VODATEL

Stock Code: 8033

30 YEARS

The journey continues

2022
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

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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Hong Kong

Registered Office

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Head Office and Principal Place of Business

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Place of Business in Hong Kong

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Website

http://www.vodatelsys.com

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
17/F, Far East Finance Centre
16 Harcourt Road
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,

Back in 2020 at the start of the pandemic, few could have anticipated its prolonged and destructive impact. In the midst of this unprecedented event, not only do we need to continue to manage our business from the fallout of the long tail of the pandemic, we also need to operate in an environment that riddled with external shocks on a global scale, from prolonged supply chain bottlenecks to tightening of monetary policies to curb inflationary pressures to increasing geopolitical tensions. In the face of such challenging headwinds, our Mainland China team continues to outperform and deliver creditable and solid results. Total contracts secured by Vodatel increased by over 33% from HK$420,000,000 in 2021 to HK$574,700,000 in 2022, which not only bounced back to pre-pandemic levels, but an all-time record since 2015. Headline revenue registered a year-on-year growth of 19% to HK$491,567,000 and we turned around and achieved profit before tax of HK$3,441,000 for the Year as compared to loss before tax of HK$5,450,000 for 2021.

Our prudent management in capital allocation and balance sheet management allows us to comfortably leverage our balance sheet in 2022 for additional banking facilities to support our robust business and the impacts from supply chain interruptions. We know that the dividends we pay are important to our Members. With financial flexibility and liquidity management at Vodatel not compromised, the Board proposes a final dividend of HK$0.01 per Share, which will be the ninth consecutive year where we declared a dividend payout.

Review and Outlook

The pandemic has challenged our customers, in particular communications service providers, on how they conduct business as they see increasing demands for network performance and reliability, business-critical connectivity, cost effective solutions and improved customer experience, making changes inevitable. They have definitely changed and so has Vodatel. The best proof that changes we made to our organisation design in working is not only how the new design can allow Vodatel to steer through challenges and headwinds, but how fast it can gear us to focus and flexibly grow our most profitable market. We believe Vodatel is heading the right direction as we saw solid growth momentum with our data networks and SD-WAN infrastructure business and how Mainland China has accelerated its growth business engine since the start of the pandemic with year-on-year organic sales growth of 28.5% in 2020, 61.4% in 2021 and 95.8% in 2022.

Macao finally shook off its COVID-Zero doldrums, sparking an influx of incoming visitors and a gradual recovery in consumption and economic activities. Under the new gaming concessions, gaming incumbents will need to operate under a new norm as they realise their non-gaming investment pledges to support the local government to move Macao away from a habitually gaming-reliant economy. Whether Vodatel can partner with the right vendor and how we can leverage our technology advantages to ride on this non-gaming wave will be put to a test.

Chairman's Statement

In the year ahead, albeit the lifting of pandemic curbs, we do not have to look far to see continuing difficult headwinds, including Macao steering towards non-gaming directives and economic challenges from prevailing global economic and geopolitical pressures, high inflation and lags from global supply disruptions. Faced with internal challenges and external shocks, we do not know what the future holds but we are cautiously optimistic about the growth prospects of all the markets that we operate. Without any doubt, we look forward with confidence and will remain committed to shape a better future for Vodatel.

Our Appreciation

Vodatel has a rich history as 2022 marked our 30th anniversary in business. The people here build the foundation and bring to where we stand today. Performance like what we delivered this year does not happen by chance, therefore, on behalf of the Board, I want to thank everyone at Vodatel for their effort, dedication and seamless support for each other.

I also want to specially express our deepest appreciation to the Macao team for their unwavering support and making sacrifices as we downsized the local team and introduced no-pay leave programme. I also want to applaud to my fellow executive Directors in joining me to take another pay cut during the Year.

The Board is ultimately accountable for the performance of the Company. Strategy, risk, performance and sustainability are inseparable, therefore we have commenced our succession planning with welcoming younger key personnel to the senior management team and focusing to right-size the team at Vodatel to strive for an empowered, accountable and stronger organisation. Neutrality and equality will remain the cornerstones as we attract, retain and develop the best talents with the skills, experience and diversity that will collectively uphold the highest ethical standards and corporate governance practices and carry out the responsibilities to create sustainable stakeholder value.

Finally, 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, 23rd March 2023

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 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

With Mainland China as the main growth engine, total contracts secured by the Group reached HK$574,700,000 during the Year, which not only represented a 33.44% year-on-year growth, but also back to pre-pandemic level.

Business in Macao

With the pandemic against the backdrop, total contracts secured by VHL and MDL in Macao increased marginally by 5.77% from HK$251,200,000 in 2021 to HK$265,700,000 in the Year.

As a tourist-centric city with overwhelming reliance on visitor arrivals from Mainland China, Macao had been following the nationwide pandemic control directives to contain the pandemic, making it highly sensitive to any local outbreak. With a local outbreak in June and a hard landing from the withdrawal of the zero-COVID policy in December, the gaming industry tumbled and had its worst annual gross revenue from games of fortune performance on record since 2010. 2022 was therefore another year of scepticism. Gaming operators had remained exceptionally cautious with their spending due to both the pandemic and upcoming renewal of the gaming concessions. Within the product domain of the Group, namely surveillance and data networks, gaming operators continued to put consideration of major capital expenditure strategy on hold and to shy away from any major upgrades and improvements to primarily focus on mandatory spending, such as maintenance. In the Year, the Group witnessed new low in total contracts signed, with only HK$44,700,000 worth of contracts secured from different gaming and hotel operators, which represented a drop of 6.27% as compared to 2021 and just a mere 19% of total contracts generated from the gaming sector in 2019.

Management Discussion and Analysis

Getting into 2023, Macao resumes on a tourism recovery journey and sees a backlog of visitors from Mainland China and Hong Kong coming to Macao. On 1st January 2023, the new ten-year gaming licences come into effect for the six gaming incumbents, where pledges of different investment sizes are made to attract visitors from international markets and to grow the non-gaming segment, such as sports, art, cultural events, and health and community tourism. As the Group has traditionally focused on the gaming domain, efforts will be made to ensure that the Group will have an active role in the non-gaming value chain as it evolves.

During the Year, the pandemic continued to decimate the investment appetite of different gaming operators, hence both VHL and MDL 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$221,000,000 worth of contracts from the Government of Macao and other key vertical markets, which represented a 8.59% year-on-year increase. 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, Customs, Financial Services Bureau, Legal Affairs Bureau, Municipal Affairs Bureau, Labour Affairs Bureau, Housing Bureau, to name a few, remain some of the key Government departments supported by both VHL and MDL.

Business in Hong Kong

The Hong Kong team has long faced with shortage of professionals skilled in IT (both marketing and technical), resulting in business remaining stagnant over the last five years. During the Year, the Hong Kong team continued to focus on serving its existing customer base and signed HK$46,900,000 worth of contracts, trailing behind total contracts secured in 2021 by 20.53%. Similar to previous years, over 90% of contracts secured related to data networks and SD-WAN infrastructure, with mix of these two business areas maintained around 40%/60% during both 2021 and the Year.

With difficulty generating organic growth in the Hong Kong market, in December 2021, the Group set up a new subsidiary in Hong Kong, Meta-V, to focus on assisting companies to offload their burden on IT infrastructure investment to a "pay when use" model, i.e. by shifting from capital expenditures to operating expenditures. Via partnering with a renowned global edge-to-cloud vendor, Meta-V offers managed services with AI and automation capabilities to companies, allowing them to enjoy comprehensive monitoring, optimisation and improvements across all areas of their IT needs. During the Year, with strong support of the vendor, Meta-V secured its first managed services contract from a leading mobile provider with operating subsidiaries in Hong Kong and Macao. Total value of contracts secured from the "pay when use" model and underlying server infrastructure totalled HK$26,200,000.

Business in Mainland China

Mainland China has grown to become the most profitable market for the Group and continues to outperform both the Macao and Hong Kong markets with an impressive organic year-on-year growth of 95.84% during the Year. Total contracts secured by the Mainland China team reached HK$236,000,000, which not only was an all-time record results since 2015, but also represented a growth multiple of over 23 times since 2015. Over 98% of business derives from the business segments of data networks infrastructure in data centres and SD-WAN infrastructure. During the Year, strong organic growth was witnessed in both areas.

Contracts of data networks infrastructure jumped by a whopping 126.94% or HK$170,100,000, principally attributable to the addition of a tier-one Internet technology leader that operates creative content platforms to the customer base of the Group, which comprises of local, regional and global telecommunications and Internet service/technology providers. Exciting new contracts received from this tier-one Internet technology leader during the Year included a series of contracts totalled HK$132,300,000 to install 100Gb and 400Gb data switches at newly built data centres located in Europe and North America.

Contracts of SD-WAN infrastructure also grew 41.08% to HK$62,600,000, with growth momentum explained by the continued collaborations with different communications service providers to market to customers operating at multi-sites regarding the benefits of deployment of SD-WAN infrastructure, which are operational costs savings and improved resource usage. This marketing strategy has proven to be successful as evidenced by the growth of SD-WAN business generated by the Mainland China team growing over the past six years from a mere HK$327,000 in 2017 to HK$62,600,000 in the Year. During the Year, key projects awarded via working in collaboration with different communication services provider included a project valued over HK$18,000,000 to build an SD-WAN infrastructure for a leading Internet technology company that operates creative content platforms with multi locations in Mainland China and overseas and a series of projects valued over HK$3,300,000 from one of the top ten ranked insurance company in Mainland China with business operations in more than two thousand locations and a team of over 50,000 employees.

Other Investment Holdings

Tidestone Group – The business focus of Tidestone Group remains on the promotion of the self-developed “Tidestone”– branded (local-hosted and cloud-based) network management system, with key modules including intelligent network management system, response support system, centralised alarm system, smart customer service platform and unified monitoring and management system for data centres. During the Year, total contracts collectively secured by Tidestone Group amounted to HK$22,200,000, which was similar to the preceding year. The telecommunications sector remains the core business sector of Tidestone Group with contracts secured from telecommunications service providers in the provinces of Guangdong, Jiangxi, Jiangsu, Hubei, Hebei, Tibet and Hunan and municipalities of Chongqing and Shanghai.

In November 2022, Tidestone Group was awarded the Hi-Tech Enterprise Certificate collectively issued by Jiangxi Science and Technology Institute, Jiangxi Provincial Finance Office and State Taxation Bureau Jiangxi Provincial Taxation Bureau. The certificate has a validity of three years.

TTSA – During the Year, TTSA continued to show improvements to its operating performance. As per the unaudited financial statements of TTSA, as at 31st December 2022, TTSA ended the Year with total assets of HK$286,034,000 and total equity of HK$63,511,000. Revenue grew 3.09% from HK$184,824,000 in 2021 to HK$190,537,000 in the Year while subsequent to undertaking a series of cost control measures, net profit for the Year increased to HK$12,411,000 as compared to HK$4,521,000 for the preceding year.

In October 2022, it was reported in the news that the Government of Timor-Leste has included in its 2023 state budget an amount of HK$113,821,000 to acquire the 54.01% equity stake of Oi in TTSA. As at 22nd March 2023, there is no further updates regarding this possible sale and purchase transaction between the Government of Timor-Leste and Oi. The Group will continue to keep close watch of any latest development.

With operating performance of TTSA turning around as evidenced by five consecutive quarters of profit-making track record and the Government of Timor-Leste stating its intention to acquire the equity stake of Oi in TTSA with an indicative valuation of TTSA in the press, the Group engaged an independent valuer to perform the latest valuation of TTSA. As at 31st December 2022, TTSA was revalued at HK$37,477,000.

Management Discussion and Analysis

REVIEW OF OPERATING RESULTS

Turnover and Profitability

Total contracts secured by the Group in the Year marked its record high since 2015 to reach HK$574,700,000 with the addition of a tier-one Internet technology leader that operates creative content platforms to its customer base. Although revenue for the Year grew to HK$491,567,000, which represented a 19.00% year-on-year growth over 2021 of HK$413,079,000, the Group suffered its biggest decline in gross profit margin with gross profit margin plummeting over five percentage points from 23.62% in 2021 to 18.31% in the Year. Factors attributable to this decline included keen competition from scarce works from gaming operators that materially drove down margins, heated competition from other SD-WAN vendors and managed services and supply of associated server bulk carrying low margins as the Group laid its first footstep in this market segment. Therefore, despite a 19.00% year-on-year growth in revenue, gross profit for the Year dropped from HK$97,549,000 in 2021 to HK$90,019,000, representing a 7.72% year-on-year decline.

Selling and marketing costs increased from HK$18,198,000 in 2021 to HK$18,469,000 for the Year. Sales commission paid to the sales team is based on gross profit generated from each contract, therefore, with average gross profit margin dropping to around 18%, over HK$1,600,000 less of sales commission were paid to the sales team. The drop in total sales commission paid was met with higher bank charges and freight costs, the latter of which increased by over HK$1,042,000, or a 13.88% year-on-year increase, as the pandemic continued to push up international shipping costs and the Group needed to accept partial delivery to minimise the long delivery lead time from equipment vendors so as to avoid major delays in the completion of various projects, especially those where customers have stipulated completion deadlines.

During the Year, administrative expenses decreased significantly from HK$84,048,000 in 2021 to HK$75,051,000. Staff costs have always been the biggest cost element. Since 2020, the Group underwent a series of moves, including the assignment of surplus resources from the gaming team to support non-gaming projects and those projects in the Mainland China and the introduction of an attrition and employment separations programme. Total number of employees dropped from 168 in 2020 to 155 in 2021, while wages and salaries declined from HK$74,822,000 in 2020 to HK$71,093,000 in 2021. The employment separation programme was extended into the Year to right-size the Group to a leaner and more efficient organisation. Coupled with the introduction of no-pay leave programme from August to December to all employees in Macao (employees with lower-paid roles were excluded from the programme) and major separation compensations mostly reflected in prior years, wages and salaries further reduced to HK$64,273,000 for the Year.

The Group remains fully committed to cost and cash productivity and continues to review its cost structure so that no area of cost left untouched. Via the ESG programme, the Group finds practical ways to streamline different processes and workflows and manages to make good progress in delivering environmentally sustainable business advantages. Cost savings across different facets were identified, from office utilities to printing and stationary to posting and courier. As a result, total savings of over HK$1,000,000 in administrative expenses were achieved during the Year.

Although a growth in the headline revenue was met with a dip in gross profit margin, high freight costs and a further impairment of HK$846,000 to the debt investments at fair value through other comprehensive income in relation to the default of CFLD and expected credit loss against certain contract assets, various exercises to control costs and gain on disposal of HK$5,667,000 from disposing partial equity in a loss-making entity, the Group reported profit before tax of HK$3,441,000 for the Year as compared to loss before tax of HK$5,450,000 for 2021.

