



**VODATEL**

Stock Code: 8033

*NAVIGATING  
CHALLENGES*

*CREATING  
OPPORTUNITIES*

**ANNUAL REPORT 2025**

## **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.**

*HKEC and the Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.*

*This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.*

# Contents

Corporate Information	2
Company Profile	3
Chairman's Statement	4
Management Discussion and Analysis	6
Biographical Details of Directors and Senior Management	12
Corporate Governance Report	16
ESG Report	25
Report of the Directors	41
Financial Information	
Independent Auditor's Report	48
Consolidated Statement of Profit or Loss	53
Consolidated Statement of Comprehensive Income	54
Consolidated Balance Sheet	55
Consolidated Statement of Changes in Equity	57
Consolidated Statement of Cash Flows	59
Notes to Financial Statements	61
Five-year Financial Summary	133
Definitions	134

# 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

## 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*  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## Registered Office

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## Head Office and Principal Place of Business

74 da Rua da Felicidade  
Edifício Vodatel  
Taipa  
Macao  
Tel.: (853) 28721182, 28718033  
Fax: (853) 28717800, 28752909

## Place of Business in Hong Kong

Room 713B, 7th Floor  
Block B, Sea View Estate  
2-8 Watson Road  
North Point  
Tel.: (852) 25878868  
Fax: (852) 25878033

## 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 Investor Services 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 and Jiangxi, 24-hour service hubs and several presence across Mainland China.

# Chairman's Statement

Dear Members of Vodatel,

It gives me great pride to reflect on the progress we have made over the past year. Despite challenges from different fronts, Vodatel has continued to demonstrate resilience, innovation and a steadfast commitment to excellence. I'm pleased to report that we successfully navigated a mixed operating environment in 2025, delivering a stable set of results supported by the strong performance of our Macao operations, disciplined cost management and a strengthened financial position. While certain external factors continued to weigh on activity levels in Hong Kong and Mainland China, we remained focused on operational efficiency, prudent financial management and maintaining long standing customer relationships across all markets.

Macao was the core driver of our performance in 2025 which offset the challenging conditions in Hong Kong and Mainland China. Contracts secured from Macao recorded a notable increase of over 35%, reflecting sustained demand from both private and public sectors and reinforcing our long-standing presence and proven project execution capabilities and our position as a trusted partner.

Financially, although we recorded a minor 3.4% drop to our revenue, we achieved meaningful improvement in profitability where we ended the Year with net profit of HK\$8,739,000. Working capital management also strengthened and net asset value rose to HK\$217,637,000, which underscored our commitment to maintaining a sound financial foundation. With robust revenue and improved profitability, the Board proposes a final dividend of HK\$0.01 per Share, which will be the twelve consecutive years where we declared a dividend payout.

## Outlook

The outlook for 2026 is expected to be challenging, due to competitive pricing pressure, macroeconomic uncertainties, geopolitical tensions and recent sharp price escalation of data networking equipment and servers due to global shortages of dynamic RAM (DRAM) and solid-state drives (SSD), which is driven largely by AI data centres demand and supply chain reallocation by major memory manufacturers. As a result, it is expected that we will face margin pressure, project delays and client pushback due to escalating equipment prices. While some of these risks are unavoidable and could translate to project losses, we will try to minimise these risks through prudent management practices, diversified service offerings and long-term client engagement.

As we remain cautiously optimistic, we believe digital transformation will continue to progress across both public and private sectors across our operating markets, creating opportunities in network infrastructure, cybersecurity, cloud integrated solutions and intelligent AI-driven surveillance systems. While uncertainties are inevitable – particularly in relation to global economic conditions, geopolitical developments, and evolving technology standards – we will continue to focus on strengthening our core competencies, enhancing our solution offerings and deepening customer relationships, while maintaining a disciplined approach to cost management and resource allocation to support long-term sustainability.

# Chairman's Statement



As a company proudly rooted in Macao, we reaffirm our commitment to the sustainable development of the local market, contributing to the strengthening of the economic resilience of Macao and in the enhancement of its role as a dynamic hub within the Greater Bay Area. Hengqin is a strategic extension of the future of Macao, hence in the coming years, we aim to also increase our participation in Hengqin, supporting the mandate of the Government for deeper integration, stronger collaboration and shared prosperity between Macao and Hengqin.

Finally, we are also committed to nurturing local talents and opening doors for graduate students. By creating spaces where young professionals can learn, experiment, and grow, we hope to spark new ideas and empower the next generation of leaders. Supporting their journey isn't just an investment in individuals – it's an investment in the future of Macao and a contribution of Vodatel to the local community.

## Our Appreciation

I wish to express my sincere appreciation to our employees, whose dedication and hard work are the cornerstone of the success of Vodatel. Their creativity and perseverance have enabled us to achieve milestones that once seemed ambitious. I am equally grateful to my fellow Directors for their wisdom and guidance, which continue to strengthen our governance and strategic direction.

On behalf of the Board, with heartfelt gratitude, I would like to also express our appreciation to our customers for your continued trust, to our business partners for your strong collaboration and to our Members for your ongoing support. All your loyalty, engagement and support inspire us to serve with integrity and to continuously raise the bar in everything we do. Together, I am confident that we will build a foundation of strength and purpose, embrace the future with optimism and achieve even greater success in the creation of long-term value for all stakeholders.

**José Manuel dos Santos**

*Chairman*

27th March 2026

# Management Discussion and Analysis

## **VODATEL – AT A GLANCE!**

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

As a system integrator and service provider that represents a list of international and renowned manufacturers, the Group is in continuous pursuit of identifying products with high potential 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**

The operating environment in 2025 remained challenging, with procurement activities in the markets that the Group operates continuing to reflect a cautious and selective approach. Public sector customers maintained a focus on essential infrastructure upgrades, while private sector organisations adopted a more measured pace in committing to new capital expenditure. Competitive pressure persisted, particularly across data network infrastructure sector in Macao and Hong Kong. Against this backdrop, the Group continued to rely on its long established presence in its core operating markets, its strong client relationships and its reputation for delivering quality and reliable mission critical solutions.

