≤ twelve months	**1,718**	5,025
Over twelve months	**15,656**	16,598
	123,434	124,024

(a) Fair values of trade receivable

Due to the short-term nature of the current receivables, their carrying amount was considered to be the same as their fair value.

(b) Impairment and risk exposure – trade receivable and contract assets

The Group applied HKFRS 9 simplified approach to measuring expected credit losses which used a lifetime expected loss allowance for all trade receivable and contract assets. Note 3(a)(ii)(II) provides for details about the calculation of the allowance.

The loss allowance decreased from HK$15,450,000 to HK$10,413,000 for trade receivable and increased from HK$2,101,000 to HK$2,131,000 for contract assets during the current reporting period.

Information about the impairment of trade receivable and the exposure of the Group to credit risk and foreign currency risk can be found in Note 3(a).

20 TRADE RECEIVABLE (CONTINUED)

(c) Past due but not impaired

As at 31st December 2021, trade receivable of HK$113,021,000 (2020: HK$108,574,000) was past due but not impaired. This related to a number of independent customers for whom there was no recent history of default. The ageing analysis of this trade receivable is as follows:

	2021 **HK$'000**	2020 HK$'000
Within three months	**90,068**	89,594
> Three months but ≤ six months	**15,964**	12,725
> Six months but ≤ twelve months	**1,714**	4,792
Over twelve months	**5,275**	1,463
	113,021	108,574

21 INVENTORY – NETWORKING EQUIPMENT

Current assets	**2021** **HK$'000**	2020 HK$'000
Finished goods at cost – networking equipment	**28,042**	31,002
Provision for inventory	**(12,219)**	(11,194)
	15,823	19,808

(a) Assigning costs to inventory

The costs of individual items of inventory were determined using weighted average costs. See Note 2(j) for the other accounting policies of the Group for inventory.

(b) Amounts recognised in profit or loss

Inventory recognised as an expense during the Year amounted to HK$218,517,000 (2020: HK$215,773,000). This was included in cost of sales.

Write-downs of inventory to net realisable value amounted to HK$1,025,000 (2020: HK$1,333,000). These were recognised as an expense during the Year and included in cost of sales in the statement of profit or loss.

22 CASH AND CASH EQUIVALENTS

Current assets	2021 HK$'000	2020 HK$'000
Cash at bank and in hand	**26,628**	70,554
Deposits at call	**337**	337
	26,965	70,891

23 SHARE CAPITAL

	2021 Shares (thousands)	2020 Shares (thousands)	2021 HK$'000	2020 HK$'000
Shares, fully paid	**616,115**	614,435	**61,771**	61,570

(a) Movements in Shares

Details	Number of Shares (thousands)	Total HK$'000
Balance as at 1st January 2020 and 31st December 2020	614,435	61,570
Exercise of Options – proceeds received	1,680	201
Balance as at 31st December 2021	616,115	61,771

(b) Shares

Shares had a par value of HK$0.10 each. They entitled the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the Shares held.

On a show of hands every holder of Shares present at a meeting in person or by proxy, was entitled to one vote, and upon a poll each Share was entitled to one vote.

The Company had authorised share capital of HK$200,000,000.

(c) Options

Information relating to the Scheme, including details of Options exercised and lapsed during the Year and Options outstanding at the end of the reporting period, is set out in Note 26.

24 OTHER RESERVES

The following table shows a breakdown of the balance sheet line item "other reserves" and the movements in these reserves during the Year. A description of the nature and purpose of certain reserves is provided on next page.