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$13,628,000 as at 31st December 2022 as compared to HK$15,823,000 as at 31st December 2021. Aligned with a 19.00% year-on-year growth of its headline revenue, as at 31st December 2022, contract assets and trade receivables hiked to HK$219,013,000 while contract liabilities and trade payable increased to HK$134,356,000.

The Group continues to exercise capital discipline and maintains a solid balance sheet with gearing ratio (debt/equity) of 14.78% as at 31st December 2022. In anticipation that supply chain disruptions can potentially result in severe operational and financial consequences, the Group made available additional banking facilities for flexible liquidity management. During the Year, the Group experienced an exceptionally uneven distribution in revenue recognition, with over 40% of revenue recognised during the last quarter. As a result, unlike prior years where borrowing was unnecessary, the Group utilised HK$30,792,000 of its banking facilities as at 31st December 2022 to ride through this funding spike. In January 2023, all bank overdrafts were fully repaid and the Group reverted back to a balance sheet with no gearing.

Attributable to the revaluation of TTSA to HK$37,477,000, equity base increased to HK$208,296,000 as at 31st December 2022, of which cash and cash equivalents and yield-enhanced financial instruments (including pledged deposit) stood at HK$65,529,000. Among the bond holdings were HK$2,707,000 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), HK$2,414,000 from Chong Hing Bank Limited (a company incorporated in Hong Kong with limited liability and whose ordinary shares are listed on Main Board), HK$2,227,000 from HSBC Holdings PLC (a company incorporated in England, UK with limited liability and whose ordinary shares of US$0.50 each are listed on the Main Board and the London Stock Exchange in UK) and HK$2,144,000 from LS Finance (2017) Limited (a company incorporated in BVI with limited liability). For CFLD, on 2nd February 2023, interest-bearing instrument of indebtedness issued by CFLD with a coupon rate of 9% per annum and a maturity date of 31st July 2021 and 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, both were cancelled on 2nd February 2023, were restructured to three different instruments of indebtedness with coupon rates ranging from 0% to 2.5% per annum. As at 28th February 2023, the total market value of these new instruments of indebtedness was HK$752,000.

On 20th March 2023, the Company was notified of the official announcement made by the Swiss Financial Market Supervisory Authority that the Additional Tier 1 bonds issued by Credit Suisse Group AG (a company incorporated in Switzerland with limited liability and whose shares of CHF0.04 each are listed on the SIX Swiss Exchange in Switzerland) that the Group held with a nominal value of approximately HK$2,353,000 would be written off. The Board will continue to monitor closely for any relevant news so that appropriate pre-emptive steps may be taken.

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 where needed. Management believe that the current liquidity position, capital structure and banking facilities will suffice unexpected headwinds, including those brought by the aftermath of the pandemic, while providing flexibility to pursue and support new business opportunities.

EMPLOYEES' INFORMATION

As at 31st December 2022, the Group had 159 employees, of which 27, 19 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 New Scheme during the Year, whereby certain Directors and employees of the Group were granted Options under the Terminated Scheme. Details of the New Scheme are set out under the section "Share option schemes" 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 2022, the Group had significant investments of which the details are set out in Note 17 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 2022, bank deposit of approximately HK$3,470,000 was pledged for issuing a performance bond against a project in Hong Kong. Saved as disclosed, the Group did not have any charges on the assets of the Group.

Management Discussion and Analysis

DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS

During the Year, the Group disposed of 60% of the equity interest of GTVL at the consideration of RMB300,000 (approximately HK$351,000). Prior to the disposal, GTVL was an indirect partly-owned subsidiary of the Company as to 81.6%. Upon disposal, GTVL ceased to be a subsidiary of the Company and the financial results of GTVL was no longer consolidated with the results of the Group thereafter. GTVL is then held as to 21.6% by the Group. Save as disclosed, the Group had no material acquisitions or disposals.

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$851,000 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 75, 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 57, 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 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 54, 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 64, 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 industries for thirty-eight years. He is the Co-Founder and CEO of n-hop technologies Limited, a technology start-up in the data communication industry. He is currently a director of Hong Kong Applied Science and Technology Research Institute Company Limited, a member of the Research Grants Council 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 70, 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 49, 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 67, 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 53, 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 53, 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.

SENIOR MANAGEMENT (By alphabetical order) (Continued)

FOO Chun Ngai Redford, aged 49, 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.

FUNG Tsz Kwong, aged 59, is the lead project manager of the Group. He joined the Group in 2013 responsible for overseeing major projects involving mission critical turnkey solutions in surveillance, data networks and specialised systems in Macao and Hong Kong. Prior to joining the Group, he worked for different leading IT companies and networking vendors and accumulated over twenty years of strong project management experience.

HO Wai Sam, aged 60, 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 57, 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 52, 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.

LUO Zhien, aged 37, is the lead network engineer of the Group. He first joined a subsidiary of the Company in Guangzhou in 2004 as junior engineer and was then transferred to the head office in Macao in 2005. Since joining the Group, he has obtained a number of top professional qualifications in networking and security and has been assigned to lead different key data networks projects in Macao and Mainland China.

SENIOR MANAGEMENT (By alphabetical order) (Continued)

MOK Chi Va, aged 57, 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 53, 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 52, 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 58, 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.

YU Miaojun, aged 48, is the regional business manager for key accounts of the Group in Mainland China. He graduated from Guangdong Jiaotong School, PRC in 1994. He joined the Group in 1998. Prior to joining the Group, he worked in Guangdong Highway Engineering Company.

Corporate Governance Report

1 Corporate governance practices

The Company applied the principles of good corporate governance by complying with the Code throughout the Year, except that:

(a) not all Directors participated in continuous professional development;

(b) the independent non-executive Directors did not attend the AGM held in the Year; and

(c) the management do not provide all Directors with monthly updates.

C.1.4	The Directors consider that briefing received from the Company Secretary is sufficient for them to render their contribution to the Board.
C.1.6	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. Nevertheless Members can send their enquiries and opinions to the Company for the attention of the independent non-executive Directors.
D.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 the Directors.

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	4/5	Present
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	4/5	Absent
Wong Kwok Kuen	5/5	Absent

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, Kuan Kin Man, Fung Kee Yue Roger and Wong Tsu An Patrick did not comply with Code C.1.4.

Monica Maria Nunes complied with Code C.1.4 by attending seminars organised by a university, a corporate business service provider, certain banks and an accounting firm.

Ho Wai Chung Stephen complied with Code C.1.4 by attending seminars organised by CAHK, HKMA and a membership organisation.

Wong Kwok Kuen complied with Code C.1.4 by attending seminars organised by LIBF, CGI, HKCGI, certain professional bodies, accounting firms and 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 A.2.1.

4 Chairman and Chief Executives

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

5 Non-executive Directors

Wong Kwok Kuen was reappointed for a two-year term expiring on 11th March 2024. Ho Wai Chung Stephen was reappointed for a two-year term expiring on 8th April 2024. Wong Tsu An Patrick was reappointed for a two-year term expiring on 3rd June 2024. Fung Kee Yue Roger was reappointed for a two-year term expiring on 29th September 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 salary increment for the Year of all the executive Directors. The Remuneration Committee also considered the terms of the service contract of each executive Director for a term of two years from 12th February 2022 and made recommendations to the Board.

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 Wong Tsu An Patrick to be reappointed in the AGM.

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$1,250,000 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)

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

Ho Wai Chung Stephen	5/5
Fung Kee Yue Roger	5/5
Wong Tsu An Patrick	4/5
Wong Kwok Kuen	5/5

During the Year, the Audit Committee reviewed the financial reports for the year ended 31st December 2021, for the six months ended 30th June 2022 and for the periods ended 31st March 2022 and 30th September 2022. The Audit Committee reviewed and discussed the report of PwC to the Audit Committee for the year ended 31st December 2021. The Audit Committee considered the appointment of the Auditor to fill the casual vacancy following the resignation of PwC and reviewed the Auditor's proposal to serve the Company for the Year.

10 Members' rights and investor relations

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 the Act.

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.

A report was complied and presented to the Board and the Board conducted a review of the implementation and effectiveness of the Members' communication methods mentioned above in the Year.

During the Year, certain amendments were made to the Bye-laws to, among other things, bring the Bye-laws in alignment with the GEM Listing Rules, in particular the Core Shareholder Protection Standards set out in Appendix 3 of the GEM Listing Rules, and the Act.

10 Members' rights and investor relations (Continued)

The major areas of the amendments that were incorporated in the Bye-laws are summarised below:

(a) in alignment with paragraph 14(1) of Appendix 3 of the GEM Listing Rules, to provide that an AGM must be held in each financial year within six months after the end of the financial year of the Company;

(b) in alignment with paragraph 14(3) of Appendix 3 of the GEM Listing Rules, to provide that Members shall have the right to (i) speak at a general meeting, and (ii) vote at a general meeting except where a Member is required, by the GEM Listing Rules, to abstain from voting to approve the matter under consideration;

(c) in alignment with paragraph 17 of Appendix 3 of the GEM Listing Rules and section 89(5) of the Act, to provide that the Members may at any general meeting convened remove the Auditor before the expiration of its term by a resolution passed by a two-thirds majority;

(d) in alignment with paragraph 19 of Appendix 3 of the GEM Listing Rules, to provide that where a Member is a clearing house (such as Hong Kong Securities Clearing Company Limited, a company incorporated in Hong Kong with limited liability), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company and those representatives enjoy rights equivalent to the rights of other Members, including the right to speak and vote;

(e) in alignment with paragraph 20 of Appendix 3 of the GEM Listing Rules and section 66(1) of the Act, to provide that the register and branch register of Members shall be open to inspection by members of the public without charge;

(f) in alignment with paragraph 21 of Appendix 3 of the GEM Listing Rules, to provide that a special resolution passed by three-fourths of the Members in a general meeting is required to approve a voluntary winding up of the Company;

(g) in alignment with Rule 17.48A of the GEM Listing Rules, to update the circumstances under which a Director may vote (and be counted in the quorum) notwithstanding that the Director or any of the Director's Close Associates is materially interested; and

(h) in alignment with section 89(4) of the Act, to provide that the Directors may fill any casual vacancy in the office of Auditor, but while the vacancy continues the surviving or continuing Auditor, if any, may act. Further, to provide that the remuneration of any Auditor so appointed by the Directors may be fixed by the Board, and an Auditor so appointed shall hold office until the next following AGM of the Company and shall then be subject to appointment by the Members under the Bye-laws at such remuneration to be determined by the Members.

11 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.

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 ended 31st December 2021 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.

12 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.

13 Diversity

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.

The Company supports equal opportunity and welcomes a heterogeneous board. The Board now comprises of six male Directors and one female Director. Similar to when the Board is formed, potential successors to the Board continue to be evaluated based on dissimilar backgrounds, different skills and experiences and diverse social networks so as to ensure that any corporate matters, goals and objectives can be approached from a greater and broader range of perspectives.

All senior management of the Company have been with the Company for more than fifteen years. They are all male and have joined the Company when recruitment and retention of females in the field of IT and networks have been challenging, especially in Macao and Mainland China. As a means to ensure continuity of the culture of the Company, senior management have been selected and groomed internally instead of via external recruitment. All employees selected to be part of the succession planning programme are being assessed equally.

As at 31st December 2022, men comprised around 75% of the workforce and women around 25%. Due to the business nature of the Group, many frontline employees involved in installation works and on standby roster are males whereas back office support is mainly filled by females. The Company is gender neutral and does not have a specific target of gender ratio. The Company has implemented fair and impartial procedures to ensure that any candidate recruited is based on capabilities and fit for the job.

On behalf of the Board

José Manuel dos Santos
Chairman

Macao, 23rd March 2023

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 2021.

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 0.7kg to 4kg 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 2022, the total workforce of the Group was analysed as follows:

Number of employees	159
By gender	
Male	119
Female	40
By employment type	
Full-time	153
Contract	6
By age group	
Below 30	14
30 to 50	90
Over 50	55
By geographical region	
Mainland China	27
Hong Kong	19
Macao	113

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

Rate of employee turnover	6.35%
By gender	
Male	6.72%
Female	5.19%
By age group	
Below 30 (Note 1)	27.59%
30 to 50	5.56%
Over 50 (Note 2)	1.89%
By geographical region	
Macao	5.29%
Hong Kong (Note 1)	18.18%
Mainland China (Note 2)	3.64%

Notes:

1 A subsidiary of the Company customarily offers internship to university students to engage in marketing activities,

2 One employee reaching retirement age sought retirement from the Group.

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 need 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	27.74%
Female	5%
By category	
Executive Directors and senior management	30%
Other employees	20.28%

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

By gender	
Male	24.39
Female	1.31
By category	
Executive Directors and senior management	10.94
Other employees	19.44

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	25
Macao	7
Hong Kong	12
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 We continued to support MAIDS, an association with a core focus on the provision of job opportunities to the mentally-challenged. In January 2023, we made a payment of MOP30,000 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;

2 During the Year, to arouse support of the less fortunate in the local community, we partnered with a local restaurant to provide catering services to MAIDS; and

3 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.**

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 present their report and the audited financial statements for the Year.

Principal activities and business review

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the design, sale and implementation of network and system infrastructure; customer data automation, customisation and integration; and provision of technical support services.

Results and dividends

The profit of the Group for the Year and the financial position of the Group as at 31st December 2022 are set out in the financial statements on pages 58 to 61.

The Directors recommend the payment of a final dividend of HK$0.01 per Share in respect of the Year to Members.

Summary financial information

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 136. This summary does not form part of the audited financial statements.

Share capital, share options, warrants and convertible bonds

Details of movements in the Options during the Year are set out in Note 28 to the financial statements. There were no movements in the share capital of the Company during the Year.

Purchase, redemption or sale of listed securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the Year.

Distributable reserves

As at 31st December 2022, the reserves of the Company available for distribution, calculated in accordance with the provisions of the Act, amounted to HK$129,925,000, of which HK$6,161,000 has been proposed as a final dividend for the Year.

Charitable contributions

During the Year, the Group made charitable contributions totalling HK$152,000.

Major customers and suppliers

In the Year under review, sales to the five largest customers of the Group accounted for 55.51% of the total sales for the Year and sales to the largest customer included therein amounted to 30.60%. Purchases from the five largest suppliers of the Group accounted for 50.48% of the total purchases for the Year and purchases from the largest supplier included therein amounted to 15.31%.

None of the Directors or any of their Close Associates or any Member (which, to the best knowledge of the Directors, own more than 5% of the share capital of the Company) had any beneficial interest in the five largest customers of the Company.

Directors

The Directors during the Year were:

Executive Chairman:
José Manuel dos Santos

Executive Directors:
Kuan Kin Man
Monica Maria Nunes

Non-executive Directors:
Ho Wai Chung Stephen
Fung Kee Yue Roger*
Wong Tsu An Patrick*
Wong Kwok Kuen*

* Independent non-executive Directors

Directors (Continued)

In accordance with Article 87 of the Bye-laws, Ho Wai Chung Stephen will retire by rotation and, being eligible, will offer himself for re-election at the forthcoming AGM. To comply with the Code, Monica Maria Nunes and Wong Kwok Kuen will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM. The non-executive Director and independent non-executive Directors are appointed for periods of two years.