Operations of the Group remained stable during 2025, supported by recurring maintenance income and steady execution of data network infrastructure projects at data centres and surveillance projects for different gaming operators in Macao. Total contracts signed amounted to approximately HK\$632,000,000, representing a slight decrease of approximately 1% as compared with HK\$640,000,000 reported in 2024. Despite market uncertainties, the Group maintained a healthy project pipeline across its core operating markets.

### **Business in Macao**

Among the three core operating markets that the Group operates, Macao remains one of the two most resilient and strategically important markets for the Group, with the other being Mainland China. During 2025, Macao delivered an exceptionally strong performance and remained the principal growth engine of the Group. Contracts secured from both public and private sectors by VHL and MDL in aggregate witnessed an over 32% increase as compared to 2024, marking another impressive year-on-year growth since the pandemic.

# Management Discussion and Analysis



At VHL, growth was driven by robust orders from long standing gaming customers and the successful onboarding of the IT division of a gaming customer, which contributed meaningfully to the project pipeline of the Group in 2025. The strong recovery of gaming revenue generated by different gaming operators continued to translate into increased investment in technology infrastructure, particularly in data networks infrastructure modernisation, surveillance systems enhancement and data driven operational systems. Existing concessionaires undertook upgrades to support higher operational throughput brought from influx of visitors from Mainland China, enhanced security requirements due to challenges within the cyber ecosystem and the integration of new platforms driven by AI adoptions. These initiatives created sustained demand for data network infrastructure solutions, surveillance systems and technical services.

Beyond gaming, continued investment by public sector and quasi government entities provided a stable and recurring source of revenue for MDL, which has been a cornerstone in the IT ecosystem in Macao, especially the role it plays in the strategic divestment and optimisation of product and service portfolios for high-growth IT infrastructure products through the introduction of different Chinese vendors to lay their foothold in Macao. During the Year, continued to operate as a flagship IT subsidiary within the Group, MDL continued to provide 1. one-stop tailored IT infrastructure, software applications, and network and system services that aim to optimise diverse business needs and budgets, 2. cybersecurity evaluation by offering end-to-end risk assessment covering internal and external threats, 3. bespoke software applications crafted by an experienced in-house development team, and 4. technical and maintenance support services delivered by a team of skilled engineers that provide ongoing operational support for sophisticated deployments. As in previous years, the Government of Macao and vertical markets such as education, utilities, hospitals and transportation remain key customers of MDL.

## Business in Hong Kong

The Hong Kong business recorded a significant contraction during 2025, with total contracts secured dropping over 32% on a year-on-year basis. The sharpest impact came from the SD-WAN segment, where total contracts secured in 2025 represented less than 50% of that of 2024, the decline of which was the result of yet another ownership change of the SD-WAN vendor that the Group represented, which led the vendor to temporarily pause the acceptance of new purchase orders while business integration was underway. Despite effort to continue to maintain close communications with customers and partners to mitigate the impact of the ownership change, the disruption inevitably affected order flow and supply chain, causing delays in customer deployments which materially reduced the SD-WAN project volume of the Group and was the primary driver of the downturn in Hong Kong operations in 2025. The interruption affected both project flow and customer rollout schedules, significantly reducing contribution from what had previously been one of the strongest growth engines of the Group.

The data networks infrastructure business also softened, with total contracts secured decreasing by approximately 37% on a year-on-year basis. Telecommunications service providers remained cautious with capital expenditure amid market uncertainty, delaying or scaling back network upgrade plans, coupled with challenges from Mainland China vendors who combined cost advantages, bundled solutions and tight integration across their technology ecosystems to dominate both equipment supply and service-based tenders. With such headwinds, the Group continued to focus on maintaining customer relationships, optimising cost structures and positioning itself for recovery once vendor alignment stabilises and investment cycles normalise.

# Management Discussion and Analysis

## Business in Mainland China

The business of the Group in Mainland China also faced a particularly difficult year. Aggregate contracts awarded for SD-WAN and data network infrastructure projects at data centres declined by almost 38% as compared to 2024. Like Hong Kong, Mainland China witnessed a significant drawback to its SD-WAN segment due to another ownership change of the SD-WAN vendor that the Group represented, resulting in a drop of total contracts secured in 2025 by approximately 40% as compared to 2024. As business integration from ownership change settles, the Group expects that the product architecture, roadmap and market reach of SD-WAN will be reshaped, offering gains in performance, security, operational simplicity and cost efficiency to its customers in Mainland China.

The data networks infrastructure segment suffered an almost 38% decline in contracts secured, reflecting the broader impact of ongoing geopolitical tensions in the international front. These tensions influenced procurement decisions, technology related investment cycles and the pace of overseas data centres expansion plans of the two core global tech giants that the Group serves in Mainland China. Operating within a self-reinforcing cycle – more users generate more data; more data improves AI models; better AI drives more engagement; engagement increases network load; and network load requires more infrastructure – these two core customers are among the largest global private drivers of network-infrastructure demand, who invest heavily in hyperscale data centre networking infrastructure to support AI-driven, data-heavy platforms for the provision of high-frequency content delivery in various regional cloud availability zones. During 2025, these two core global tech giants that the Group serves adopted a more cautious approach to capital expenditure, staying vigilant over heightened regulatory scrutiny and restrictions that potentially affect certain categories of data centre networking equipment, resulting in delays in project approvals and, in some cases, the postponement or scaling back of planned upgrades. Despite these headwinds, the Group invested and further expanded the technical team in Mainland China during 2025, a testimony of the commitment of the Group in offering proactive, prompt, quality and strong technical support to its customers.