	Contributed surplus HK$'000	Share-based payments HK$'000 (Note 26)	Capital redemption reserve HK$'000	Financial assets at FVOCI HK$'000	Merger reserve HK$'000	Statutory reserve HK$'000	Foreign currency translation HK$'000	Total other reserves HK$'000
As at 1st January 2020	**97,676**	**7,442**	**702**	**1,278**	**35,549**	**49**	**2,782**	**145,478**
Revaluation – loss for debt instruments	–	–	–	(1,128)	–	–	–	(1,128)
Reclassification to profit or loss – gross	–	–	–	188	–	–	–	188
Currency translation differences	–	–	–	–	–	–	(289)	(289)
Other comprehensive loss	–	–	–	(940)	–	–	(289)	(1,229)
Transactions with owners in their capacity as owners								
Share-based payment expenses	–	617	–	–	–	–	–	617
As at 31st December 2020	**97,676**	**8,059**	**702**	**338**	**35,549**	**49**	**2,493**	**144,866**
Revaluation – gain for debt instruments	–	–	–	1,117	–	–	–	1,117
Impairment loss on financial assets at FVOCI	–	–	–	(4,190)	–	–	–	(4,190)
Reclassification to profit or loss – gross	–	–	–	157	–	–	–	157
Currency translation differences	–	–	–	–	–	–	(121)	(121)
Reclassification to profit or loss on disposal of subsidiaries	–	–	–	–	–	–	2,624	2,624
Other comprehensive loss	–	–	–	(2,916)	–	–	2,503	(413)
Release to accumulated losses on disposal of subsidiaries	–	(777)	–	–	–	–	–	(777)
As at 31st December 2021	**97,676**	**7,282**	**702**	**(2,578)**	**35,549**	**49**	**4,996**	**143,676**

24 OTHER RESERVES (CONTINUED)

Nature and purpose of other reserves

(a) Merger reserve

It included the difference between the nominal value of the share capital of a subsidiary acquired and the nominal value of the Shares in exchange thereof together with an existing balance on the share premium account of a subsidiary.

(b) Statutory reserve

The Macao Decreto-Lei n°40/99/M Código Comercial (Commercial Code) required a company incorporated in Macao to set aside a minimum of 25% of the profit after income tax expense to the statutory reserve each financial year until the balance of the reserve reached a level equivalent to 50% of the capital of the company. Statutory reserve represented the amount set aside and not distributable to the Members.

(c) Financial assets at FVOCI

The Group elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in Note 2(h). These changes were accumulated within the FVOCI reserve within equity. The Group transferred amounts from this reserve to retained earnings when the relevant equity securities were derecognised.

The Group also had certain debt investments measured at FVOCI, as explained in Note 18. For these investments, changes in fair value were accumulated within the FVOCI reserve within equity. The accumulated changes in fair value were transferred to profit or loss when the investment was derecognised or impaired.

(d) Share-based payments

The share-based payments reserve was used to recognise the grant date fair value of Options issued but not exercised.

(e) Foreign currency translation

Exchange differences arising on translation of the non-Hong Kong controlled entities were recognised in OCI as described in Note 2(e) and accumulated in a separate reserve within equity. The cumulative amount was reclassified to profit or loss when the net investment was disposed of.

25 ACCUMULATED LOSSES

Movements in accumulated losses were as follows:

	2021 HK$'000	2020 HK$'000
Balance 1st January	(6,288)	(3,970)
Net (loss)/profit for the Year	(6,321)	3,826
Dividend	(6,144)	(6,144)
Release to accumulated losses on disposal of subsidiaries	777	–
Balance 31st December	(17,976)	(6,288)

26 SHARE-BASED PAYMENTS – SCHEME

The Scheme was adopted for a period of ten years commencing from 22nd June 2012. The Directors may, at their discretion, invite Participants to take up Options at the Subscription Price. Pursuant to the Scheme, the Grantee shall pay HK$1 to the Company as consideration for the grant of Options.

On 9th April 2020, Options were granted to certain Directors and selected employees. The Subscription Price of the granted Options equalled the market price of the Shares at the Date of Grant. The Options were immediately vested at the Date of Grant and were exercisable for a period of three years starting from the Date of Grant. The Group had no legal or constructive obligation to repurchase or settle the Options in cash.

Set out below are summaries of Options granted under the Scheme:

	2021		2020	
	Exercise price per Option	Number of Options (thousands)	Exercise price per Option	Number of Options (thousands)
As at 1st January	HK$0.12	19,714	–	–
Granted during the Year	–	–	HK$0.12	19,884
Exercised during the Year	HK$0.12	(1,680)	–	–
Lapsed during the Year	HK$0.12	(1,300)	HK$0.12	(170)
As at 31st December	HK$0.12	16,734	HK$0.12	19,714

The Share price at the date of exercise of Options on 15th October 2021 was HK$0.16 (2020: not applicable).