The Company has received annual confirmations of independence from Fung Kee Yue Roger, Wong Tsu An Patrick and Wong Kwok Kuen, and as at the date of this report still considers them to be independent.

Directors' and senior management's biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 14 to 17 of the annual report.

Directors' service contracts

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Permitted indemnity provision

During the Year, a permitted indemnity provision as defined in CO was in force.

Directors' interests in transactions, arrangements or contracts

Save the details disclosed in Note 31 to the financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, the holding company of the Company, or any of the subsidiaries or fellow subsidiaries of the Company was a party during the Year.

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.

Directors' and Chief Executives' interests and short positions in Shares and underlying Shares and debentures

As at 31st December 2022, the relevant interests and short positions of the Directors and 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 the 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	–	58.26
Kuan Kin Man	Personal *(Note 2)*	22,952,500	–	3.74
Monica Maria Nunes	Personal *(Note 3)*	3,292,500	–	0.54
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 2022, 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 Kuan Kin Man's personal interest comprised 22,952,500 Shares. The aforesaid interest was held by Kuan Kin Man as beneficial owner.

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

4 Ho Wai Chung Stephen's personal interest 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 Fung Kee Yue Roger's personal interest 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 Wong Tsu An Patrick's personal interest 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 Wong Kwok Kuen's personal interest 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.

Share option schemes

The Company operated the Terminated Scheme and the New Scheme for the purpose of rewarding 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. Further details of the Terminated Scheme are disclosed in Note 28 to the financial statements.

Pursuant to the New 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 New Scheme as at 31st December 2022 was 61,611,500, representing 10% of the issued share capital of the Company as at 31st December 2022.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each Grantee under the New Scheme (including both exercised and outstanding options) in any twelve-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme of the Company other than those options granted pursuant to specific approval by the Members in a general meeting) exceed 1% of the Shares in issue for the time being.

An option may be exercised in accordance with the terms of the New Scheme at any time during the period, in respect of any particular option, 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.

Share option schemes (Continued)

The New Scheme was adopted for a period of ten years commencing on 17th June 2022.

The following table discloses movements in the Options outstanding during the Year:

Name or category of participant	Number of Options: As at 1st January 2022	Lapsed during the Year	As at 31st December 2022	Date of grant of Options*	Exercise period of Options	Exercise price of Options per Share HK$
Directors						
Ho Wai Chung Stephen	350,000	–	350,000	9th April 2020	10th April 2020 to 9th April 2023	0.12
Fung Kee Yue Roger	350,000	–	350,000	9th April 2020	10th April 2020 to 9th April 2023	0.12
Wong Tsu An Patrick	350,000	–	350,000	9th April 2020	10th April 2020 to 9th April 2023	0.12
Wong Kwok Kuen	350,000	–	350,000	9th April 2020	10th April 2020 to 9th April 2023	0.12
Director's daughter						
Sonia Andreia dos Santos	144,000	–	144,000	9th April 2020	10th April 2020 to 9th April 2023	0.12
Other employees						
In aggregate	15,190,000	(352,000)	14,838,000	9th April 2020	10th April 2020 to 9th April 2023	0.12
	16,734,000	(352,000)	16,382,000			

As at 31st December 2022, the Company had 16,382,000 Options outstanding under the Terminated Scheme. Should they be fully exercised, the Company will receive HK$1,966,000 (before issue expenses).

Save as disclosed above, at no time during the Year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Contract of significance

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 contracts of significance in relation to the business of the Group in which the Company, any of its subsidiaries or fellow subsidiaries, or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the Year.

Substantial Shareholders' interests and short positions in 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 2022, 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:

Long positions:

Name	Notes	Capacity and nature of interest	Number of Shares held	Percentage of the share capital of the Company
ERL	1	Corporate	357,945,500	58.10
OHHL	1	Corporate	357,945,500	58.10
Lei Hon Kin	2	Family	357,945,500	58.10

Notes:

1 As at 31st December 2022, 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, José Manuel dos Santos's spouse, was deemed to be interested in all the interests of José Manuel dos Santos.

Connected transactions

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

Connected transactions (Continued)

On 17th February 2023, VNHKHL entered into a joint venture agreement with Shannon and Meta-V (a direct wholly-owned subsidiary of VNHKHL and an indirect wholly-owned subsidiary of the Company immediately before completion of the Subscription), pursuant to which, amongst others, VNHKHL agreed to advance HK$8,000,000 to Meta-V upon completion of the Subscription in the form of shareholder's loan without interest.

Immediately upon completion of the Subscription, VNHKHL and Shannon hold 60% and 40% of the issued share capital of Meta-V respectively. Ho Wai Chung Stephen (the non-executive Director) owns 50% of the issued share capital of Shannon. Accordingly, Meta-V became an indirect partly-owned connected subsidiary of the Company and constituted a connected person of the Company under the GEM Listing Rules immediately after Completion. As such, the advance of HK$8,000,000 by VNHKHL to Meta-V upon Completion constituted a connected transaction under Chapter 20 of the GEM Listing Rules.

Sufficiency of public float

Based on information that was publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules as at the Latest Practical Date.

Events after the reporting period

Details of the significant events of the Group after the reporting period are set out in the paragraph under "Connected Transactions" above and Note 17 in the consolidated financial statements.

Auditors

During the Year, PwC resigned as Auditors and Ernst & Young were appointed by the Directors to fill the casual vacancy so arising. There have been no other changes of Auditors in the past three years. A resolution for the reappointment of Ernst & Young as Auditors will be proposed at the forthcoming AGM.

On behalf of the Board

José Manuel dos Santos
Chairman

Hong Kong, 23rd March 2023

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Independent auditor's report
To the shareholders of Vodatel Networks Holdings Limited
(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Vodatel Networks Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 58 to 135, which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022, 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.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for expected credit losses on trade receivables and contract assets As at 31 December 2022, the Group had trade receivables of HK$183.6 million and contract assets of HK$35.5 million, respectively, after making loss allowance of HK$7.5 million and HK$2.3 million, respectively. The Group uses a provision matrix to calculate expected credit losses ("ECL") for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar credit risk characteristics. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. We identified the recoverability of trade receivables and contract assets as a key audit matter because the balances of trade receivables and contract assets were material to the Group and the recognition of expected credit losses was inherently subjective and required the exercise of significant management's judgements and estimations. Relevant disclosures are included in notes 3, 19 and 21 to the consolidated financial statements.	Our audit procedures to assess the provision for expected credit losses on trade receivables and contract assets included the following: • Evaluating and testing the methodology and data/parameters used by management, including historical loss information and forward-looking factors; • Executing substantive analytical review procedures by analysing the fluctuations of major customers' outstanding balances and trade receivable turnover days; • Assessing, on a sampling basis, the correctness of the ageing report of trade receivables at 31 December 2022 prepared by management by comparing the sample items with the relevant underlying documentation; • Testing, on a sampling basis, the subsequent settlements of trade receivables to cash receipts and the related supporting documentation; and • Evaluating the adequacy of related disclosures in the consolidated financial statements.

Key audit matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of unlisted equity investment As at 31 December 2022, the Group had unlisted equity investment measured at fair value through other comprehensive income of HK$37.5 million, representing approximately 9.1% of the total assets of the Group, which was measured at fair value and categorised as Level 3 within the fair value hierarchy as its fair value was measured using a valuation technique with significant unobservable inputs. The Group has engaged an independent professionally qualified valuer to perform the valuation of the investment. The external valuer has applied a valuation technique to determine the fair value of this unlisted investment that was not quoted in active markets. This valuation technique, in particular requiring significant unobservable inputs, involved subjective judgements and assumptions. Changes in the key inputs and assumptions on which the fair value of this unlisted equity investment is based could have a material impact on the valuation of this unlisted investment as at the end of the reporting period and could significantly affect the change in fair value being recognised for the reporting period. Relevant disclosures are included in notes 3, 17 and 33 to the consolidated financial statements.	Our audit procedures to assess the valuation of unlisted equity investment included the following: • Evaluating the objectivity and expertise of the valuer; • Assessing the valuation methodology adopted by the valuer; • Reviewing and testing the inputs and assumptions used for the valuation of the unlisted equity investment; and • Involving our internal valuation specialists to assist us in evaluating the key assumptions and methodology for the valuation of the unlisted equity investment of the Group, such as market comparables, valuation multipliers and the impact of lack of marketability and checking various inputs used against available market information.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises 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 the directors 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, 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 judgement and maintain professional scepticism 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 the 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 the 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 the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters 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 Chung Chi Ming.

Ernst & Young
Certified Public Accountants
Hong Kong
23 March 2023

Consolidated Statement of Profit or Loss

	Notes	Year ended 31st December 2022 HK$'000	2021 HK$'000
CONTINUING OPERATIONS			
REVENUE	5	**491,567**	413,079
Cost of sales		**(401,548)**	(315,530)
Gross profit		**90,019**	97,549
Other income and gains	5	**558**	748
Selling and marketing expenses		**(18,469)**	(18,198)
Administrative expenses		**(75,051)**	(84,048)
Impairment losses on financial and contract assets		**(2,240)**	(4,374)
Gain on disposal of a subsidiary	30	**5,667**	–
Operating profit/(loss)		**484**	(8,323)
Finance income		**3,051**	2,999
Finance costs	7	**(94)**	(126)
Finance income, net		**2,957**	2,873
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	6	**3,441**	(5,450)
Income tax expense	10	**(29)**	(312)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**3,412**	(5,762)
DISCONTINUED OPERATION			
Loss from a discontinued operation	11	**–**	(2,669)
PROFIT/(LOSS) FOR THE YEAR		**3,412**	(8,431)
Attributable to:			
Owners of the parent		**5,460**	(6,321)
Non-controlling interests		**(2,048)**	(2,110)
		3,412	(8,431)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic			
– For profit/(loss) for the Year		**0.89 HK cent**	(1.03 HK cents)
– For profit/(loss) from continuing operations		**0.89 HK cent**	(0.73 HK cent)
Diluted			
– For profit/(loss) for the Year		**0.88 HK cent**	(1.02 HK cents)
– For profit/(loss) from continuing operations		**0.88 HK cent**	(0.73 HK cent)

Consolidated Statement of Comprehensive Income

	Note	Year ended 31st December 2022 HK$'000	2021 HK$'000
PROFIT/(LOSS) FOR THE YEAR		**3,412**	(8,431)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Debt investments at fair value through other comprehensive income:			
Changes in the fair value		**(10,062)**	(3,073)
Release to profit or loss on disposal of debt instruments		**589**	157
Exchange differences:			
Exchange differences on translation of foreign operations		**228**	(121)
Release to profit or loss on disposal of subsidiaries		**(890)**	2,624
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(10,135)**	(413)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investment designated at fair value through other comprehensive income:			
Changes in fair value	17	**37,477**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**27,342**	(413)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**30,754**	(8,844)
Attributable to:			
Owners of the parent		**32,802**	(6,734)
Non-controlling interests		**(2,048)**	(2,110)
		30,754	(8,844)
Total comprehensive income/(loss) attributable to owners of the parent:			
Continuing operations		**32,802**	(7,544)
Discontinued operation		**–**	810
		32,802	(6,734)

Consolidated Balance Sheet

	Notes	As at 31st December 2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**2,106**	1,724
Right-of-use assets	15(a)	**2,493**	1,281
Investments in associates	16	**–**	–
Equity investment designated at fair value through other comprehensive income	17	**37,477**	–
Debt investments at fair value through other comprehensive income	17	**37,391**	58,858
Total non-current assets		**79,467**	61,863
CURRENT ASSETS			
Inventory	18	**13,628**	15,823
Trade receivables	19	**183,554**	113,021
Contract assets	21	**35,459**	63,190
Prepayment		**63,998**	46,616
Other receivables and deposits	20	**8,105**	8,103
Debt investments at fair value through other comprehensive income	17	**843**	3,800
Pledged deposit	22	**3,470**	–
Cash and cash equivalents	22	**23,825**	26,965
Total current assets		**332,882**	277,518
CURRENT LIABILITIES			
Trade payable	23	**93,250**	76,126
Other accounts payable and accruals	23	**17,433**	20,880
Interest-bearing bank borrowings	24	**30,792**	3,514
Lease liabilities	15(b)	**1,517**	989
Contract liabilities	25	**41,106**	44,912
Tax payable		**6,784**	8,131
Warranty provision	26	**12,174**	–
Total current liabilities		**203,056**	154,552
Net current assets		**129,826**	122,966
TOTAL ASSETS LESS CURRENT LIABILITIES		**209,293**	184,829

	Notes	As at 31st December 2022 HK$'000	2021 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	15(b)	**997**	357
Net assets		**208,296**	184,472
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	**61,771**	61,771
Other reserves	29	**152,341**	125,700
		214,112	187,471
Non-controlling interests		**(5,816)**	(2,999)
Total equity		**208,296**	184,472

José Manuel dos Santos
Director

Monica Maria Nunes
Director

Consolidated Statement of Changes in Equity

Year ended 31st December 2021

	Attributable to owners of the parent											
	Share capital HK$'000 (Note 27)	Contributed surplus HK$'000 (Note 36)	Share-based payments HK$'000	Capital redemption reserve HK$'000	Fair value reserve of financial assets at fair value through other comprehensive income HK$'000 (Note 29)	Merger reserve HK$'000 (Note 29)	Statutory reserve HK$'000 (Note 29)	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1st January 2021	61,570	97,676	8,059	702	338	35,549	49	2,493	(6,288)	200,148	(4,033)	196,115
Loss for the year ended 31st December 2021	–	–	–	–	–	–	–	–	(6,321)	(6,321)	(2,110)	(8,431)
Other comprehensive income/(loss) for the year ended 31st December 2021:												
Changes in fair value of debt instruments at fair value through other comprehensive income	–	–	–	–	1,117	–	–	–	–	1,117	–	1,117
Impairment loss on debt instruments at fair value through other comprehensive income	–	–	–	–	(4,190)	–	–	–	–	(4,190)	–	(4,190)
Reclassification to profit or loss – gross	–	–	–	–	157	–	–	–	–	157	–	157
Exchange differences related to foreign operations	–	–	–	–	–	–	–	(121)	–	(121)	–	(121)
Release to profit or loss on disposal of subsidiaries	–	–	–	–	–	–	–	2,624	–	2,624	–	2,624
Total comprehensive loss for the year ended 31st December 2021	–	–	–	–	(2,916)	–	–	2,503	(6,321)	(6,734)	(2,110)	(8,844)
Issue of Shares under Terminated Scheme	201	–	–	–	–	–	–	–	–	201	–	201
Disposal of subsidiaries	–	–	(777)	–	–	–	–	–	777	–	3,144	3,144
2020 final dividend paid	–	–	–	–	–	–	–	–	(6,144)	(6,144)	–	(6,144)
As at 31st December 2021	61,771	97,676	7,282	702	(2,578)	35,549	49	4,996	(17,976)	187,471	(2,999)	184,472