## Other Investments

**Tidestone Group** – During the Year, project portfolio undertaken by Tidestone Group centered around large-scale digital-transformation and infrastructure-modernisation solutions, with works generated from telecommunications service providers and Internet technology service providers from the provinces of Guangdong, Jiangxi, Hebei and Hunan and from the municipalities of Chongqing and Shanghai. Building and expanding from the original network management system architecture, today Tidestone Group offers solutions across five major initiatives, including 1. enterprise digital transformation application system; 2. integrated alarm expansion; 3. enterprise digital transformation collaborative integration service procurement solution; 4. enterprise end-to-end smart workflow and productivity platforms upgrade; and 5. power grid digital innovation information system. These initiatives reflect growing specialisation of Tidestone Group in enterprise digitalisation, collaborative-platform modernisation, alarm-system enhancements and critical-infrastructure IT innovation and contributed to a meaningful rise in commercial momentum, with total signed contracts increasing over 30% in 2025 over 2024, signalling stronger market penetration, higher project complexity, and growing customer demand for digital-transformation capabilities of Tidestone Group.

# Management Discussion and Analysis



**TTSA** – With focus on cost optimisation and revenue stability, financial performance of TTSA strengthened meaningfully on a year-on-year basis. Revenue increased from HK\$175,122,000 in 2024 to HK\$180,372,000 in 2025, while gross profit rose from HK\$3,077,000 to HK\$10,265,000. EDITDA grew from HK\$40,364,000 in 2024 to HK\$45,130,000 in 2025. TTSA achieved a turnaround from a loss of HK\$620,000 in 2024 to a profit of HK\$6,496,000 in 2025, driven by higher margins and disciplined cost control. These results underscored the resilience of the operations and the continued value as one of the telecommunications operators in Timor-Leste.

Regarding the acquisition of 57.06% of Oi in TTSA by the Government of Timor-Leste, the Government of Timor-Leste has formally informed Oi of their decision to terminate the acquisition. In January 2026, the Group was informed that a potential buyer will be acquiring 3.05% from one of the shareholders of TTSA. As at the Latest Practicable Date, the transaction is not yet completed.

## REVIEW OF OPERATING RESULTS

### Turnover and Profitability

With a stronger order book carried forward from 2024 and a healthy project pipeline from Macao in 2025, the Group reported revenue of HK\$584,122,000 for 2025, representing just a modest drop of HK\$20,672,000, or 3.42% over 2024. The decline reflected disruptions in business from Hong Kong and Mainland China, partially offset by strong growth in Macao. Despite softer revenue environment, due to completion of the service component of several projects and effort made to generate higher maintenance income, the Group managed to maintain a stable overall gross profit margin of approximately 19.36%, equating HK\$113,114,000 for the Year.

The Group achieved a substantial improvement in overall profitability. Operating profit increased to HK\$6,796,000, compared with HK\$3,784,000 in 2024, driven by factors, including continued disciplined cost control via resource optimisation and stable project execution via refined internal processes that improved project delivery efficiency and service quality. Freight costs scale linearly with volume of data networking infrastructure contracts at overseas data centres. With fewer contracts secured from Mainland China in 2025, freight costs reduced proportionally, resulting in selling and marketing expenses to decrease significantly.

Cost control remains a key priority for the Group. As always, management prioritises efficiency gains over blanket cuts and continues to put efforts to 1. improve operational efficiency via streamlining workflows to eliminate redundancies; 2. make strategic procurement via negotiating better supplier contracts; 3. exercise financial discipline to enforce strict budget monitoring; and 4. initiate revenue-linked cost management by focusing on cutting costs that do not directly contribute to revenue. Although cost discipline is key, people who are core assets of the Group are never compromised. During the Year, management continued to extend a salary increase at the beginning of the year to award and motivate employees. During the Year, to ensure workforce is optimised, management continued to align staffing levels with demand and to invest in employee training to boost productivity and enhance the technical capabilities and operational resilience of the Group in emerging technologies, including AI-enabled surveillance analytics and next generation network architecture.

With improved operating costs, the Group reported profit for the Year of HK\$8,739,000 as compared to profit for 2024 of HK\$7,628,000.

# Management Discussion and Analysis

## Working Capital and Financial Position

The Group continued to strengthen its working capital position during the Year. Inventory increased from HK\$20,564,000 as at 31st December 2024 to HK\$37,765,000 as at 31st December 2025, which reflected proactive efforts to support a strong project pipeline and ensure timely delivery of ongoing and upcoming contracts. With continued emphasis on timely recovery of outstanding receivables and ongoing efforts to negotiate improved credit terms with different suppliers, trade receivables and trade payable decreased respectively from HK\$185,426,000 and HK\$125,247,000 as at 31st December 2024 to HK\$174,979,000 and HK\$113,829,000 as at 31st December 2025.

Among the bond holdings were HK\$2,475,000 from MGM China Holdings Limited (a company incorporated in the Cayman Islands with limited liability and whose ordinary shares of HK\$1 each are listed on the Main Board), HK\$2,459,000 from Electricité de France, Société Anonyme (a company incorporated in the French Republic with limited liability), HK\$2,456,000 from The Toronto-Dominion Bank (a bank incorporated in Canada with limited liability and whose common shares are listed on the New York Stock Exchange in USA and the Toronto Stock Exchange in Canada) and HK\$2,438,000 from Alibaba Group Holding Limited (a company incorporated in the Cayman Islands with limited liability and whose ordinary shares of US\$0.000003125 each are listed on the Main Board).

The Group continued to enjoy a healthy capital structure. During the Year, the Group continued to utilise short term bank borrowings to bridge temporary cashflow gaps associated with project execution. Bank borrowings increased from HK\$5,725,000 as at 31st December 2024 to HK\$19,318,000 as at 31st December 2025. The gearing ratio (debt/equity) was 8.88% as at 31st December 2025. Despite higher borrowings, supported by improved profitability and strengthened liquidity, total net cash and cash equivalents (net of borrowings and include yield enhanced financial instruments) improved significantly from HK\$68,726,000 as at 31st December 2024 to HK\$103,607,000 as at 31st December 2025 while net asset value increased to HK\$217,637,000 as at 31st December 2025.

## EMPLOYEES' INFORMATION

As at 31st December 2025, the Group had 151 employees, of which 119, 12 and 20 employees were based in Macao, Hong Kong and Mainland China respectively.

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

The Company adopted the Scheme in the year ended 31st December 2022. Details of the Scheme are set out under the section "Share option scheme" 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.