26 SHARE-BASED PAYMENTS – SCHEME (CONTINUED)

(a) Fair value of Options granted

The assessed fair value at the Date of Grant of Options granted during the year ended 31st December 2020 was HK$0.12 per Option. The fair value at the Date of Grant was independently determined using the polynomial valuation model. The significant inputs into the model were spot price of HK$0.12 at the Date of Grant, Subscription Price of HK$0.12 per Option, volatility of 46.48%, dividend yield of 3.2%, an expected Option life of three years, and an annual risk-free interest rate of 0.64%. There was no Options granted during the Year.

(b) Expenses arising from Options issued under the Scheme

Total expenses arising from Options issued under the Scheme recognised during the year ended 31st December 2020 as part of employee benefit expense were HK$617,000.

27 TRADE PAYABLE AND OTHER ACCOUNTS PAYABLE

Current liabilities	2021 HK$'000	2020 HK$'000
Trade payable	**76,126**	61,553
Other accounts payable and accruals	**20,880**	22,546
	97,006	84,099

The carrying amounts of trade payable and other accounts payable were considered to be the same as their fair values, due to their short-term nature.

As at 31st December, the ageing analyses of the trade payable based on invoice date was as follows:

	2021 HK$'000	2020 HK$'000
Within three months	**68,583**	56,656
> Three months but ≤ six months	**–**	2,432
> Six months but ≤ twelve months	**2,244**	1,347
Over twelve months	**5,299**	1,118
	76,126	61,553

28 BORROWING

Current liabilities	2021 HK$'000	2020 HK$'000
Unsecured		
Bank loan	**3,514**	–

Bank borrowing matures until May 2022 and bears interest rate of 5% annually.

For the borrowing, the fair value was not materially different to its carrying amount, since the interest payable on the borrowing was of a short-term nature.

29 DIVIDENDS

(a) Shares

	2021 HK$'000	2020 HK$'000
Final dividend for the year ended 31st December 2020 of HK$0.01 (2019: HK$0.01) per Share	**6,144**	6,144

(b) Dividends not recognised at the end of the reporting period

	2021 HK$'000	2020 HK$'000
In addition to the above dividend, since year end the Directors have recommended the payment of a final dividend of HK$0.01 per fully paid Share for the Year (2020: HK$0.01). The aggregate amount of the proposed dividend expected to be paid out of contributed surplus as at 31st December 2021, but not recognised as a liability at year end, is	**6,144**	6,144

30 CASH FLOW INFORMATION

(a) Cash (used in)/generated from operations

	2021 HK$'000	2020 HK$'000
(Loss)/profit before income tax from		
Continuing operations	**(5,450)**	4,109
Discontinued operation	**(2,482)**	699
(Loss)/profit before income tax including discontinued operations	**(7,932)**	4,808
Adjustments for		
Depreciation – property, plant and equipment (Note 14)	**1,143**	1,685
Depreciation – right-of-use assets (Note 15(b))	**1,643**	1,913
Non-cash employee benefits expense – share-based payments	**–**	617
Net (gain)/loss on sale of financial assets at FVOCI	**(157)**	188
Finance income – net	**(2,885)**	(3,335)
Provision for inventory (Note 7)	**1,025**	1,333
Provision of loss allowance	**4,374**	1,363
Gain on sale of discontinued operation (Note 33(c))	**(875)**	–
Changes in operating assets and liabilities:		
(Increase)/decrease in trade receivable	**(5,840)**	14,243
(Increase)/decrease in contract assets	**(29,266)**	23,505
Decrease in inventory	**2,960**	10,705
Increase in other receivables, deposits and prepayment	**(9,761)**	(2,273)
Increase/(decrease) in trade payable	**15,009**	(40,063)
Increase in contract liabilities	**4,573**	4,264
Increase in other accounts payable and accruals	**6,875**	359
Cash (used in)/generated from operations	**(19,114)**	19,312