Consolidated Statement of Changes in Equity

Year

	Attributable to owners of the parent											
	Share capital HK$'000 (Note 27)	Contributed surplus HK$'000 (Note 36)	Share-based payments HK$'000	Capital redemption reserve HK$'000	Fair value reserve of financial assets at fair value through other comprehensive income HK$'000 (Note 29)	Merger reserve HK$'000 (Note 29)	Statutory reserve HK$'000 (Note 29)	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1st January 2022	61,771	97,676	7,282	702	(2,578)	35,549	49	4,996	(17,976)	187,471	(2,999)	184,472
Profit for the Year	-	-	-	-	-	-	-	-	5,460	5,460	(2,048)	3,412
Other comprehensive income/(loss) for the Year:												
Change in fair value of equity investment at fair value through other comprehensive income	-	-	-	-	37,477	-	-	-	-	37,477	-	37,477
Changes in fair value of debt instruments at fair value through other comprehensive income	-	-	-	-	(10,062)	-	-	-	-	(10,062)	-	(10,062)
Reclassification to profit or loss – gross	-	-	-	-	589	-	-	-	-	589	-	589
Exchange differences related to foreign operations	-	-	-	-	-	-	-	228	-	228	-	228
Release to profit or loss on disposal of a subsidiary	-	-	-	-	-	-	-	(890)	-	(890)	-	(890)
Total comprehensive income for the Year	-	-	-	-	28,004	-	-	(662)	5,460	32,802	(2,048)	30,754
Disposal of a subsidiary	-	-	(197)	-	-	-	-	-	197	-	(769)	(769)
2021 final dividend paid	-	(6,161)	-	-	-	-	-	-	-	(6,161)	-	(6,161)
As at 31st December 2022	61,771	91,515*	7,085*	702*	25,426*	35,549*	49*	4,334*	(12,319)*	214,112	(5,816)	208,296

* These reserves accounts comprise the consolidated other reserves of HK$152,341,000 (2021: HK$125,700,000) in the consolidated balance sheet.

Consolidated Statement of Cash Flows

	Notes	Year ended 31st December 2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax:			
From continuing operations		**3,441**	(5,450)
From a discontinued operation		**–**	(2,482)
Adjustments for:			
Finance income, net		**(2,957)**	(2,885)
Write-down of inventory to net realisable value	6	**1,060**	1,025
Impairment losses on financial and contract assets	6	**2,240**	4,374
Warranty provision		**12,174**	–
Net loss/(gain) on sale of financial assets at fair value through other comprehensive income (transfer on equity from disposal)	5	**589**	(157)
Gain on sale of a discontinued operation	11	**–**	(875)
Gain on disposal of a subsidiary	30	**(5,667)**	–
Depreciation of property, plant and equipment	14	**950**	1,143
Depreciation of right-of-use assets	15(a)	**1,410**	1,643
		13,240	(3,664)
Decrease in inventory		**1,135**	2,960
Increase in trade receivables		**(71,951)**	(5,840)
Decrease/(increase) in contract assets		**27,592**	(29,266)
Increase in prepayment, other receivables and deposits		**(17,559)**	(9,761)
Increase in trade payable		**21,053**	15,009
(Decrease)/increase in contract liabilities		**(3,806)**	4,573
(Decrease)/increase in other accounts payable and accruals		**(3,184)**	6,875
Cash used in operations		**(33,480)**	(19,114)
Interest element on lease liabilities	15(c)	**(80)**	(122)
Income taxes paid		**(1,096)**	(24)
Net cash flows used in operating activities		**(34,656)**	(19,260)

Consolidated Statement of Cash Flows

		Year ended 31st December	
	Notes	**2022** **HK$'000**	2021 HK$'000
Net cash flows used in operating activities		**(34,656)**	(19,260)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**3,051**	3,005
Purchases of items of property, plant and equipment		**(1,381)**	(350)
Proceeds from disposal of financial assets designated at fair value through profit or loss		**–**	5,929
Cash outflow in respect of a discontinued operation		**–**	(3,008)
Cash outflows in respect of disposal of a subsidiary	30	**(115)**	–
Purchases of debt instruments designated at fair value through other comprehensive income		**(4,818)**	(59,062)
Proceeds from disposal of debt instruments designated at fair value through other comprehensive income		**18,820**	33,075
Increase in pledged time deposit		**(3,470)**	–
Net cash flows from/(used in) investing activities		**12,087**	(20,411)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of Shares	27	**–**	201
New bank loans		**30,792**	3,514
Repayment of bank loans		**(3,514)**	–
Interest paid for bank loans		**(14)**	–
Principal portion of lease payments		**(1,332)**	(1,602)
Dividend paid		**(6,161)**	(6,144)
Net cash flows from/(used in) financing activities		**19,771**	(4,031)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,798)**	(43,702)
Cash and cash equivalents at beginning of year		**26,965**	70,891
Effect of foreign exchange rate changes, net		**(342)**	(224)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**23,825**	26,965
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	**23,825**	26,965

1 CORPORATE AND GROUP INFORMATION

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

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 the opinion of the Directors, the holding company of the Company is ERL and the ultimate holding company of the Company is OHHL.

Information about subsidiaries

Particulars of the principal subsidiaries of the Company are as follows:

Name	Place of incorporation/ registration and kind of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Indirect	Principal activities and place of operation
廣州市愛達利發展有限公司	PRC, limited liability company	RMB3,000,000	54	Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services in Mainland China
廣州市圖文資訊有限公司 (“GZIC”)	PRC, limited liability company	RMB1,000,000	44 (Note)	Provision of Internet related data services in Mainland China

1 CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Particulars of the principal subsidiaries of the Company are as follows: (Continued)

Name	Place of incorporation/ registration and kind of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Indirect	Principal activities and place of operation
廣州愛達利科技有限公司	PRC, limited liability company	HK$3,000,000	100	Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services in Mainland China
Mega Datatech Limited ("MDL")	Macao, limited liability company	MOP100,000	100	Provision of computer software, hardware and system integration in Macao
Meta-V Tech Services Limited ("Meta-V")	Hong Kong, limited liability company	100 ordinary shares	100	ICT hosting services, managed services and cloud services in Hong Kong
Vodatel Holdings Limited ("VHL")	BVI, limited liability company	10,000 ordinary shares of US$1 each	100	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
VDT Operator Holdings Limited	BVI, limited liability company	1,000 ordinary shares of US$1 each	100	Investment holding in Timor-Leste
Vodatel Networks (H.K.) Limited	Hong Kong, limited liability company	2 ordinary shares	100	Sale of data networking systems and provision of related engineering services in Hong Kong

1 CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Particulars of the principal subsidiaries of the Company are as follows: (Continued)

Name	Place of incorporation/ registration and kind of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Indirect	Principal activities and place of operation
Vodatel Systems Inc.	BVI, limited liability company	1,000 ordinary shares of US$1 each	100	Sale of data networking systems in Macao
Vodatel Systems (HK) Limited	BVI, limited liability company	1,000 ordinary shares of US$1 each	100	Provision of warehouse services in Hong Kong

Note: GZIC was a subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, was accounted for as a subsidiary by virtue of the control of the Company over it.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the Year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements were prepared in accordance with HKFRS, accounting principles generally accepted in Hong Kong and the disclosure requirements of CO. They were prepared under the historical cost convention, except for equity investment and debt instruments at fair value through other comprehensive income which were measured at fair value. These financial statements were presented in HK$ and all values were rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements included the financial statements of the Group for the Year. A subsidiary was an entity (including a structured entity), directly or indirectly, controlled by the Company. Control was achieved when the Group was exposed, or had rights, to variable returns from its involvement with the investee and had the ability to affect those returns through its power over the investee (i.e. existing rights that gave the Group the current ability to direct the relevant activities of the investee).

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

Generally, there was a presumption that a majority of voting rights resulted in control. When the Company had, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considered all relevant facts and circumstances in assessing whether it had power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the voting rights and potential voting rights of the Group.

The financial statements of the subsidiaries were prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries were consolidated from the date on which the Group obtained control, and continued to be consolidated until the date that such control ceased.

Profit or loss and each component of other comprehensive income were attributed to the owners of the parent of the Group and to the non-controlling interests, even if this resulted in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group were eliminated in full on consolidation.

The Group reassessed whether or not it controlled an investee if facts and circumstances indicated that there were changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, was accounted for as an equity transaction.

If the Group lost control over a subsidiary, it derecognised (d) the assets (including goodwill) and liabilities of the subsidiary, (e) the carrying amount of any non-controlling interest and (f) the cumulative translation differences recorded in equity; and recognised (g) the fair value of the consideration received, (h) the fair value of any investment retained and (i) any resulting surplus or deficit in profit or loss. The share of components of the Group previously recognised in other comprehensive income was reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group adopted the following revised HKFRS for the first time for the financial statements of the Year.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30th June 2021*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRS 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41

The nature and the impact of the revised HKFRS that were applicable to the Group are described below:

(a) Amendments to HKFRS 3 *Business Combinations* replaced a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also added to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework for Financial Reporting to determine what constitutes an asset or a liability. The exception specified that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies* if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework for Financial Reporting. Furthermore, the amendments clarified that contingent assets did not qualify for recognition at the acquisition date. The Group applied the amendments prospectively to business combinations that occurred on or after 1st January 2022. As there were no business combinations during the Year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to HKFRS 16 issued in April 2021 extended the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by twelve months. Accordingly, the practical expedient applied to rent concessions for which any reduction in lease payments affected only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient were met.

The Group adopted the amendment on 1st January 2022. However, the Group did not receive any covid-19-related rent concessions and therefore the amendment did not have any impact on the financial position and performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(c) Amendments to HKAS 16 *Property, Plant and Equipment* prohibited an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognised the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1st January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to HKAS 37 clarified that for the purpose of assessing whether a contract was onerous under HKAS 37, the cost of fulfilling the contract comprised the costs that related directly to the contract. Costs that related directly to a contract included both the incremental costs of fulfilling that contract (e.g. direct labour and materials) and an allocation of other costs that related directly to fulfilling that contract (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs did not relate directly to a contract and were excluded unless they were explicitly chargeable to the counterparty under the contract. The Group applied the amendments prospectively to contracts for which it had not yet fulfilled all its obligations as at 1st January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(e) *Annual Improvements to HKFRS 2018-2020* sets out amendments to HKFRS 1 *Presentation of Financial Statements,* HKFRS 9 *Financial Instruments*, Illustrative Examples accompanying HKFRS 16 *Leases*, and HKAS 41 *Agriculture*. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 clarified the fees that an entity included when assessing whether the terms of a new or modified financial liability were substantially different from the terms of the original financial liability. These fees included only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on behalf of the other. The Group applied the amendment prospectively from 1st January 2022. As there was no modification or exchange of the financial liabilities of the Group during the Year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS

The Group has not applied the following new and revised HKFRS, that were issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Note 3)*
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback (Note 2)*
HKFRS 17	*Insurance Contracts (Note 1)*
Amendments to HKFRS 17	*Insurance Contracts (Notes 1 and 5)*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information (Note 6)*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current ("2020 Amendments") (Notes 2 and 4)*
Amendments to HKAS 1	*Non-current Liabilities with Covenants ("2022 Amendments") (Note 2)*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies (Note 1)*
Amendments to HKAS 8	*Definition of Accounting Estimates (Note 1)*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Note 1)*

Notes:

1 Effective for annual periods beginning on or after 1st January 2023

2 Effective for annual periods beginning on or after 1st January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1st January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1st January 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS (CONTINUED)

Further information about those HKFRS that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 (2011) *Investments in Associates and Joint Ventures* address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the profit or loss of the investor only to the extent of the interest of the unrelated investor in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1st January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e. 1st January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the financial statements of the Group.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least twelve months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months after the reporting period. The amendments are effective for annual periods beginning on or after 1st January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the financial statements of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS (CONTINUED)

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in the financial statements of an entity, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1st January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1st January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the financial statements of the Group.

Amendments to HKAS 12 *Income Taxes* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1st January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The Group is in the process of performing a detailed assessment of the impact of these amendments upon initial application. Subject to further assessment, the amendments currently are not expected to have a significant impact on the financial statements of the Group in the period of initial application.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate was an entity in which the Group had a long term interest of generally not less than 20% of the equity voting rights and over which it was in a position to exercise significant influence. Significant influence was the power to participate in the financial and operating policy decisions of the investee, but was not control or joint control over those policies.

The investments in associates of the Group were stated in the consolidated balance sheet at the share of net assets of the Group under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The share of the post-acquisition results and other comprehensive income of associates of the Group was included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there was a change recognised directly in the equity of the associate, the Group recognised its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates were eliminated to the extent of the investments in the associates of the Group, except where unrealised losses provided evidence of an impairment of the assets transferred.

Upon loss of significant influence over the associate, the Group measured and recognised any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal was recognised in profit or loss.

Fair value measurement

The Group measured its equity investment and debt investments at fair value at the end of each reporting period. Fair value was the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement was based on the presumption that the transaction to sell the asset or transfer the liability took place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market had to be accessible by the Group. The fair value of an asset or a liability was measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants acted in their economic best interest.

A fair value measurement of a non-financial asset took into account the ability of a market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group used valuation techniques that were appropriate in the circumstances and for which sufficient data were available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (Continued)

All assets and liabilities for which fair value was measured or disclosed in the financial statements were categorised within the fair value hierarchy, described as follows, based on the lowest level input that was significant to the fair value measurement as a whole:

Level one – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level two – based on valuation techniques for which the lowest level input that was significant to the fair value measurement was observable, either directly or indirectly

Level three – based on valuation techniques for which the lowest level input that was significant to the fair value measurement was unobservable

For assets and liabilities that were recognised in the financial statements on a recurring basis, the Group determined whether transfers had occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that was significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment existed, or when annual impairment testing for an asset was required (other than inventory, contract assets, financial assets, and non-current assets), the recoverable amount of the asset was estimated. The recoverable amount of an asset was the higher of the value of the asset or the cash-generating unit in use and its fair value less costs of disposal, and was determined for an individual asset, unless the asset did not generate cash inflows that were largely independent of those from other assets or groups of assets, in which case the recoverable amount was determined for the cash-generating unit to which the asset belonged. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset was allocated to an individual cash-generating unit if it could be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (Continued)

An impairment loss was recognised only if the carrying amount of an asset exceeded its recoverable amount. In assessing value in use, the estimated future cash flows were discounted to their present value using a pre-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the asset. An impairment loss was charged to the statement of profit or loss in the period in which it arose in those expense categories consistent with the function of the impaired asset.