# Management Discussion and Analysis



## **CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENTS**

As at 31st December 2025, the Group had significant investments of which the details are set out in note 16 to the consolidated financial statements. Save as disclosed, the Group did not have any significant capital commitments and significant investments.

## **CHARGES ON GROUP ASSETS**

The Group did not have any charges on the assets of the Group.

## **DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS**

During the Year, the Group had no material acquisitions 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 loss of HK\$76,000 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 78, 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 (Macao) Limited, and subsequently the Group. He is the sole director of ERL and OHHL which are Substantial Shareholders.

**KUAN Kin Man**, aged 60, 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 57, was first appointed as an executive Director on 13th December 1999. She is the managing director and finance director of the Company 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 67, 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 member of the Research Grants Council and the honorary chairman of Communications Association of Hong Kong Limited. He is also a committee member of the IT management committee and the deputy chairman of the IT management club of The Hong Kong Management Association and a member of the advisory board of the Department of Electronic and Computer Engineering of The Hong Kong University of Science and Technology, PRC. He holds a degree of Bachelor of Engineering – Honours Electrical from McGill University, Canada.

# Biographical Details of Directors and Senior Management

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**FUNG Kee Yue Roger**, aged 73, 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 52, 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 board member of New Asian Travel & Marine Services Limited, director and CEO of Wing Tak Group and Companies with a focus towards maritime services and private investments. He has over a few decades of investment and real estate experience in USA, UK and Asia. He is a member of the Hong Kong–Europe Business Council under the Hong Kong Trade Development Council. He is a member of the American Institute of Certified Public Accountants since 1998, a member of YPO Hong Kong, and a member of the thirteenth Zhejiang Provincial Committee of the Chinese People's Political Consultative Conference.

**WONG Kwok Kuen**, aged 70, 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. He is also a fellow of the Institute of Financial Accountants and the Institute of Public Accountants. He is an independent non-executive director of Trio Industrial Electronics Group Limited, a company incorporated in Hong Kong with limited liability and whose ordinary shares are listed on the Main Board.

## SENIOR MANAGEMENT (By alphabetical order)

**CHAN Chi Pio**, aged 56, 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 56, 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.

# Biographical Details of Directors and Senior Management

## SENIOR MANAGEMENT (By alphabetical order) (Continued)

**FOO Chun Ngai Redford**, aged 52, 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 HKCCGI 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.

**HO Wai Sam**, aged 63, 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 60, 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 thirty years of experience in sales and marketing IT solutions in Hong Kong.

**LOI Man Keong**, aged 55, is the sales director 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 40, 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.

# Biographical Details of Directors and Senior Management

## SENIOR MANAGEMENT (By alphabetical order) (Continued)

**MOK Chi Va**, aged 60, 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 56, 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 55, 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 61, 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 51, 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 in the Code by complying with the Code throughout the Year, except that the management do not provide all Directors with monthly updates.

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 enquiries 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

Four meetings were held during the Year.

The attendance record of each Director was as follows:

	Board	AGM
José Manuel dos Santos	3/4	Present
Kuan Kin Man	4/4	Present
Monica Maria Nunes	4/4	Present
Ho Wai Chung Stephen	4/4	Present
Fung Kee Yue Roger	4/4	Present
Wong Tsu An Patrick	4/4	Present
Wong Kwok Kuen	4/4	Present

# Corporate Governance Report



## 3 Board (Continued)

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.

# Corporate Governance Report

## 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.

# Corporate Governance Report



## 3 Board (Continued)

Matters not mentioned above will be delegated to the management.

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

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

José Manuel dos Santos, Fung Kee Yue Roger and Wong Tsu An Patrick complied with Code C.1.4 by attending a course organised by a law firm.

Kuan Kin Man complied with Code C.1.4 by attending seminars organised by the Government of Macao, a law firm and a supplier.

Monica Maria Nunes complied with Code C.1.4 by attending seminars organised by HKCGI, certain accounting firms, a law firm and certain suppliers.

Ho Wai Chung Stephen complied with Code C.1.4 by attending a course organised by a law firm, and acting as a panelist in the IEEG Hong Kong 6G Wireless Summit and GSMA MVNO Seminar 2025.

Wong Kwok Kuen complied with Code C.1.4 by attending seminars organised by HKCGI, a professional body and certain accounting 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

Ho Wai Chung Stephen was reappointed for a two-year term expiring on 8th April 2026. Wong Tsu An Patrick was reappointed for a two-year term expiring on 3rd June 2026. Fung Kee Yue Roger was reappointed for a two-year term expiring on 29th September 2026. Wong Kwok Kuen was reappointed for a two-year term expiring on 11th March 2028. Each Director's fee is HK\$10,000 per month.

# Corporate Governance Report

## 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	0/1
Ho Wai Chung Stephen	1/1
Fung Kee Yue Roger	1/1
Wong Tsu An Patrick	1/1
Wong Kwok Kuen	1/1

During the Year, the Remuneration Committee determined the policy and structure for the remuneration of the Directors, evaluated their performance and recommended the bonuses for the year ended 31st December 2024 and on the salary increment for the Year of all the executive Directors to the Board. The Remuneration Committee also adopted the proposed changes of its terms of reference and made recommendation 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) (resigned on 23rd May 2025)
Fung Kee Yue Roger	(Chairman) (independent non-executive Director) (appointed as chairman on 23rd May 2025)
Monica Maria Nunes	(executive Director) (appointed on 23rd May 2025)
Ho Wai Chung Stephen	(non-executive Director)
Wong Tsu An Patrick	(independent non-executive Director)
Wong Kwok Kuen	(independent non-executive Director)

Two meetings were held during the Year.

# Corporate Governance Report



## 7 Nomination of Directors (Continued)

The attendance record of each Director was as follows:

José Manuel dos Santos	1/2
Fung Kee Yue Roger	2/2
Ho Wai Chung Stephen	2/2
Wong Tsu An Patrick	2/2
Wong Kwok Kuen	2/2

During the Year, the Nomination Committee recommended Wong Tsu An Patrick to be reappointed in the AGM. The Nomination Committee also adopted the proposed changes to its terms of reference and made recommendation to the Board.