30 CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities from financing activities

	Liabilities from financing activities HK$'000
As at 31st December 2021	
Proceeds from bank borrowing	3,514
Other non-cash movements:	
Bank borrowing interest accrued	19
Net debt as at 31st December 2021	3,533

31 RELATED PARTY TRANSACTIONS

(a) Parent entities

The Group was controlled by the following entities:

			Ownership interest (%)	
Name	Type	Place of incorporation	2021	2020
Eve Resources Limited ("ERL")	Immediate parent entity	BVI	**58.1**	58.26
Ocean Hope Holdings Limited ("OHHL")	Ultimate parent entity and controlling party	BVI	**58.1***	58.26*

* OHHL held 100% of the issued ordinary shares of ERL.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 10.

(c) Key management personnel compensation

Remuneration to all key management of the Group is disclosed in Notes 8 and 34 to the consolidated financial statements.

31 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Transactions with other related parties

The following transactions occurred with related parties:

	2021 HK$'000	2020 HK$'000
Sale and purchases of goods and services		
Sale of goods to an entity controlled by a Director	**33**	659
Purchases of goods from an entity controlled by a Director	**661**	280
Other transactions		
Dividend paid to ERL	**3,579**	3,579
Dividend paid to certain Directors	**248**	248
Subscription for new Shares by certain Directors as a result of exercise of Options (Note 26)	**201**	–

During the Year, an executive Director was entitled to receive HK$1,415,000 (2020: HK$1,405,000) from the Group for leasing certain offices to the Group.

(e) Current accounts payable to related parties

	2021 HK$'000	2020 HK$'000
Bonus to certain Directors	**–**	2,100
Lease liabilities to a Director	**1,346**	2,632

(f) Terms and conditions

Transactions relating to dividend were on the same terms and conditions that applied to other Members.

Goods were sold during the Year based on the price lists in force and terms that would be available to third parties. Goods were sold to an entity controlled by a Director on normal commercial terms and conditions. Goods were bought from an entity controlled by a Director on normal commercial terms and conditions.

32 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

		As at 31st December	
		2021	2020
		HK$'000	HK$'000
Assets			
Non-current assets			
Investments in subsidiaries		**5,887**	6,664
Current assets			
Amounts due from subsidiaries		**260,417**	295,861
Prepayment		**205**	197
Cash and cash equivalents		**333**	401
		260,955	296,459
Liabilities			
Current liabilities			
Amounts due to subsidiaries		**56,196**	54,031
Other accounts payable and accruals		**1,409**	1,114
		57,605	55,145
Net current assets		**203,350**	241,314
Total assets less current liabilities		**209,237**	247,978
Equity			
Equity attributable to owners of the Company			
Share capital		**61,771**	61,570
Other reserves	(Note (b))	**179,378**	180,155
(Accumulated losses)/retained earnings	(Note (a))	**(31,912)**	6,253
Total equity		**209,237**	247,978

The balance sheet of the Company was approved by the Board on 30th March 2022 and was signed on its behalf:

José Manuel dos Santos **Monica Maria Nunes**

32 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Notes:

(a) (Accumulated losses)/retained earnings movement of the Company

	HK$'000
As at 1st January 2020	**6,335**
Dividend paid	**(6,144)**
Profit for the year ended 31st December 2020	**6,062**
As at 31st December 2020	**6,253**
Dividend paid	**(6,144)**
Loss for the Year	**(32,798)**
Release to accumulated losses on disposal of subsidiaries	**777**
As at 31st December 2021	**(31,912)**

(b) Other reserves

	Contributed surplus (Note (c)) HK$'000	**Share-based payments** HK$'000	**Capital redemption reserve** HK$'000	**Total** HK$'000
Balance as at 1st January 2020	171,394	7,442	702	179,538
Share-based payment expenses	–	617	–	617
Balance as at 31st December 2020	**171,394**	**8,059**	**702**	**180,155**
Release to accumulated losses on disposal of subsidiaries	–	(777)	–	(777)
Balance as at 31st December 2021	**171,394**	**7,282**	**702**	**179,378**