An assessment was made at the end of each reporting period as to whether there was an indication that previously recognised impairment losses might no longer exist or might have decreased. If such an indication existed, the recoverable amount was estimated. A previously recognised impairment loss of an asset other than goodwill was reversed only if there was a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss was credited to the statement of profit or loss in the period in which it arose.

Related parties

A party was considered to be related to the Group if:

(a) the party was a person or a close member of that person's family and that person

(i) had control or joint control over the Group;

(ii) had significant influence over the Group; or

(iii) was a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party was an entity where any of the following conditions applied:

(i) the entity and the Group were members of the same group;

(ii) one entity was an associate of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity was controlled or jointly controlled by a person identified in (a);

(iv) a person identified in (a)(i) had significant influence over the entity or was a member of the key management personnel of the entity (or of a parent of the entity); and

(v) the entity, or any member of a group of which it was a part, provided key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, were stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprised its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment were put into operation, such as repairs and maintenance, was normally charged to the statement of profit or loss in the period in which it was incurred. In situations where the recognition criteria were satisfied, the expenditure for a major inspection was capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment were required to be replaced at intervals, the Group recognised such parts as individual assets with specific useful lives and depreciated them accordingly.

Depreciation was calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 20%
Demonstration equipment	33⅓%
Furniture, fixtures and office equipment	20% to 50%
Motor vehicles	20%

Where parts of an item of property, plant and equipment had different useful lives, the cost of that item was allocated on a reasonable basis among the parts and each part was depreciated separately. Residual values, useful lives and the depreciation method were reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised was derecognised upon disposal or when no future economic benefits were expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the Year the asset was derecognised was the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Group assessed at contract inception whether a contract was, or contained, a lease. A contract was, or contained, a lease if the contract conveyed the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets were recognised at the commencement date of the lease (that was the date the underlying asset was available for use). Right-of-use assets were measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets included the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets were depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office building	Two years

Lease liabilities

Lease liabilities were recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Group used its IBR at the lease commencement date because the interest rate implicit in the lease was not readily determinable. After the commencement date, the amount of lease liabilities was increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities was remeasured if there was a modification, a change in the lease term, a change in lease payments (e.g. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Short-term leases

The Group applied the short-term lease recognition exemption to its short-term leases of offices (that was those leases that had a lease term of twelve months or less from the commencement date and did not contain a purchase option).

Lease payments on short-term leases were recognised as an expense on a straight-line basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets were classified, at initial recognition, as subsequently measured at amortised cost and fair value through other comprehensive income.

The classification of financial assets at initial recognition depended on the contractual cash flow characteristics of the financial asset and the business model of the Group for managing them. With the exception of trade receivables that did not contain a significant financing component or for which the Group applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measured a financial asset at its fair value plus transaction costs. Trade receivables that did not contain a significant financing component or for which the Group applied the practical expedient were measured at the transaction price determined under HKFRS 15 *Revenue from Contracts with Customers* in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needed to give rise to cash flows that were solely payments of principal and interest on the principal amount outstanding.

The business model of the Group for managing financial assets referred to how it managed its financial assets in order to generate cash flows. The business model determined whether cash flows would result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost were held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income were held within a business model with the objective of both holding to collect contractual cash flows and selling.

All regular way purchases and sales of financial assets were recognised on the trade date, that was, the date that the Group committed to purchase or sell the asset. Regular way purchases or sales were purchases or sales of financial assets that required delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depended on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost were subsequently measured using the effective interest method and were subject to impairment. Gains and losses were recognised in the statement of profit or loss when the asset was derecognised, modified or impaired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

The subsequent measurement of financial assets depends on their classification as follows: (Continued)

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals were recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes were recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income was recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group could elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they met the definition of equity under HKAS 32 *Financial Instruments: Presentation* and were not held for trading. The classification was determined on an instrument-by-instrument basis.

Gains and losses on these financial assets were never recycled to the statement of profit or loss. Dividends were recognised as other income in the statement of profit or loss when the right of payment was established, it was probable that the economic benefits associated with the dividend would flow to the Group and the amount of the dividend could be measured reliably, except when the Group benefited from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains were recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income were not subject to impairment assessment.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) was primarily derecognised (i.e. removed from the consolidated balance sheet) when:

- the rights to receive cash flows from the asset expired; or
- the Group transferred its rights to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group transferred substantially all the risks and rewards of the asset, or (b) the Group neither transferred nor retained substantially all the risks and rewards of the asset, but transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets (Continued)

When the Group transferred its rights to receive cash flows from an asset or entered into a pass-through arrangement, it evaluated if, and to what extent, it retained the risk and rewards of ownership of the asset. When it neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continued to recognise the transferred asset to the extent of the continuing involvement of the Group. In that case, the Group also recognised an associated liability. The transferred asset and the associated liability were measured on a basis that reflected the rights and obligations that the Group retained.

Continuing involvement that took the form of a guarantee over the transferred asset was measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognised an allowance for ECL for all debt instruments not held at fair value through profit or loss. ECL were based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows would include cash flows from the sale of collateral held or other credit enhancements that were integral to the contractual terms.

General approach

ECL were recognised in two stages. For credit exposures for which there had not been a significant increase in credit risk since initial recognition, Twelve-month ECL were provided. For those credit exposures for which there was a significant increase in credit risk since initial recognition, Lifetime ECL was required.

At each reporting date, the Group assessed whether the credit risk on a financial instrument increased significantly since initial recognition. When making the assessment, the Group compared the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considered reasonable and supportable information that was available without undue cost or effort, including historical and forward-looking information. The Group considered that there had been a significant increase in credit risk when contractual payments were more than thirty days past due.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach (Continued)

The Group considered a financial asset in default when contractual payments were eighteen months past due. The Group rebutted the ninety days past due presumption of default based on reasonable and supportable information, including the credit risk control practices of the Group and the historical recovery rate of financial assets over ninety days past due. However, the Group might also consider a financial asset to be in default when internal or external information indicated that the Group was unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For debt investments at fair value through other comprehensive income, the Group applied the low credit risk simplification. At each reporting date, the Group evaluated whether the debt investments were considered to have low credit risk using all reasonable and supportable information that was available without undue cost or effort. In making that evaluation, the Group reassessed the external credit ratings of the debt investments. It was the policy of the Group to measure ECL on such instruments on a twelve-month basis. However, when there was a significant increase in credit risk of debt investments since origination, the allowance would be based on the Lifetime ECL.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost were subject to impairment under the general approach and they were classified within the following stages for measurement of ECL except for trade receivables and contract assets which applied the simplified approach as detailed below.

Stage one – Financial instruments for which credit risk did not increase significantly since initial recognition and for which the loss allowance was measured at an amount equal to Twelve-month ECL

Stage two – Financial instruments for which credit risk increased significantly since initial recognition but that were not credit-impaired financial assets and for which the loss allowance was measured at an amount equal to Lifetime ECL

Stage three – Financial assets that were credit-impaired at the reporting date (but that were not purchased or originated credit-impaired) and for which the loss allowance was measured at an amount equal to Lifetime ECL

Simplified approach

For trade receivables and contract assets that did not contain a significant financing component or when the Group applied the practical expedient of not adjusting the effect of a significant financing component, the Group applied the simplified approach in calculating ECL. Under the simplified approach, the Group did not track changes in credit risk, but instead recognised a loss allowance based on Lifetime ECL at each reporting date. The Group established a provision matrix that was based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities were classified, at initial recognition, as loans and borrowings or accounts payable, as appropriate.

All financial liabilities were recognised initially at fair value and, in the case of loans and borrowings and accounts payables, net of directly attributable transaction costs.

The financial liabilities of the Group included trade payable, other accounts payable and accruals and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depended on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings were subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they were stated at cost. Gains and losses were recognised in the statement of profit or loss when the liabilities were derecognised as well as through the effective interest rate amortisation process.

Amortised cost was calculated by taking into account any discount or premium on acquisition and fees or costs that were an integral part of the effective interest rate. The effective interest rate amortisation was included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability was derecognised when the obligation under the liability was discharged or cancelled, or expired.

When an existing financial liability was replaced by another from the same lender on substantially different terms, or the terms of an existing liability were substantially modified, such an exchange or modification was treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts was recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial assets and financial liabilities were offset and the net amount was reported in the balance sheet if there was a currently enforceable legal right to offset the recognised amounts and there was an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventory

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprised cash on hand and demand deposits, less bank overdrafts which were repayable on demand and formed an integral part of the cash management of the Group.

For the purpose of the consolidated balance sheet, cash and cash equivalents comprised cash on hand and at banks, including term deposits, and assets similar in nature to cash, which were not restricted as to use.

Provisions

A provision was recognised when a present obligation (legal or constructive) arose as a result of a past event and it was probable that a future outflow of resources would be required to settle the obligation, provided that a reliable estimate could be made of the amount of the obligation.

When the effect of discounting was material, the amount recognised for a provision was the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time was included in finance costs in the statement of profit or loss.

The Group provided for warranties in relation to the project sales during the warranty period. Provisions for these assurance-type warranties granted by the Group were recognised based on the expectation of the level of repair and replacement to ensure the product should operate without defects and operated in conformity to the requirement of the customer specified in contracts.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax

Income tax comprised current and deferred tax. Income tax relating to items recognised outside profit or loss was recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities were measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that were enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the regions in which the Group operated.

Deferred tax was provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities were recognised for all taxable temporary differences, except:

- when the deferred tax liability arose from the initial recognition of goodwill or an asset or liability in a transaction that was not a business combination and, at the time of the transaction, affected neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences could be controlled and it was probable that the temporary differences would not reverse in the foreseeable future.

Deferred tax assets were recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax assets. Deferred tax assets were recognised to the extent that it was probable that taxable profit would be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses could be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arose from the initial recognition of an asset or liability in a transaction that was not a business combination and, at the time of the transaction, affected neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets were only recognised to the extent that it was probable that the temporary differences would reverse in the foreseeable future and taxable profit would be available against which the temporary differences could be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

The carrying amount of deferred tax assets was reviewed at the end of each reporting period and reduced to the extent that it was no longer probable that sufficient taxable profit would be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets were reassessed at the end of each reporting period and were recognised to the extent that it became probable that sufficient taxable profit would be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities were measured at the tax rates that are expected to apply to the period when the asset was realised or the liability was settled, based on tax rates (and tax laws) that were enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities were offset if and only if the Group had a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intended either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets were expected to be settled or recovered.

Government grants

Government grants were recognised at their fair value where there was reasonable assurance that the grant would be received and all attaching conditions would be complied with. When the grant related to an expense item, it was recognised as income on a systematic basis over the periods that the costs, for which it was intended to compensate, were expensed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers was recognised when control of goods or services was transferred to the customers at an amount that reflected the consideration to which the Group expected to be entitled in exchange for those goods or services.

When the consideration in a contract included a variable amount, the amount of consideration was estimated to which the Group would be entitled in exchange for transferring the goods or services to the customer. The variable consideration was estimated at contract inception and constrained until it was highly probable that a significant revenue reversal in the amount of cumulative revenue recognised would not occur when the associated uncertainty with the variable consideration was subsequently resolved.

When the contract contained a financing component which provided the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue was measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contained a financing component which provided the Group with a significant financial benefit for more than one year, revenue recognised under the contract included the interest expense accrued on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services was one year or less, the transaction price was not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

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.

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.

Other income

Interest income was recognised on an accrual basis using the effective interest method by applying the rate that exactly discounted the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

A contract asset was the right to consideration in exchange for goods or services transferred to the customer. If the Group performed by transferring goods or services to a customer before the customer paid consideration or before payment was due, a contract asset was recognised for the earned consideration that was conditional. Contract assets were subject to impairment assessment, details of which were included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability was recognised when a payment was received or a payment was due (whichever was earlier) from a customer before the Group transferred the related goods or services. Contract liabilities were recognised as revenue when the Group performed under the contract (i.e. transferred control of the related goods or services to the customer).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Pension scheme

The Group operated a defined contribution plan and 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.

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.

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.

Share-based payments

The Company operated share option schemes for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the operations of the Group. Employees (including Directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions was recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions were fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflected the extent to which the vesting period expired and the best estimate of the Group of the number of equity instruments that would ultimately vest. The charge or credit to the statement of profit or loss for a period represented the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions were not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met was assessed as part of the best estimate of the Group of the number of equity instruments that would ultimately vest. Market performance conditions were reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, were considered to be non-vesting conditions. Non-vesting conditions were reflected in the fair value of an award and lead to an immediate expensing of an award unless there were also service and/or performance conditions.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

Share-based payments (Continued)

For awards that did not ultimately vest because non-market performance and/or service conditions were not met, no expense was recognised. Where awards included a market or non-vesting condition, the transactions were treated as vesting irrespective of whether the market or non-vesting condition was satisfied, provided that all other performance and/or service conditions were satisfied.

Where the terms of an equity-settled award were modified, as a minimum an expense was recognised as if the terms had not been modified, if the original terms of the award were met. In addition, an expense was recognised for any modification that increased the total fair value of the share-based payments, or was otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award was cancelled, it was treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award was recognised immediately. This included any award where nonvesting conditions within the control of either the Group or the employee were not met. However, if a new award was substituted for the cancelled award, and was designated as a replacement award on the date that it was granted, the cancelled and new awards were treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding Options was reflected as additional share dilution in the computation of earnings/(loss) per Share. Information relating to the Terminated Scheme is set out in Note 28.

Borrowing costs

All borrowing costs were expensed in the period in which they were incurred. Borrowing costs consisted of interest and other costs that an entity incurred in connection with the borrowing of funds.

Dividends

Final dividends were recognised as a liability when they were approved by the Members in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

These financial statements were presented in HK$, which was the functional currency of the Company. Each entity in the Group determined its own functional currency and items included in the financial statements of each entity were measured using that functional currency. Foreign currency transactions recorded by the entities in the Group were initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies were translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items were recognised in the statement of profit or loss.

Non-monetary items that were measured in terms of historical cost in a foreign currency were translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency were translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value was treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss was recognised in other comprehensive income or profit or loss was also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction was the date on which the Group initially recognised the non-monetary asset or non-monetary liability arising from the advance consideration. If there were multiple payments or receipts in advance, the Group determined the transaction date for each payment or receipt of the advance consideration.

The functional currency of subsidiaries and associates in Mainland China and Macao were RMB and MOP respectively. As at the end of the reporting period, the assets and liabilities of these entities were translated into HK$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss were translated into HK$ at the exchange rates that approximated to those prevailing at the dates of the transactions.