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

## 8 Auditor's remuneration

Remuneration of audit was HK\$1,460,000 for the Year. Remuneration of preparation of Macao complementary tax returns for certain subsidiaries of the Company was HK\$105,000 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)

# Corporate Governance Report

## 9 Audit Committee (Continued)

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

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

During the Year, the Audit Committee reviewed the financial reports for the year ended 31st December 2024 and for the six months ended 30th June 2025. It also reviewed the management accounts for the periods ended 31st March 2025 and 30th September 2025. The Audit Committee reviewed and discussed the report of the Auditor to the Audit Committee for the year ended 31st December 2024 and reviewed the audit plans of the Auditor for the Year. The Audit Committee also adopted the proposed changes to its terms of reference and made recommendation to the Board.

## 10 Other specific disclosures

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

## 11 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.

# Corporate Governance Report



## 11 Members' rights and investor relations (Continued)

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 compiled 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.

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

## 12 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 is compiled and presented to the Board every year 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. Certain operating subsidiaries already obtained ISO9001, ISO14001 and ISO27001. ISO9001 requires an annual audit on the internal control systems and procedures. Upon all major operating subsidiaries achieving same categories of ISO, management will develop, either in-house or outsourced, internal audit function to conduct regular internal audits.

## 13 Dividend policy

As a result of prudent financial management, the Group managed to propose a final dividend of HK\$0.01 per Share for the Year, which will be the twelfth consecutive year where the Group declared a dividend payout.

As the Group continues to conduct business and evaluate new business opportunities, any dividend payout will be assessed and there is no guarantee that the Group will continue to pay out dividend in the upcoming years.

# Corporate Governance Report

## 14 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 2025, men comprised around 79% of the workforce and women around 21%. 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*

Hong Kong, 27th March 2026

# 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 credit risk, 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.

# ESG Report

## 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 2024.

## A) ENVIRONMENTAL

### Exchange ESG Guide Aspects

A1 Emissions

A2 Use of Resources

A3 The Environment and Natural Resources

A4 Climate Change

### Material Areas

Waste Management

n/a

n/a

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 or will engage professional recycling facilities to assist with the 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 and the section “Greenhouse Gas Emissions”.

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 the section “Greenhouse Gas Emissions”.

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 and business trips 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. Upkeeping a work culture that rewards high performance, 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 encourage and award employees for taking accredited courses and 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 assessed 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 2025, the total workforce of the Group was analysed as follows:

Number of full-time employees	151
By gender	
Male	119
Female	32
By age group	
Below 30	9
30 to 50	88
Over 50	54
By geographical region	
Macao	119
Hong Kong	12
Mainland China	20

# ESG Report

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

Rate of employee turnover	4.73%
By gender	
Male	4.31%
Female	6.25%
By age group	
Below 30	0%
30 to 50	3.53%
Over 50	7.34%
By geographical region	
Macao	4.31%
Hong Kong	0%
Mainland China	10.00%

## 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 509 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 or designated project managers will visit the premises first to ensure proper working conditions for our employees. Any injury will need to be reported to the line manager immediately.

## Aspect B3: Development and Training

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

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

- 1 Internal and on-the-job training, rotating them to different support teams to broaden their exposure and to build up their technical skills; and
- 2 External training in several specific knowledge areas or skill sets, such as technology-related (associated with certain vendor technologies), management techniques, individual worker skills and certification-related courses (Project Management Professional, Certified Public Accountant, etc.).

## Policies applicable at Vodatel

- √ **Formulation of a long-term training and development strategy;**
- √ **Elaboration of training and development plans; and**
- √ **Periodic formal review of the training and development programmes.**

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

By gender	
Male	28.57%
Female	6.25%
By category	
Executive Directors and senior management	33.33%
Other employees	22.79%

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

By gender	
Male	26.96
Female	1.52
By category	
Executive Directors and senior management	7.51
Other employees	22.91

## 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 within the Group and 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	28
Macao	8
Hong Kong	15
Mainland China	1
Asia excluding Macao, Hong Kong and Mainland China	1
USA	1
Europe	2

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, such as 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 investments.

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

For over five years, we continued to support MAIDS, an association with a core focus on the provision of job opportunities to the mentally-challenged, and purchased packs of “Fortunate Rice”, which were distributed to employees of the Group in Macao and Hong Kong during Chinese New Year and to different elderly homes in Macao.

For five continuous years, we continued to partner with a local restaurant to provide catering services to different centres of MAIDS.

During the Year, both VHL and MDL made donations to different charities in Macao, including Caritas de Macau, Charity Fund of The Readers of Macao Daily News, Run of Hope Macau and Tung Sin Tong Charitable Society.

Other than providing support to the mentally challenged in the community, Vodatel is also committed to support the mental well-being of those in need. Leading by example, during the Year, to support different charitable events that target to assist the less privileged, in particular women, to better their self-awareness and emotional relief, MDL donated supermarket vouchers while VHL and a Director made donations and lobbied external corporate sponsorship as a means to increase public awareness of mental health. A Director also provided financial support to kick start a community programme with a local psychotherapist to offer mental counselling and rehabilitation to individuals with financial difficulties.

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 to support the well-being of the disadvantaged, both physically and mentally.

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

## C) GREENHOUSE GAS EMISSIONS

Energy direct (scope 1) greenhouse gas emissions are produced due to fuel consumed by our ten vehicles. They generated around 39 tonnes of carbon dioxide equivalent in the Year.

Energy indirect (scope 2) greenhouse gas emissions are produced due to consumption of electricity by various offices in different locations. The largest office of the Group, which is in Macao, generates around 277 tonnes of carbon dioxide equivalent in the Year, while the Hong Kong office around 18 tonnes.

Greenhouse gas emissions data is presented in carbon dioxide equivalent and is calculated based on the “Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)”.

We used the calculation-based approach to measure both the scope 1 and scope 2 greenhouse gas emissions.