(c) The contributed surplus represented the difference between the consolidated shareholders' funds of the subsidiaries and the nominal value of the Shares issued for the acquisition at the time of the group reorganisation and the entire amount standing to the credit of share premium account of the Company reduced and credited to contributed surplus. Under CA 1981 (as amended), contributed surplus was distributable to the Members, subject to the condition that the Company could not declare or pay a dividend, or make a distribution out of contributed surplus if it was, or would after the payment be, unable to pay its liabilities as they become due, or the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

33 DISCONTINUED OPERATION

(a) Description

On 30th December 2021, the Group disposed of 32.36% of the equity interest of Tidestone Group and it was reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Certain comparative figures were restated to reflect the impact of discontinued operation.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the Year and the year ended 31st December 2020.

(i) Results from discontinued operation

	2021 **HK$'000**	2020 HK$'000
Revenue from contract with customers	**11,206**	11,142
Expenses	**(14,760)**	(11,219)
Other gains – net	**19**	798
Operating (loss)/profit	**(3,535)**	721
Finance income	**6**	4
Finance costs	**(15)**	(26)
(Loss)/profit after income tax of discontinued operation	**(3,544)**	699
Gain on sale of Tidestone Group after income tax	**875**	–
Loss/(profit) from discontinued operation	**(2,669)**	699

33 DISCONTINUED OPERATION (CONTINUED)

(b) Financial performance and cash flow information (Continued)

(ii) OCI from discontinued operation

	2021 HK$'000	2020 HK$'000
Exchange differences on translation of discontinued operation	**(6)**	(32)

(iii) Cash flows from discontinued operation

	2021 HK$'000	2020 HK$'000
Net cash (outflow)/inflow from operating activities	**(732)**	3,620
Net cash outflow from investing activities	**(95)**	(140)
Net cash outflow from financing activities	**(201)**	(289)
Net (decrease)/increase in cash from discontinued operation	**(1,028)**	3,191

(c) Details of the sale of Tidestone Group

	2021 HK$'000
Gain on sale before tax	**1,062**
Income tax expense on gain	**(187)**
Gain on sale after tax	**875**

The total disposal consideration consisted cash of HK$62,000.

The carrying amounts of assets and liabilities as at 30th December 2021 were:

	HK$'000
Non-current assets	**616**
Current assets	**18,964**
Current liabilities	**(26,443)**
Net liabilities	**(6,863)**

34 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF CO, C(DIBD)R AND THE GEM LISTING RULES) – DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

The remuneration of every Director and the Chief Executives is set out below:

For the Year:

Name	Fees HK$'000	Salary HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Chairman				
José Manuel dos Santos	130	5,432	–	5,562
Executive Directors				
Kuan Kin Man (Note (a))	130	1,393	–	1,523
Monica Maria Nunes (Note (a))	130	1,701	23	1,854
Non-executive Director				
Ho Wai Chung Stephen	120	–	–	120
Independent non-executive Directors				
Fung Kee Yue Roger	120	–	–	120
Wong Tsu An Patrick	120	–	–	120
Wong Kwok Kuen	120	–	–	120
Total	870	8,526	23	9,419

34 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF CO, C(DIBD)R AND THE GEM LISTING RULES) – DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (CONTINUED)

For the year ended 31st December 2020:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Share-based payment expenses HK$'000	Total HK$'000
Chairman						
José Manuel dos Santos	130	5,181	700	–	–	6,011
Executive Directors						
Kuan Kin Man (Note (a))	130	1,314	700	–	26	2,170
Monica Maria Nunes (Note (a))	130	1,607	700	23	26	2,486
Non-executive Director						
Ho Wai Chung Stephen (Note (b))	87	–	–	–	11	98
Independent non-executive Directors						
Fung Kee Yue Roger	120	–	–	–	11	131
Wong Tsu An Patrick	120	–	–	–	11	131
Tou Kam Fai (Note (c))	25	–	–	–	–	25
Wong Kwok Kuen (Note (d))	96	–	–	–	11	107
Total	838	8,102	2,100	23	96	11,159

Notes:

(a) Also managing directors. They collectively took up the functions of Chief Executives.