The resulting exchange differences were recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation was recognised in the statement of profit or loss.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements of the Group required management to make judgements, estimates and assumptions that affected the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for ECL on trade receivables and contract assets

The Group used a provision matrix to calculate ECL for trade receivables and contract assets. The provision matrix was initially based on the historical observed default rates of the Group. The Group would calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions were expected to deteriorate over the next year which could lead to an increased number of defaults in the technology sector, the historical default rates were adjusted. At each reporting date, the historical observed default rates were updated and changes in the forward-looking estimates were analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECL was a significant estimate. The amount of ECL was sensitive to changes in circumstances and forecast economic conditions. The historical credit loss experience and forecast of economic conditions of the Group might also not be representative of actual default of a customer in the future. The information about the ECL on the trade receivables and contract assets of the Group was disclosed in Note 19 and Note 21 to the financial statements, respectively.

Warranty provision

The Group identified assurance-type warranty presented in the contract terms and conditions for ensuring the product shall operate without defeats and operated in the conformity to the requirement of the customer. Management estimated the related provision for future warranty based on historical or relevant information that required to settle the obligation of the Group.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

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.

Fair value of unlisted equity investment

The unlisted equity investments were valued based on a market-based valuation technique as detailed in Note 33 to the financial statements. The valuation required the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group made estimates about the discount for lack of marketability. The Group classified the fair value of this investment as level three. The fair value of the unlisted equity investment as at 31st December 2022 was HK$37,477,000 (2021: Nil). Further details are included in Note 33 to the financial statements.

4 OPERATING SEGMENT INFORMATION

For management purposes, the Group was organised into business units based on their products and services and geographic perspective and had two reportable operating segments as follows:

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

(b) 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.

Management monitored the results of the operating segments of the Group separately for the purpose of making decisions about resource allocation and performance assessment. The executive Directors primarily used a measure of adjusted EBITDA 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.

4 OPERATING SEGMENT INFORMATION (CONTINUED)

Year	Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services — Mainland China HK$'000	Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services — Hong Kong and Macao HK$'000	Total HK$'000
Adjusted EBITDA	2,909	1,370	4,279
Segment results			
Reconciliation:			
Depreciation – property, plant and equipment			(950)
Depreciation – right-of-use assets			(1,410)
Finance income – net			2,957
Loss on disposal of financial assets at fair value through other comprehensive income			(589)
Impairment of debt investments at fair value through other comprehensive income			(846)
Profit before tax from continuing operations			3,441
Segment assets	24,803	311,835	336,638
Reconciliation:			
Debt investments at fair value through other comprehensive income			38,234
Equity investment at fair value through other comprehensive income			37,477
Total assets			412,349
Other segment information			
Continuing operations			
Impairment on financial and contract assets at amortised cost	(491)	(903)	(1,394)
Income tax credit/(expense)	24	(53)	(29)
Depreciation	(392)	(1,968)	(2,360)
Additions to property, plant and equipment	74	1,307	1,381

4 OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31st December 2021	Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services Mainland China HK$'000	Hong Kong and Macao HK$'000	Total HK$'000
Adjusted EBITDA	(2,370)	348	(2,022)
Segment results			
Reconciliation:			
Depreciation – property, plant and equipment			(838)
Depreciation – right-of-use assets			(1,430)
Finance income – net			2,873
Gain on disposal of financial assets at fair value through other comprehensive income			157
Impairment of debt investments at fair value through other comprehensive income			(4,190)
Loss before tax from continuing operations			(5,450)
Segment assets	22,133	254,590	276,723
Reconciliation:			
Debt investments at fair value through other comprehensive income			62,658
Total assets			339,381
Other segment information			
Continuing operations			
Reversal/(impairment) on financial and contract assets at amortised cost	30	(214)	(184)
Income tax expense	(26)	(286)	(312)
Depreciation	(547)	(1,721)	(2,268)
Additions to property, plant and equipment	26	230	256
Discontinued operation			
Income tax expense			(187)
Depreciation			(518)
Additions to property, plant and equipment			94

4 OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information – revenue from external customers

	2022 HK$'000	2021 HK$'000
Hong Kong and Macao	**255,849**	265,536
Mainland China	**235,718**	147,543
	491,567	413,079

The revenue information of continuing operations above was based on the locations of the customers.

Information about a major customer

Revenue of approximately HK$114,386,000 (2021: HK$102,439,000) was derived from a single group of external customers. This was 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.

5 REVENUE, OTHER INCOME AND GAINS

(a) Disaggregated revenue information

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2022 HK$'000	2021 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services	**37,363**	29,158

5 REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(b) Performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31st December are as follows:

	2022 HK$'000	2021 HK$'000
Amounts expected to be recognised as revenue:		
Within one year	**27,290**	24,822
After one year	**11,950**	15,023
	39,240	39,845

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to provision of technical services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations were expected to be recognised as revenue within one year. The amounts disclosed above did not include variable consideration which was constrained.

	2022 HK$'000	2021 HK$'000
Other income and gains		
(Loss)/gain on disposal of financial assets at fair value through other comprehensive income	**(589)**	157
Others	**1,147**	591
	558	748

6 PROFIT/(LOSS) BEFORE TAX

The profit/(loss) before tax of the Group from continuing operations was arrived at after charging/(crediting):

	Notes	**2022 HK$'000**	2021 HK$'000
Cost of inventory sold		**278,355**	218,517
Cost of services provided		**122,133**	95,988
Depreciation of property, plant and equipment	14	**950**	838
Depreciation of right-of-use assets	15(a)	**1,410**	1,430
Lease payments not included in the measurement of lease liabilities	15(c)	**362**	398
Auditor's remuneration		**1,250**	1,412
Employee benefit expense (excluding Directors' fee, social security and pension costs (Note 8)):			
Wages and salaries		**64,273**	71,093
Pension scheme contributions (defined contribution scheme) (Note (a))		**232**	226
		64,505	71,319
Foreign exchange differences, net		**(851)**	(1)
Impairment of financial and contract assets:			
Impairment of trade receivables	19	**1,255**	154
Impairment of contract assets	21	**139**	30
Impairment of debt investments at fair value through other comprehensive income		**846**	4,190
		2,240	4,374
Write-down of inventory to net realisable value		**1,060**	1,025
Product warranty provision related to project sales:	26		
Additional provision		**12,174**	–
Bank interest income		**(3,051)**	(2,999)
Government grants (Note (b))		**(829)**	(194)
Loss on disposal of items of property, plant and equipment		**–**	13

Notes:

(a) There were no forfeited contributions that might be used by the Group as the employer to reduce the existing level of contributions.

(b) There are no unfulfilled conditions or contingencies related to these grants.

7 FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2022 HK$'000	2021 HK$'000
Interest on bank loans	**14**	19
Interest on lease liabilities	**80**	107
	94	126

8 DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

Directors' and Chief Executive's remuneration for the Year, disclosed pursuant to the GEM Listing Rules, section 383(1)(a), (b), (c) and (f) of CO and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2022 HK$'000	2021 HK$'000
Fees	**870**	870
Other emoluments:		
Salaries	**7,938**	8,526
Pension scheme contributions	**23**	23
	7,961	8,549
	8,831	9,419

(a) Independent non-executive Directors

The fees paid to independent non-executive Directors during the Year were as follows:

	2022 HK$'000	2021 HK$'000
Fung Kee Yue Roger	**120**	120
Wong Tsu An Patrick	**120**	120
Wong Kwok Kuen	**120**	120
	360	360

There were no other emoluments payable to the independent non-executive Directors during the Year (2021: Nil).

8 DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (CONTINUED)

(b) Executive Directors, a non-executive Director and the Chief Executives

	Fees HK$'000	**Salary HK$'000**	**Pension scheme contributions HK$'000**	**Total remuneration HK$'000**
Year				
Executive Directors:				
José Manuel dos Santos	**130**	**5,064**	**–**	**5,194**
Kuan Kin Man	**130**	**1,288**	**–**	**1,418**
Monica Maria Nunes	**130**	**1,586**	**23**	**1,739**
	390	**7,938**	**23**	**8,351**
Non-executive Director:				
Ho Wai Chung Stephen	**120**	**–**	**–**	**120**
	510	**7,938**	**23**	**8,471**

	Fees HK$'000	Salary HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31st December 2021				
Executive Directors:				
José Manuel dos Santos	130	5,432	–	5,562
Kuan Kin Man	130	1,393	–	1,523
Monica Maria Nunes	130	1,701	23	1,854
	390	8,526	23	8,939
Non-executive Director:				
Ho Wai Chung Stephen	120	–	–	120
	510	8,526	23	9,059

Kuan Kin Man and Monica Maria Nunes were also managing directors. They collectively took up the functions as Chief Executives.

During the Year, José Manuel dos Santos waived emoluments of HK$422,000 (2021: Nil), Kuan Kin Man waived emoluments of HK$108,000 (2021: Nil) and Monica Maria Nunes waived emoluments of HK$132,000 (2021: Nil).

9 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Year included three Directors (2021: three Directors), details of whose remuneration are set out in Note 8 above. Details of the remuneration for the Year of the remaining two (2021: two) highest paid employees who were neither a Director nor Chief Executive are as follows:

	2022 **HK$'000**	2021 HK$'000
Salaries and allowances	**2,192**	2,016
Performance related bonuses	**271**	51
Pension scheme contributions	**21**	21
	2,484	2,088

The number of non-Director and non-Chief Executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2022	2021
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**2**	1
	2	2

The number of individuals of senior management whose remuneration fell within the following bands is as follows:

	Number of employees	
	2022	2021
Nil to HK$500,000	**1**	–
HK$500,001 to HK$1,000,000	**9**	8
HK$1,000,001 to HK$1,500,000	**3**	2
	13	10

10 INCOME TAX

No Hong Kong profits tax were provided in the current and prior years as the Group had available tax losses brought forward from prior years. Taxes on profits assessable elsewhere were calculated at the rates of tax prevailing in the jurisdictions in which the Group operated.

	2022 **HK$'000**	2021 HK$'000
Current – Macao		
Charge for the year	**53**	286
Current – Mainland China		
Charge for the year	**–**	213
Overprovision in prior years	**(24)**	–
	29	499
Total tax charge for the year from continuing operations	**29**	312
Total tax charge for the year from a discontinued operation	**–**	187
	29	499

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries were domiciled to the tax expense at the effective tax rates, is as follows:

Year

	Total **HK$'000**
Profit before tax from continuing operations	**3,441**
Tax at the statutory tax rate	**39**
Adjustments in respect of current tax of previous periods	**(24)**
Income not subject to tax	**(130)**
Expenses not deductible for tax	**707**
Tax losses utilised from previous periods	**(1,323)**
Tax losses not recognised	**760**
Tax charge at the effective rate of the Group	**29**

10 INCOME TAX (CONTINUED)

Year ended 31st December 2021

	Total HK$'000
Loss before tax from continuing operations	(5,450)
Loss before tax from a discontinued operation	(2,482)
	(7,932)
Tax at the statutory tax rate	(1,189)
Income not subject to tax	(1,862)
Expenses not deductible for tax	144
Tax losses utilised from previous periods	(30)
Tax losses not recognised	3,436
Tax charge at the effective rate of the Group	499

11 DISCONTINUED OPERATION

On 30th December 2021, the Group disposed of 32.36% of the equity interest of Tidestone Group and it was reported in the year ended 31st December 2021 as a discontinued operation.

The results of Tidestone Group for the year ended 31st December 2021 are presented below:

	2021 HK$'000
Revenue	11,206
Expenses	(14,760)
Other gains – net	19
Operating loss	(3,535)
Finance income	6
Finance costs	(15)
Loss after income tax from the discontinued operation	(3,544)
Gain on sale of Tidestone Group after income tax	875
Loss from the discontinued operation	(2,669)

11 DISCONTINUED OPERATION (CONTINUED)

The major classes of assets and liabilities of Tidestone Group as at 30th December 2021 were as follows:

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

The net cash flows incurred by Tidestone Group were as follows:

	2021 HK$'000
Operating activities	(732)
Investing activities	(95)
Financing activities	(201)
Net cash outflow	(1,028)

12 DIVIDEND

	2022 **HK$'000**	2021 HK$'000
Proposed final – HK$0.01 (2021: HK$0.01) per Share	**6,161**	6,144

The proposed final dividend for the Year is subject to the approval of the Members at the forthcoming AGM.

13 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per Share amounts was based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of Shares of 616,115,000 (2021: 614,794,000) in issue during the Year.

The calculation of the diluted earnings per Share amounts was based on the profit/(loss) for the year attributable to ordinary equity holders of the parent. The weighted average number of Shares used in the calculation was the number of Shares in issue during the Year, as used in the basic earnings per Share calculation, and the weighted average number of Shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential Shares into Shares.

The calculations of basic and diluted earnings/(loss) per Share were based on:

	2022 HK$'000	2021 HK$'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per Share calculation:		
From continuing operations	**5,460**	(4,513)
From a discontinued operation	**–**	(1,808)
	5,460	(6,321)

	Number of Shares	
	2022	2021
Shares		
Weighted average number of Shares in issue during the year used in the basic earnings per Share calculation (thousands)	**616,115**	614,794
Effect of dilution – weighted average number of Shares:		
Options (thousands)	**4,805**	3,444
	620,920	618,238

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Demonstration equipment HK$'000	Total HK$'000
31st December 2022					
As at 1st January 2022:					
Cost	**4,258**	**7,369**	**1,594**	**2,199**	**15,420**
Accumulated depreciation	**(3,086)**	**(6,914)**	**(1,523)**	**(2,173)**	**(13,696)**
Net carrying amount	**1,172**	**455**	**71**	**26**	**1,724**
As at 1st January 2022, net of accumulated depreciation	**1,172**	**455**	**71**	**26**	**1,724**
Additions	**388**	**301**	**692**	**–**	**1,381**
Depreciation provided during the Year	**(543)**	**(277)**	**(104)**	**(26)**	**(950)**
Derecognised for disposal of a subsidiary	**–**	**(43)**	**–**	**–**	**(43)**
Exchange realignment	**1**	**(5)**	**(2)**	**–**	**(6)**
As at 31st December 2022, net of accumulated depreciation	**1,018**	**431**	**657**	**–**	**2,106**
As at 31st December 2022:					
Cost	**4,634**	**7,169**	**1,285**	**2,199**	**15,287**
Accumulated depreciation	**(3,616)**	**(6,738)**	**(628)**	**(2,199)**	**(13,181)**
Net carrying amount	**1,018**	**431**	**657**	**–**	**2,106**
31st December 2021					
As at 1st January 2021:					
Cost	4,375	12,609	1,876	2,221	21,081
Accumulated depreciation	(2,785)	(11,413)	(1,766)	(2,173)	(18,137)
Net carrying amount	1,590	1,196	110	48	2,944
As at 1st January 2021, net of accumulated depreciation	1,590	1,196	110	48	2,944
Additions	47	290	–	13	350
Depreciation provided during the year ended 31st December 2021	(476)	(604)	(29)	(34)	(1,143)
Derecognised for discontinued operation	(5)	(444)	–	–	(449)
Exchange realignment	16	17	(10)	(1)	22
As at 31st December 2021, net of accumulated depreciation	1,172	455	71	26	1,724

15 LEASES – THE GROUP AS A LESSEE

(a) Right-of-use assets

The carrying amounts of the right-of-use assets of the Group and the movements during the Year are as follows:

	Buildings HK$'000
As at 1st January 2021	3,070
Exchange realignment	(146)
Depreciation charge	(1,643)
As at 31st December 2021 and 1st January 2022	1,281
Additions	3,080
Disposal of a subsidiary (Note 30)	(437)
Exchange realignment	(21)
Depreciation charge	(1,410)
As at 31st December 2022	2,493

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Year are as follows:

	2022 **HK$'000**	2021 HK$'000
Carrying amount as at 1st January	**1,346**	3,137
New leases	**3,080**	–
Payments	**(1,332)**	(1,791)
Disposal of a subsidiary (Note 30)	**(470)**	–
Exchange realignment	**(110)**	–
Carrying amount as at 31st December	**2,514**	1,346
Analysed into:		
Current portion	**1,517**	989
Non-current portion	**997**	357

The maturity analysis of lease liabilities is disclosed in Note 35 to the financial statements.