For the scope 1 greenhouse gas emissions, the volume of fuel consumption was deduced from the relevant expense incurred in the Year, then multiplied by the emission factor.

For the scope 2 greenhouse gas emissions, carbon footprint is either directly available in the monthly electricity bills (in Macao) or multiplying the units of electricity consumed by the emission factor (in Hong Kong).

The calculations were performed assuming that the emission factors used accurately reflected the average emissions intensity of fuel and electricity consumption.

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 1. consolidation of shipments; and 2. where possible, engagement of carriers that use fuel-efficient fleet, receive accreditation for carbon reduction or continue to make investments in energy-saving measures.

# 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. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the principal activities of the Group during the Year.

## **Results and dividends**

The profit of the Group for the Year and the financial position of the Group at that date are set out in the financial statements on pages 53 to 56.

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 133. This summary does not form part of the audited financial statements.

## **Share capital, share options, warrants and convertible bonds**

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 2025, the reserves of the Company available for distribution, calculated in accordance with the provisions of the Act, amounted to HK\$88,612,000, 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\$359,000.

# Report of the Directors

## Major customers and suppliers

In the Year under review, sales to the five largest customers of the Group accounted for 57.67% of the total sales for the Year and sales to the largest customer included therein amounted to 27.07%. Purchases from the five largest suppliers of the Group accounted for 48.76% of the total purchases for the Year and purchases from the largest supplier included therein amounted to 17.21%.

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 Group.

## 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

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 the independent non-executive Directors are appointed for a period of two years.

The Company considers Fung Kee Yue Roger, Wong Tsu An Patrick and Wong Kwok Kuen to be independent.

# Report of the Directors



## **Directors' and senior management's biographies**

Biographical details of the Directors and the senior management of the Group are set out on pages 12 to 15 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.

## **Directors' remuneration**

The Directors' fees are subject to Members' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

## **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 30 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.

# Report of the Directors

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

As at 31st December 2025, 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 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:

### Long positions in the Shares:

Name of Director	Notes	Number of Shares held, capacity and nature of interest			Total	Percentage of the share capital of the Company
		Directly beneficially owned	Through controlled corporation			
José Manuel dos Santos	1	–	357,945,500	357,945,500	58.10	
Kuan Kin Man	2	22,952,500	–	22,952,500	3.73	
Monica Maria Nunes	3	3,292,500	–	3,292,500	0.53	
Fung Kee Yue Roger	4	210,000	–	210,000	0.03	
		<u>26,455,000</u>	<u>357,945,500</u>	<u>384,400,500</u>	<u>62.39</u>	

Notes:

- As at 31st December 2025, 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.
- Kuan Kin Man's personal interest comprised 22,952,500 Shares.
- Monica Maria Nunes's personal interest comprised 3,292,500 Shares.
- Fung Kee Yue Roger's personal interest comprised 210,000 Shares.

# Report of the Directors



## Share option scheme

The Company operated the 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.

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

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

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

The total number of Shares available for issue under the Scheme as at 1st January 2025, 31st December 2025 and the Latest Practicable Date was 61,611,500, representing 10% of the issued share capital of the Company as at 1st January 2025, 31st December 2025 and the Latest Practicable Date.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each Grantee under the 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 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.

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

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 companies, 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.

# Report of the Directors

## 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 30 to the 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 2025, 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 2025, 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 30 in the financial statements constituted connected transactions under the GEM Listing Rules. However, they were exempt from Members' approval and disclosure and other requirements under Chapter 20 of the GEM Listing Rules because they were below the de minimus threshold under rule 20.74.

# Report of the Directors



## Public float sufficiency confirmation

Pursuant to rule 17.37D(1) of the GEM Listing Rules, the Company hereby confirmed that, in relation to the Shares, as at 31st December 2025, the applicable public float requirement, with which was 25% of the total number of issued Shares, was complied.

As at 31st December 2025, the public float of the Company was 36.14%.

	<b>Percentage of the share capital of the Company</b>
ERL	58.10
A party acting in concert with ERL	1.47
Kwan Kin Man	3.73
Monica Maria Nunes	0.53
Fung Kee Yue Roger	0.03
Public float	<u>36.14</u>
	<u>100.00</u>

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 Practicable Date.

## Auditor

Ernst & Young retires and a resolution for its reappointment as Auditor will be proposed at the forthcoming AGM.

On behalf of the Board

**José Manuel dos Santos**

*Chairman*

Hong Kong

27th March 2026

# Independent Auditor's Report



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道979號  
太古坊一座27樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

## 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 53 to 132, which comprise the consolidated balance sheet as at 31 December 2025, 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 material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated balance sheet of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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 ("HKASs") as 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"), as applicable to audits of financial statements of public interest entities. We have also 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.

# Independent Auditor's Report



## 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

---

#### Valuation of unlisted equity investment

As at 31 December 2025, the Group had unlisted equity investment measured at fair value through other comprehensive income of HK\$31.4 million, representing approximately 6.3% 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 determined 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 fair value change recognised for the reporting period.

Relevant disclosures are included in notes 3, 16 and 32 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 in 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 multiples and the impact of lack of marketability as well as checking various inputs used against available market information.

# Independent Auditor's Report

## **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 HKFRS Accounting Standards as 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.

# Independent Auditor's Report



## 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 HKSA's 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 HKSA's, 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.