(b) Appointed on 9th April 2020.

(c) Resigned on 12th March 2020.

(d) Appointed on 12th March 2020.

During the year ended 31st December 2020, José Manuel dos Santos waived emoluments of HK$251,000, Kuan Kin Man waived emoluments of HK$63,000 and Monica Maria Nunes waived emoluments of HK$78,000.

Five-year Financial Summary

	Year ended 31st December				
Results	**2021 HK$'000**	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
(Loss)/profit attributable to:					
– Owners of the Company	**(6,321)**	3,826	(5,256)	(171)	(4,827)
– NCI	**(2,110)**	(98)	(2,109)	241	(936)
Assets and liabilities					
Total assets	**339,381**	345,623	382,528	340,859	371,160
Total liabilities	**(154,909)**	(149,508)	(183,368)	(135,257)	(156,777)
Total equity	**184,472**	196,115	199,160	205,602	214,383

Definitions

In this annual report (excluding the "Independent Auditor's Report to the shareholders of the Company"), unless the context otherwise requires, the following expressions shall have the following meanings:

"AGM"	annual general meeting
"AHL"	AGTech Holdings Limited, a company incorporated in Bermuda with limited liability and ordinary shares of HK$0.002 each in the share capital of AHL are listed on GEM
"Associated Corporation"	a corporation: 1 which is a subsidiary or holding company of the Company or a subsidiary of the holding company of the Company; or 2 (not being a subsidiary 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
"Audit Committee"	the audit committee of the Company
"Auditor"	the auditor of the Company
"Board"	the board of Directors (not applicable to Main Board)
"Brazil"	The Federative Republic of Brazil
"Business Day"	any day (excluding Saturday and Sunday) on which licensed banks are generally open for business in Hong Kong
"BVI"	the British Virgin Islands
"Bye-law"	the bye-laws of the Company
"CA 1981"	the Companies Act 1981 of Bermuda
"CAHK"	Communications Association of Hong Kong Limited, a company incorporated in Hong Kong with limited liability by guarantee
"C(DIBD)R"	Companies (Disclosure of Information about Benefits of Directors) Regulation (Chapter 622G of the Laws of Hong Kong) as amended from time to time
"CFLD"	CFLD (Cayman) Investment Ltd., a company incorporated in the Cayman Islands with limited liability and a subsidiary of China Fortune

Definitions

"CFLD Bond"	interest-bearing instrument of indebtedness issued by CFLD with a coupon rate of 9% per annum and a maturity date of 31st July 2021
"CFLD Bond 2"	interest-bearing instrument of indebtedness issued by CFLD with a coupon rate of 6.92% per annum and a maturity date of 16th June 2022
"CGI"	The Chartered Governance Institute
"CGMA"	Chartered Global Management Accountant
"CGP"	Chartered Governance Professional
"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
"China Fortune"	China Fortune Land Development Co., Ltd., a company incorporated in PRC with limited liability and whose shares are listed on Shanghai Stock Exchange
"CIL"	Capital Instant Limited, details of which can be referred to in Note 11 to the consolidated financial statements
"CIMA"	The Chartered Institute of Management Accountants
"Close Associate"	has the meaning ascribed thereto in the GEM Listing Rules
"CNMS"	customer network management system
"CO"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended from time to time
"Code"	the code provisions of the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules
"Company"	Vodatel Networks Holdings Limited
"Company Secretary"	the company secretary of the Company
"Compliance Officer"	the compliance officer of the Company
"CUM"	City University of Macau