15 LEASES – THE GROUP AS A LESSEE (CONTINUED)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 HK$'000	2021 HK$'000
Interest on lease liabilities	**80**	122
Depreciation charge of right-of-use assets	**1,410**	1,643
Expense relating to short-term leases (included in administrative expenses)	**362**	986
Total amount recognised in profit or loss	**1,852**	2,751

16 INVESTMENTS IN ASSOCIATES

The amounts due to associates included in the other accounts payable and accruals of the Group totalling HK$164,000 (2021: HK$2,788,000) were unsecured, interest-free and are repayable on demand or within one year.

Particulars of the material associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and kind of legal entity	Percentage of ownership interest attributable to the Group	Principal activity
Capital Instant Limited ("CIL")	Ordinary share	BVI, limited liability company	49.91	Investment holding
廣州新科元電訊技術有限公司 (formerly Known as Guangzhou Thinker Vodatel Limited) ("GTVL")	Registered capital	PRC, limited liability company	21.60	Research and development of wireless data communications and Internet related products

The shareholdings of the Group in the associates all comprised equity held through wholly-owned subsidiaries of the Company.

17 EQUITY AND DEBT INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 HK$'000	2021 HK$'000
Equity investment designated at fair value through other comprehensive income		
Unlisted equity investment, at fair value – TTSA	**37,477**	–

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considered this investment to be strategic in nature.

	2022 HK$'000	2021 HK$'000
Debt investments designated at fair value through other comprehensive income		
Listed bonds	**38,234**	62,658

Debt investments 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.

On disposal of these debt investments, any related balance within the fair value through other comprehensive income reserve was reclassified to other income and gains, net within profit or loss.

On 20th March 2023, the Company was notified of the official announcement made by the Swiss Financial Market Supervisory Authority that the Additional Tier 1 bonds issued by Credit Suisse Group AG (a company incorporated in Switzerland with limited liability and whose shares of CHF0.04 each are listed on the SIX Swiss Exchange in Switzerland) that the Group held with a nominal value of approximately HK$2,353,000 would be written off.

18 INVENTORY

	2022 HK$'000	2021 HK$'000
Finished goods – networking equipment	**26,907**	28,042
Write-down of inventory to net realisable value	**(13,279)**	(12,219)
	13,628	15,823

19 TRADE RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**191,088**	123,434
Impairment	**(7,534)**	(10,413)
	183,554	113,021

19 TRADE RECEIVABLES (CONTINUED)

The trading terms of the Group with its customers were mainly 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. Each customer had a maximum credit limit. The Group sought to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances were reviewed regularly by senior management. In view of the aforementioned and the fact that the trade receivables of the Group related to a large number of diversified customers, there was no significant concentration of credit risk. The Group did not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables were non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, was as follows:

	2022 **HK$'000**	2021 HK$'000
Within three months	**165,157**	90,068
Four to six months	**11,102**	15,964
Seven to twelve months	**1,139**	1,714
Over twelve months	**6,156**	5,275
	183,554	113,021

The movements in the loss allowance for impairment of trade receivables are as follows:

	2022 **HK$'000**	2021 HK$'000
At beginning of year	**10,413**	15,450
Impairment losses (Note 6)	**1,255**	154
Derecognised loss allowance for discontinued operation	**–**	(5,484)
Derecognised loss allowance for disposal of a subsidiary	**(3,754)**	–
Currency translation difference	**(380)**	293
At end of year	**7,534**	10,413

An impairment analysis was performed at each reporting date using a provision matrix to measure ECL. The provision matrix was initially based on the historical observed default rates of the Group. The Group would calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

19 TRADE RECEIVABLES (CONTINUED)

Set out below was the information about the credit risk exposure on the trade receivables of the Group using a provision matrix:

As at 31st December 2022

	Within six months	Seven to twelve months	Over twelve months	Total
ECL rate	**0.38%**	**37.89%**	**50.06%**	**3.94%**
Gross carrying amount (HK$'000)	**176,926**	**1,834**	**12,328**	**191,088**
ECL (HK$'000)	**667**	**695**	**6,172**	**7,534**

As at 31st December 2021

	Within six months	Seven to twelve months	Over twelve months	Total
ECL rate	0.03%	0.23%	66.30%	8.44%
Gross carrying amount (HK$'000)	106,060	1,718	15,656	123,434
ECL (HK$'000)	29	4	10,380	10,413

20 OTHER RECEIVABLES AND DEPOSITS

	2022 HK$'000	2021 HK$'000
Other receivables and deposits	**22,205**	22,203
Impairment allowance	**(14,100)**	(14,100)
	8,105	8,103

Where applicable, an impairment analysis was performed for other receivables and deposits at each reporting date by considering the probability of default of comparable companies with published credit ratings.

The financial assets included in the above balances related to receivables for which there was no recent history of default and past due amounts, except for the other receivable due from a project owner. Due to uncertainty over the timing of its recoverability from the project owner, an ECL rate of 100% was employed. As at 31st December 2022 and 2021, the loss allowance of the remaining other receivables was assessed to be minimal.

21 CONTRACT ASSETS

	31st December 2022 HK$'000	31st December 2021 HK$'000	1st January 2021 HK$'000
Current contract assets	**37,729**	65,321	36,025
Impairment	**(2,270)**	(2,131)	(2,101)
	35,459	63,190	33,924

Contract assets were initially recognised for revenue earned from both sales of hardware and the provision of related design and implementation of network services under project sales as the receipt of consideration was conditional on successful completion of installation of the products. Upon completion of installation and acceptance by the customer, the amounts recognised as contract assets were reclassified to trade receivables. The decrease in contract assets in the Year was the result of the decrease in the ongoing sale of services and the provision of project sales as at 31st December 2022, while the increase in contract assets in the year ended 31st December 2021 was the result of the increase in the ongoing sale of services and the provision of project sales as at 31st December 2021.

The trading terms and credit policy of the Group with customers are disclosed in Note 19 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31st December is as follows:

	2022 HK$'000	2021 HK$'000
Within one year	**35,459**	63,190

The movements in the loss allowance for impairment of contract assets are as follows:

	2022 HK$'000	2021 HK$'000
At beginning of year	**2,131**	2,101
Impairment losses	**139**	30
At end of year	**2,270**	2,131

21 CONTRACT ASSETS (CONTINUED)

An impairment analysis was performed at each reporting date using a provision matrix to measure ECL. The provision rates for the measurement of the ECL of the contract assets were based on those of the trade receivables as the contract assets and the trade receivables were from the same customer bases. The provision matrix was initially based on the historical observed default rates of the Group. The Group would calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

Set out below is the information about the credit risk exposure on the contract assets of the Group using a provision matrix:

	2022 **HK$'000**	2021 HK$'000
ECL rate	**6.02%**	3.26%
Gross carrying amount (HK$'000)	**37,729**	65,321
ECL (HK$'000)	**2,270**	2,131

22 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSIT

	2022 **HK$'000**	2021 HK$'000
Cash and bank balances	**26,958**	26,628
Time deposit	**337**	337
	27,295	26,965
Less: Pledged time deposit	**(3,470)**	–
Cash and cash equivalents	**23,825**	26,965

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to HK$4,890,000 (2021: HK$9,115,000). RMB was not freely convertible into other currencies, however, under Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations in Mainland China, the Group was permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earned interest at floating rates based on daily bank deposit rates. Short term time deposits were made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earned interest at the respective short term time deposit rates. The bank balances and pledged deposit were deposited with creditworthy banks with no recent history of default.

A pledged time deposit represented a deposit amounting to HK$3,470,000 (2021: Nil) pledged to a bank to secure a performance bond granted to the Group.

23 TRADE AND OTHER ACCOUNTS PAYABLE

	2022 HK$'000	2021 HK$'000
Trade payable	**93,250**	76,126
Other accounts payable and accruals	**17,433**	20,880
	110,683	97,006

An ageing analysis of the trade payable as at the end of the reporting period, based on the invoice date, was as follows:

	2022 HK$'000	2021 HK$'000
Within three months	**87,652**	68,583
Four to six months	**1**	–
Seven to twelve months	**311**	2,244
Over twelve months	**5,286**	5,299
	93,250	76,126

The trade payable was non-interest-bearing.

24 INTEREST-BEARING BANK BORROWINGS

	2022			2021		
	Effective interest rates (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loan – unsecured	**4.6-7.0**	**2023**	**30,792**	5	2022	3,514

	2022 HK$'000	2021 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**30,792**	3,514

24 INTEREST-BEARING BANK BORROWINGS (CONTINUED)

Notes:

(a) The facilities of the Group amounting to US$4,000,000 (equivalent to HK$31,231,000) (2021: US$1,000,000, equivalent to HK$7,797,000), of which HK$30,792,000 (2021: HK$3,514,000) were utilised as at the end of the reporting period, were unsecured.

(b) Except for the HK$20,711,000 bank loan which was denominated in US$, all bank borrowings were denominated in HK$.

25 CONTRACT LIABILITIES

	31st December 2022 HK$'000	31st December 2021 HK$'000	1st January 2021 HK$'000
Short-term advances received from customers			
Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services	**41,106**	44,912	50,815

The decrease in contract liabilities in 2022 and 2021 was mainly due to the decrease in short-term advances received from customers in relation to the provision of technical support services at the end of the year.

26 WARRANTY PROVISION

	Warranty HK$'000
As at 1st January, 31st December 2021 and 1st January 2022	**–**
Additional provision (note 6)	**12,174**
As at 31st December 2022	**12,174**

The Group provided warranties to certain customers on certain of its services. Provision was made for the best estimate of the expected settlement under sales contracts recognised during the period. The estimation basis was reviewed on an ongoing basis and revised where appropriate.

27 SHARE CAPITAL

Shares

	2022 HK$'000	2021 HK$'000
Issued and fully paid:		
616,115,000 (2021: 616,115,000) Shares	**61,771**	61,771

A summary of movements in the issued capital of the Company is as follows:

	Number of shares in issue (thousands)	Issued capital HK$'000
As at 1st January 2021	614,435	61,570
Options exercised	1,680	201
As at 31st December 2021 and 2022	**616,115**	**61,771**

Options

Details of the Terminated Scheme and the Options are included in Note 28 to the financial statements.

28 TERMINATED SCHEME

The Terminated Scheme was adopted for a period of ten years commencing from 22nd June 2012 and was terminated on 17th June 2022. The Directors might, at their discretion, invite Participants to take up Options at the Subscription Price. Pursuant to the Terminated Scheme, the Grantee should 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.

28 TERMINATED SCHEME (CONTINUED)

The following Options were outstanding under the Terminated Scheme during the Year:

	2022		2021	
	Exercise price HK$ per Option	**Number of Options '000**	Exercise price HK$ per Option	Number of Options '000
As at 1st January	**0.12**	**16,734**	0.12	19,714
Exercised during the year	**–**	**–**	0.12	(1,680)
Lapsed during the year	**0.12**	**(352)**	0.12	(1,300)
As at 31st December	**0.12**	**16,382**	0.12	16,734

As at the Latest Practicable Date, Options to subscribe for a total of 16,382,000 Shares were still outstanding under the Terminated Scheme which represented approximately 2.66% of the issued Shares.

29 RESERVES

The amounts of the reserves of the Group and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 62 to 63 of the financial statements.

(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 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.

29 RESERVES (CONTINUED)

(c) Fair value reserve of financial assets at fair value through other comprehensive income

The Group elected to recognise changes in the fair value of an investment in equity security in other comprehensive income, as explained in Note 17. These changes were accumulated within the fair value reserve for financial assets at fair value through other comprehensive income within equity. The Group transferred amounts from this reserve to retained profits/accumulated losses when the relevant equity securities were derecognised.

The Group also had certain debt investments measured at fair value through other comprehensive income, as explained in Note 17. For these investments, changes in fair value were accumulated within the fair value reserve for financial assets at fair value through other comprehensive income within equity. The accumulated changes in fair value were transferred to profit or loss when the investment was derecognised or impaired.

30 DISPOSAL OF A SUBSIDIARY

In May 2022, there was a partial disposal of a subsidiary. The Group disposed of 60% of the equity interest of GTVL at the consideration of RMB300,000 (approximately HK$351,000). Prior to the disposal, GTVL was an indirect partly-owned subsidiary of the Company as to 81.6%. Upon disposal, GTVL ceased to be a subsidiary of the Company and the financial results of GTVL was no longer consolidated with the results of the Group thereafter. GTVL was then held as to 21.6% by the Group and it was changed to an associate.

	2022 HK$'000
Net assets disposed of:	
Property, plant and equipment	43
Right-of-use assets	437
Cash and bank balances	466
Trade receivables	163
Other receivables	175
Trade payable	(3,929)
Accruals and other accounts payable	(262)
Tax payable	(280)
Lease liabilities	(470)
Non-controlling interests	(769)
	(4,426)
Other reserves	(890)
	(5,316)
Gain on disposal of a subsidiary	5,667
	351
Satisfied by:	
Cash	351

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2022 HK$'000
Cash consideration	351
Cash and bank balances disposed of	(466)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(115)

31 RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the Year:

	2022 **HK$'000**	2021 HK$'000
Sale of goods from a company of which a Director was a controlling shareholder	**27**	33
Purchases of goods to a company of which a Director was a controlling shareholder	**2,153**	661

The sales and purchases were made from and to a company of which a Director was a controlling shareholder. The Directors considered that the sales and purchases were made according to the published prices and conditions similar to those offered to the major customers of the Group and offered by the related company to its major customers, respectively.