# Independent Auditor's Report

## 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Wong, Adam (practising certificate number: P07896).

### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

27 March 2026

# Consolidated Statement of Profit or Loss

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	5	<b>584,122</b>	604,794
Cost of sales		<b>(471,008)</b>	(486,738)
Gross profit		<b>113,114</b>	118,056
Other loss	5	<b>(1,468)</b>	(608)
Selling and marketing expenses		<b>(19,951)</b>	(30,315)
Administrative expenses		<b>(81,554)</b>	(80,736)
Impairment losses on financial and contract assets		<b>(3,345)</b>	(2,613)
Operating profit		<b>6,796</b>	3,784
Finance income		<b>2,715</b>	3,059
Finance costs	7	<b>(756)</b>	(656)
Finance income, net		<b>1,959</b>	2,403
PROFIT BEFORE TAX	6	<b>8,755</b>	6,187
Income tax (expense)/credit	10	<b>(16)</b>	1,441
PROFIT FOR THE YEAR		<b>8,739</b>	7,628
Attributable to:			
Owners of the parent		<b>11,092</b>	10,275
Non-controlling interests		<b>(2,353)</b>	(2,647)
		<b>8,739</b>	7,628
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		<b>1.80 HK cents</b>	1.67 HK cents

# Consolidated Statement of Comprehensive Income

Note	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
<b>PROFIT FOR THE YEAR</b>	<b>8,739</b>	7,628
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
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 fair value	(1,005)	1,590
Reclassification adjustments for losses included in the consolidated statement of profit or loss – impairment losses	2,841	2,440
Release to profit or loss on disposal of debt instruments	2,508	835
Exchange differences:		
Exchange differences on translation of foreign operations	(1,295)	757
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	3,049	5,622
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	16 1,065	(6,007)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>	<b>4,114</b>	(385)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>12,853</b>	7,243
Attributable to:		
Owners of the parent	15,206	9,890
Non-controlling interests	(2,353)	(2,647)
	<b>12,853</b>	7,243

# Consolidated Balance Sheet



	Notes	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	2,888	1,809
Right-of-use assets	14(a)	741	1,915
Investments in associates	15	–	–
Equity investment designated at fair value through other comprehensive income	16	31,438	30,373
Debt investments at fair value through other comprehensive income	16	27,293	31,769
Total non-current assets		62,360	65,866
<b>CURRENT ASSETS</b>			
Inventory	17	37,765	20,564
Trade receivables	18	174,979	185,426
Contract assets	20	56,049	70,202
Prepayment		62,001	64,626
Other receivables and deposits	19	8,462	6,998
Debt investments at fair value through other comprehensive income	16	4,651	93
Pledged deposit	21	–	3,470
Cash and cash equivalents	21	90,981	39,119
Total current assets		434,888	390,498
<b>CURRENT LIABILITIES</b>			
Trade payable	22	113,829	125,247
Other accounts payable and accruals	22	43,136	34,989
Contract liabilities	24	69,881	53,723
Interest-bearing bank borrowings	23	19,318	5,725
Lease liabilities	14(b)	766	1,168
Tax payable		4,386	4,458
Warranty provisions	25	28,295	19,392
Total current liabilities		279,611	244,702
<b>NET CURRENT ASSETS</b>		155,277	145,796
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		217,637	211,662

# Consolidated Balance Sheet

	Notes	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	14(b)	–	765
<b>Net assets</b>		<b>217,637</b>	210,897
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	26	61,771	61,771
Reserves	27	167,774	158,729
		<b>229,545</b>	220,500
Non-controlling interests		(11,908)	(9,603)
<b>Total equity</b>		<b>217,637</b>	210,897

**José Manuel dos Santos**  
Director

**Monica Maria Nunes**  
Director

# Consolidated Statement of Changes in Equity

	Attributable to owners of the parent												
	Note	Share capital HK\$'000 (note 26)	Contributed surplus HK\$'000 (note 34)	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 27)	Merger reserve HK\$'000 (note 27)	Statutory reserve HK\$'000 (note 27)	Exchange fluctuation reserve HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1st January 2024		61,771	85,354	7,085	702	27,368	35,549	49	4,480	(5,787)	216,771	(6,956)	209,815
Profit for the year ended 31st December 2024		-	-	-	-	-	-	-	-	10,275	10,275	(2,647)	7,628
Other comprehensive income/(loss) for the year:													
Changes in fair value of equity investment at fair value through other comprehensive income		-	-	-	-	(6,007)	-	-	-	-	(6,007)	-	(6,007)
Changes in fair value of debt instruments at fair value through other comprehensive income		-	-	-	-	1,590	-	-	-	-	1,590	-	1,590
Impairment loss on debt instruments at fair value through other comprehensive income		-	-	-	-	2,440	-	-	-	-	2,440	-	2,440
Reclassification to profit or loss – upon disposal of debt instruments		-	-	-	-	835	-	-	-	-	835	-	835
Exchange differences related to foreign operations		-	-	-	-	-	-	-	757	-	757	-	757
Total comprehensive income for the year		-	-	-	-	(1,142)	-	-	757	10,275	9,890	(2,647)	7,243
2023 final dividend paid	11	-	(6,161)	-	-	-	-	-	-	-	(6,161)	-	(6,161)
As at 31st December 2024		61,771	79,193*	7,085*	702*	26,426*	35,549*	49*	5,237*	4,488*	220,500	(9,603)	210,897

# Consolidated Statement of Changes in Equity

	Attributable to owners of the parent											Total equity HK\$'000
	Share capital HK\$'000 (note 26)	Contributed surplus HK\$'000 (note 34)	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 27)	Merger reserve HK\$'000 (note 27)	Statutory reserve HK\$'000 (note 27)	Exchange fluctuation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
As at 1st January 2025	61,771	79,193	7,085	702	26,426	35,549	49	5,237	4,488	220,500	(9,603)	210,897
Profit for the Year	-	-	-	-	-	-	-	-	11,092	11,092	(2,353)	8,739
Other comprehensive income/(loss) for the Year:												
Changes in fair value of equity investment at fair value through other comprehensive income	-	-	-	-	1,065	-	-	-	-	1,065	-	1,065
Changes in fair value of debt instruments at fair value through other comprehensive income	-	-	-	-	(1,005)	-	-	-	-	(1,005)	-	(1,005)
Impairment loss on debt instruments at fair value through other comprehensive income	-	-	-	-	2,841	-	-	-	-	2,841	-	2,841
Reclassification to profit or loss – upon disposal of debt instruments	-	-	-	-	2,508	-	-	-	-	2,508	-	2,508
Exchange differences related to foreign operations	-	-	-	-	-	-	-	(1,295)	-	(1,295)	-	(1,295)
<b>Total comprehensive income for the Year</b>	-	-	-	-	5,409	-	-	(1,295)	11,092	15,206	(2,353)	12,853
Incorporation of a subsidiary	-	-	-	-	-	-	-	-	-	-	48	48
2024 final dividend paid	11	(6,161)	-	-	-	-	-	-	-	(6,161)	-	(6,161)
As at 31st December 2025	61,771	73,032*	7,085*	702*	31,835*	35,549*	49*	3,942*	15,580*	229,545	(11,908)	217,637

\* These reserve accounts comprised the consolidated other reserves of HK\$167,774,000 (2024: HK\$158,729,000) in the consolidated balance sheet.