Definitions

"Date of Grant"	in respect of an Option and unless otherwise specified in the letter of grant, the Business Day on which the Board resolves to make an Offer to a Participant, whether or not the Offer is subject to Members' approval on the terms of the Scheme
"Director"	the director of the Company (not applicable to Companies (Disclosure of Information about Benefits of Directors) Regulation)
"DSEC"	Direcção dos Serviços de Estatística e Censos (Statistics and Census Service) of the Government of Macao
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"ERL"	Eve Resources Limited, details of which can be referred to in Note 31(a) to the consolidated financial statements
"ESG"	environmental, social and governance
"Exchange"	The Stock Exchange of Hong Kong Limited, a company incorporated in Hong Kong with limited liability (not applicable to Shanghai Stock Exchange)
"Functional Currency"	the currency of the primary economic environment in which an entity operates
"FVOCI"	fair value through OCI
"FVPL"	fair value through profit of loss
"GEM"	GEM operated by the Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM made by the Exchange from time to time
"Grantee"	any Participant who accepts an Offer in accordance with the terms of the Scheme, or (where the context so permits) any person who is entitled to any such Option in consequence of the death of the original Grantee, or the legal personal representative of such person
"Group" or "Vodatel" or "We"	the Company and its subsidiaries (not applicable to Tenacity International Group Limited and Tidestone Group)
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standard

Definitions

"HK cent"	Hong Kong cent, where 100 HK cents equal HK$1
"HKCGI"	The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries), a company incorporated in Hong Kong with limited liability by guarantee
"HKFRS"	financial reporting standards and interpretations issued by HKICPA. They comprise 1. Hong Kong Financial Reporting Standards, 2. HKAS, and 3. Interpretations
"HKICPA"	the Hong Kong Institute of Certified Public Accountants, established under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)
"HKMA"	The Hong Kong Management Association, a company incorporated in Hong Kong with limited liability by guarantee
"HKU"	The University of Hong Kong, established under the University of Hong Kong Ordinance (Chapter 1053 of the Laws of Hong Kong)
"Hong Kong"	the Hong Kong Special Administrative Region of PRC (not applicable to Communications Association of Hong Kong Limited, Hong Kong Accounting Standard, Hong Kong Applied Science and Technology Research Institute Company Limited, The Hong Kong Chartered Governance Institute, Hong Kong Exchanges and Clearing Limited, Hong Kong Financial Reporting Standards, The Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Chartered Secretaries, Hong Kong Internet Registration Corporation Limited, The Hong Kong Management Association, Hong Kong Standards on Auditing, The Hong Kong University of Science and Technology, The Stock Exchange of Hong Kong Limited and The University of Hong Kong)
"JU"	Jinan University
"KPI"	key performance indicator
"Latest Practicable Date"	29th March 2022, being the latest practicable date prior to the printing of this report for ascertaining certain information contained herein
"LIBF"	The London Institute of Banking & Finance
"Macao"	the Macao Special Administrative Region of PRC

Definitions

"MAIDS"	The Macau Association for Intellectual Development Services (formerly known as The Macau Association for the Mentally Handicapped)
"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
"Mainland China"	PRC, other than the regions of Hong Kong, Macao and Taiwan
"MDL"	Mega Datatech Limited, details of which can be referred to in Note 10 to the consolidated financial statements
"Member"	the holder of the Shares
"MOP"	Pataca, the lawful currency of Macao
"NCI"	non-controlling interest
"Nomination Committee"	the nomination committee of the Company
"OCI"	other comprehensive income
"Offer"	the offer of the grant of an Option under the Scheme
"OHHL"	Ocean Hope Holdings Limited, details of which can be referred to in Note 31(a) to the consolidated financial statements
"Option"	an option to subscribe for Shares pursuant to the Scheme
"Participant"	Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters and service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group
"PRC"	The People's Republic of China
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of Mainland China

Definitions

"Scheme"	the share option scheme approved by the Members at the AGM on 22nd June 2012
"SD-WAN"	software-defined networking in a wide area network
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
"Share"	ordinary share of HK$0.10 each in the share capital of the Company
"Subscription Price"	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option under the Scheme
"Substantial Shareholder"	a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company
"Tidestone Group"	CIL and its subsidiaries
"Timor-Leste"	The Democratic Republic of Timor-Leste
"TTSA"	Timor Telecom, S.A., a company incorporated in Timor-Leste with limited liability
"UK"	The United Kingdom of Great Britain and Northern Ireland
"UM"	University of Macau
"US$"	United States dollar, the lawful currency of USA
"USA"	The United States of America
"VHL"	Vodatel Holdings Limited, details of which can be referred to in Note 10 to the consolidated financial statements
"Year"	the year ended 31st December 2021