(b) Other transactions with a related party:

During the Year, an executive Director was entitled to receive HK$1,275,000 (2021: HK$1,415,000) from the Group for leasing certain offices to the Group.

(c) Compensation of key management personnel of the Group:

Further details of Directors' and the Chief Executives' emoluments are included in Note 8 to the financial statements.

(d) Current accounts payable to a related party

	2022 **HK$'000**	2021 HK$'000
Lease liabilities to a Director	**2,376**	1,346

The related party transactions in respect of items (a), (b) and (d) above also constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

32 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2022

Financial assets

	Financial assets at fair value through other comprehensive income			
	Debt investments HK$'000	Equity investment HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Equity investment at fair value through other comprehensive income	–	37,477	–	37,477
Debt investments at fair value through other comprehensive income	38,234	–	–	38,234
Trade receivables	–	–	183,554	183,554
Other receivables and deposits	–	–	8,105	8,105
Pledged deposit	–	–	3,470	3,470
Cash and cash equivalents	–	–	23,825	23,825
	38,234	37,477	218,954	294,665

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade payable	93,250
Financial liabilities included in other accounts payable	3,809
Interest-bearing bank borrowings	30,792
Lease liabilities	2,514
	130,365

32 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2021

Financial assets

	Financial assets at fair value through other comprehensive income		
	Debt investments HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Debt investments at fair value through other comprehensive income	62,658	–	62,658
Trade receivables	–	113,021	113,021
Other receivables and deposits	–	8,103	8,103
Cash and cash equivalents	–	26,965	26,965
	62,658	148,089	210,747

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade payable	76,126
Financial liabilities included in other accounts payable	14,876
Interest-bearing bank borrowings	3,514
Lease liabilities	1,346
	95,862

33 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management assessed that the fair values of cash and cash equivalents, the pledged deposit, trade receivables, contract assets, trade payable, other receivables and deposits, financial liabilities included in other accounts payable approximated to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities were included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments designated at fair value through other comprehensive income were estimated using a market-based valuation technique based on assumptions that were not supported by observable market prices or rates. The valuation required the Directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as EV to EBITDA multiple, for each comparable company identified. The multiple was calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple was then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple was applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The Directors believed that the estimated fair values resulting from the valuation technique, which were recorded in the consolidated balance sheet, and the related changes in fair values, which were recorded in other comprehensive income, were reasonable, and that they were the most appropriate values at the end of the reporting period.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

33 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31st December 2022:

	Valuation technique	Significant unobservable inputs	Weighted average	Sensitivity of fair value to the input
Unlisted equity investment	Market approach	Discount for lack of marketability	24.86%	An increase/decrease in discount would result in decrease/increase in fair value
		Median EV/EBITDA multiple of peers	5.4	An increase/decrease in multiple would result in increase/decrease in fair value

The discount for lack of marketability represented the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

As at 31st December 2021, the fair value of the unlisted equity investment was immaterial. No valuation was performed for the unlisted equity investment.

33 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the financial instruments of the Group:

Assets measured at fair value:

As at 31st December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level one) HK$'000	**Significant observable inputs (Level two) HK$'000**	**Significant unobservable inputs (Level three) HK$'000**	**Total HK$'000**
Equity investment designated at fair value through other comprehensive income	**–**	**–**	**37,477**	**37,477**
Debt investments at fair value through other comprehensive income	**38,234**	**–**	**–**	**38,234**
	38,234	**–**	**37,477**	**75,711**

As at 31st December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level one) HK$'000	Significant observable inputs (Level two) HK$'000	Significant unobservable inputs (Level three) HK$'000	Total HK$'000
Debt investments at fair value through other comprehensive income	62,658	–	–	62,658

The Group did not have any financial liabilities measured at fair value as at 31st December 2022 and 2021.

During the Year, there were no transfers of fair value measurements between level one and level two and no transfers into or out of level three for both financial assets and financial liabilities (2021: Nil).

34 PLEDGE OF ASSETS

Details of the asset of the Group pledged for the performance bond of the Group of HK$3,470,000 is included in Note 22 to the financial statements.

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 receivables, debt investments and contract assets	Aging 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.

Interest rate risk

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

Foreign currency 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.

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (Continued)

Exposure

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

	2022 HK$'000	2021 HK$'000
Cash and cash equivalents (RMB against HK$)	**66**	61

The aggregate net foreign exchange gains recognised in profit or loss of HK$851,000 (2021: HK$1,000) 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 2022, if HK$ had weakened/strengthened by 5% against RMB with all other variables held constant, post-tax profit and total comprehensive income for the Year would have been HK$3,000 higher/lower (2021: post-tax loss and comprehensive loss of HK$3,000 higher/lower).

Credit risk

Credit risk arose from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost and at fair value through other comprehensive income 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 receivables 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 considered to be low risk investments. The credit ratings of the investments were monitored for credit deterioration.

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

(II) Impairment of financial assets

The Group had four types of financial assets that were subject to ECL model:

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

– contract assets;

– other receivables and deposits; and

– debt investments carried at fair value through other comprehensive income.

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

Trade receivables and contract assets

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

To measure ECL, trade receivables 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 receivables for the same types of contracts. The Group therefore concluded that ECL rates for trade receivables were a reasonable approximation of the loss rates for the contract assets.

ECL rates were based on the payment profiles of sales over a period of eighteen months on or before 31st December 2022 or 31st December 2021 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.

Trade receivables 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 receivables and contract assets were presented as net impairment losses within administrative expenses. Subsequent recoveries of amounts previously written off were credited against the same line item.

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Debt investments at fair value through other comprehensive income

Debt investments at fair value through other comprehensive income included listed debt securities. The loss allowance for debt investments at fair value through other comprehensive income was recognised in profit or loss and reduced the fair value loss otherwise recognised in other comprehensive income.

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$23,825,000 (2021: HK$26,965,000) 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) 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.

Maturities of financial liabilities

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

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Maturities of financial liabilities (Continued)

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

2022

	Less than one year HK$'000	Between one and two years HK$'000	Total contractual cash flows HK$'000	Carrying amount HK$'000
Lease liabilities	**1,624**	**1,004**	**2,628**	**2,514**
Interest-bearing bank borrowings	**30,953**	**–**	**30,953**	**30,792**
Trade payable	**93,250**	**–**	**93,250**	**93,250**
Other accounts payable	**3,809**	**–**	**3,809**	**3,809**
Total	**129,636**	**1,004**	**130,640**	**130,365**

2021

	Less than one year HK$'000	Between one and two years HK$'000	Total contractual cash flows HK$'000	Carrying amount HK$'000
Lease liabilities	1,030	372	1,402	1,346
Interest-bearing bank borrowings	3,533	–	3,533	3,514
Trade payable	76,126	–	76,126	76,126
Other accounts payable	14,876	–	14,876	14,876
Total	95,565	372	95,937	95,862

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 fair value through other comprehensive income (Note 17).

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 debt investments at fair value through other comprehensive income had been 10% higher/lower than the actual closing price as at 31st December 2022, other components of equity would increase/decrease by approximately HK$3,823,000 (2021: HK$6,266,000).

Capital 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.

36 BALANCE SHEET OF THE COMPANY

Information about the balance sheet of the Company at the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**5,690**	5,887
CURRENT ASSETS		
Due from subsidiaries	**260,227**	260,417
Prepayment	**369**	205
Cash and cash equivalents	**82**	333
Total current assets	**260,678**	260,955
CURRENT LIABILITIES		
Due to subsidiaries	**65,508**	56,196
Other accounts payable and accruals	**1,377**	1,409
Total current liabilities	**66,885**	57,605
NET CURRENT ASSETS	**193,793**	203,350
Net assets	**199,483**	209,237
EQUITY		
Share capital	**61,771**	61,771
Other reserves (Note)	**137,712**	147,466
Total equity	**199,483**	209,237

36 BALANCE SHEET OF THE COMPANY (CONTINUED)

Note:

A summary of the reserves of the Company is as follows:

	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Share-based payments HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance as at 1st January 2021	702	171,394	8,059	6,253	186,408
Dividend paid	–	–	–	(6,144)	(6,144)
Loss for the year ended 31st December 2021	–	–	–	(32,798)	(32,798)
Release to accumulated losses on disposal of subsidiaries	–	–	(777)	777	–
As at 31st December 2021 and 1st January 2022	**702**	**171,394**	**7,282**	**(31,912)**	**147,466**
Dividend paid	**–**	**(6,161)**	**–**	**–**	**(6,161)**
Loss for the Year	**–**	**–**	**–**	**(3,593)**	**(3,593)**
Release to accumulated losses on disposal of a subsidiary	**–**	**–**	**(197)**	**197**	**–**
As at 31st December 2022	**702**	**165,233**	**7,085**	**(35,308)**	**137,712**

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 the Act, 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.

37 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 23rd March 2023.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

	Year ended 31st December				
RESULTS	**2022** **HK$'000**	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
Profit/(loss) attributable to:					
Owners of the parent	**5,460**	(6,321)	3,826	(5,256)	(171)
Non-controlling interests	**(2,048)**	(2,110)	(98)	(2,109)	241

	As at 31st December				
ASSETS AND LIABILITIES	**2022** **HK$'000**	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
TOTAL ASSETS	**412,349**	339,381	345,623	382,528	340,859
TOTAL LIABILITIES	**(204,053)**	(154,909)	(149,508)	(183,368)	(135,257)
	208,296	184,472	196,115	199,160	205,602

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:

"Act"	the Companies Act 1981 of Bermuda as amended from time to time
"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
"CAHK"	Communications Association of Hong Kong Limited, a company incorporated in Hong Kong with limited liability by guarantee
"CFLD"	CFLD (Cayman) Investment Ltd., a company incorporated in the Cayman Islands with limited liability and a subsidiary of China Fortune Land Development Co., Ltd., a company incorporated in PRC with limited liability and whose shares are listed on Shanghai Stock Exchange
"CGI"	The Chartered Governance Institute, a body incorporated by Royal Charter and domiciled in UK

Definitions

"CGMA"	Chartered Global Management Accountant
"CGP"	Chartered Governance Professional
"CHF"	Swiss franc, the lawful currency of Switzerland
"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
"CIL"	Capital Instant Limited, details of which can be referred to in Note 16 to the consolidated financial statements
"CIMA"	The Chartered Institute of Management Accountants, a body incorporated by Royal Charter and domiciled in UK
"Close Associate"	has the meaning ascribed thereto in the GEM Listing Rules
"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 (not applicable to Hong Kong Securities Clearing Company Limited and Trust Company of the West)
"Company Secretary"	the company secretary of the Company
"Completion"	completion of the Subscription in accordance with the terms and conditions of the joint venture agreement entered into between VNHKHL, Shannon and Meta-V
"Compliance Officer"	the compliance officer of the Company
"CUM"	City University of Macau, established under Portaria n.º 196/92/M in Macao
"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 New Scheme
"Director"	the director of the Company (not applicable to Companies (Disclosure of Information about Benefits of Directors) Regulation)
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"ECL"	expected credit loss

Definitions

"ERL"	Eve Resources Limited, a company incorporated in BVI with limited liability
"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 New York Stock Exchange, Shanghai Stock Exchange and SIX Swiss Exchange)
"EV"	enterprise value
"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 New 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, Tidestone Group and Wing Tak Group and Companies)
"GTVL"	廣州新科元電訊技術有限公司, details of which can be referred to in Note 16 to the consolidated financial statements
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standard
"HK cent"	Hong Kong cent, where 100 HK cents equal HK$1
"HKCGI"	The Hong Kong Chartered Governance Institute, 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 PAO
"HK(IFRIC)-Int"	Hong Kong (IFRIC) Interpretation
"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)

Definitions

"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, Hong Kong Internet Registration Corporation Limited, Hong Kong (IFRIC) Interpretation, Hong Kong Interpretation, The Hong Kong Management Association, Hong Kong Securities Clearing Company Limited, Hong Kong Standards on Auditing, The Hong Kong University of Science and Technology, The Stock Exchange of Hong Kong Limited, The University of Hong Kong and Vodatel Networks Hong Kong Holdings Limited)
"IBR"	incremental borrowing rate
"JU"	Jinan University
"KPI"	key performance indicator
"Latest Practicable Date"	22nd March 2023, 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, a body incorporated by Royal Charter and domiciled in UK
"Lifetime ECL"	loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default
"Macao"	the Macao Special Administrative Region of PRC
"MAIDS"	The Macau Association for Intellectual Development Services
"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 1 to the consolidated financial statements
"Member"	the holder of the Shares
"Meta-V"	Meta-V Tech Services Limited, details of which can be referred to in Note 1 to the consolidated financial statements
"Meta-V Share"	ordinary share in the share capital of Meta-V

Definitions

"MOP"	Pataca, the lawful currency of Macao
"New Scheme"	the share option scheme approved by the Members at the AGM on 17th June 2022
"Nomination Committee"	the nomination committee of the Company
"Offer"	the offer of the grant of an option under the New Scheme
"OHHL"	Ocean Hope Holdings Limited, a company incorporated in BVI with limited liability
"Oi"	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
"Option"	an option to subscribe for Shares pursuant to the Terminated Scheme
"PAO"	the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) as amended from time to time
"Participant"	Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group, and the Terminated Scheme also included 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
"PwC"	PricewaterhouseCoopers, a firm qualified for appointment as auditor or a person registered as a certified public accountant under PAO who is responsible for the preparation of the accountants' report included in a listing document or circular of a company in accordance with Chapter 7 of the GEM Listing Rules
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of Mainland China
"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

Definitions

"Shannon"	Shannon Investment Limited, a company incorporated in Hong Kong with limited liability
"Share"	ordinary share of HK$0.10 each in the share capital of the Company (not applicable to Meta-V Share)
"Subscription"	the subscriptions for 400 new Meta-V Shares by Shannon and 500 new Meta-V Shares by VNHKHL, to be allotted and issued by Meta-V at HK$1 per new Meta-V share payable in cash (not applicable to Subscription Price)
"Subscription Price"	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option under the New Scheme
"Substantial Shareholder"	a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company
"Switzerland"	The Swiss Confederation
"Terminated Scheme"	the share option scheme approved at the AGM on 22nd June 2012 and terminated on 17th June 2022 by the Members
"Tidestone Group"	CIL and its subsidiaries
"Timor-Leste"	The Democratic Republic of Timor-Leste
"TTSA"	Timor Telecom, S.A., a company incorporated in Timor-Leste with limited liability
"Twelve-month ECL"	ECL for credit losses that resulted from default events that were possible within the next twelve months
"UK"	The United Kingdom of Great Britain and Northern Ireland
"UM"	University of Macau, established under Regime Jurídico da Universidade de Macau (Lei n.º 1/2006 in Macao)
"US$"	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
"VNHKHL"	Vodatel Networks Hong Kong Holdings Limited, incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company
"Year"	the year ended 31st December 2022