# Consolidated Statement of Cash Flows

	Notes	2025 HK\$'000	2024 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax:		<b>8,755</b>	6,187
Adjustments for:			
Finance income, net		<b>(1,959)</b>	(2,403)
Write-down/(reversal of write-down) of inventory to net realisable value	6	<b>833</b>	(246)
Impairment losses on financial and contract assets	6	<b>3,345</b>	2,613
Warranty provisions		<b>14,417</b>	19,152
Provision of onerous contract	22	<b>3,804</b>	3,460
Net loss on sale of financial assets at fair value through other comprehensive income (transfer from equity on disposal)	5(c)	<b>2,496</b>	835
Loss on disposal of items of property, plant and equipment		<b>–</b>	7
Depreciation of property, plant and equipment	13	<b>841</b>	789
Depreciation of right-of-use assets	14(a)	<b>1,181</b>	1,392
		<b>33,713</b>	31,786
(Increase)/decrease in inventory		<b>(18,034)</b>	4,635
Decrease/(increase) in trade receivables		<b>10,439</b>	(19,473)
Decrease/(increase) in contract assets		<b>14,151</b>	(16,585)
Increase in prepayment, other receivables and deposits		<b>(822)</b>	(2,877)
Increase/(decrease) in contract liabilities		<b>16,158</b>	(198)
Decrease in trade payable		<b>(11,418)</b>	(2,882)
Increase in other accounts payable and accruals		<b>5,964</b>	8,048
Decrease in provision of onerous contract		<b>(1,621)</b>	(374)
Decrease in warranty provisions		<b>(5,514)</b>	(13,673)
Cash generated from/(used in) operations		<b>43,016</b>	(11,593)
Interest element on lease liabilities	14(c)	<b>(76)</b>	(62)
Income taxes paid		<b>(186)</b>	(290)
Net cash flows generated from/(used in) operating activities		<b>42,754</b>	(11,945)

# Consolidated Statement of Cash Flows

	Note	2025 HK\$'000	2024 HK\$'000
Net cash flows generated from/(used in) operating activities		<b>42,754</b>	(11,945)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		<b>2,715</b>	3,059
Purchases of items of property, plant and equipment		<b>(1,919)</b>	(819)
Purchases of debt instruments designated at fair value through other comprehensive income		<b>(16,223)</b>	(14,458)
Proceeds from disposal of debt instruments designated at fair value through other comprehensive income		<b>16,637</b>	14,712
Net cash flows from investing activities		<b>1,210</b>	2,494
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans		<b>50,402</b>	5,725
Repayment of bank loans		<b>(36,809)</b>	–
Interest paid for bank loans		<b>(680)</b>	(594)
Contribution from non-controlling interests		<b>48</b>	–
Principal portion of lease payments		<b>(1,173)</b>	(1,407)
Withdrawal of pledged bank deposit		<b>3,470</b>	–
Dividend paid		<b>(6,161)</b>	(6,161)
Net cash flows from/(used in) financing activities		<b>9,097</b>	(2,437)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>53,061</b>	(11,888)
Cash and cash equivalents at beginning of year		<b>39,119</b>	50,280
Effect of foreign exchange rate changes, net		<b>(1,199)</b>	727
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
		<b>90,981</b>	39,119
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	21	<b>90,981</b>	39,119

# Notes to Financial Statements



## 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

# Notes to Financial Statements

## 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
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	Hong Kong, limited liability company	1,000 ordinary shares	60	ICT hosting services, managed services and cloud services in Hong Kong
VDT Operator Holdings Limited	BVI, limited liability company	1,000 ordinary shares of US\$1 each	100	Investment holding in Timor-Leste
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
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
Vodatel Systems (HK) Limited	BVI, limited liability company	1,000 ordinary shares of US\$1 each	100	Provision of warehouse services in Hong Kong
Vodatel Systems Inc.	BVI, limited liability company	1,000 ordinary shares of US\$1 each	100	Sale of data networking systems in Macao

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.

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES

### (a) Basis of preparation

These financial statements were prepared in accordance with HKFRS 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).

Generally, there was a presumption that a majority of voting rights resulted in control. When the Company had 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:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) 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.

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (Continued)

#### Basis of consolidation (Continued)

If the Group lost control over a subsidiary, it derecognised the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognised the fair value of any investment retained and 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.

### (b) Changes in accounting policies and disclosures

The Group adopted amendments to HKAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* for the first time for the financial statements of the Year. The Group did not early adopt any other standard or amendment that was issued but was not yet effective.

Amendments to HKAS 21 specified how an entity should assess whether a currency was exchangeable into another currency and how it should estimate a spot exchange rate at a measurement date when exchangeability was lacking. The amendments required disclosures of information that enabled users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the presentation currency of the Group were exchangeable, the amendments did not have any impact on the financial statements of the Group.

In addition, HKICPA issued amendments to Illustrative Examples on HKFRS 7 *Financial Instruments: Disclosures*, HKFRS 18 *Presentation and Disclosure in Financial Statements*, HKAS 1 *Presentation of Financial Statements*, HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, HKAS 36 *Impairment of Assets* and HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets: Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS. These examples reflected existing requirements in the corresponding HKFRS to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments did not have an effective date or transitional provisions. The Group considered the guidance in these illustrative examples.

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES (CONTINUED)

### (c) Issued but not yet effective HKFRS

The Group did not apply the following new and amended HKFRS, that were issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements (note (ii))</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures (note (ii))</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments (note (i))</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity (note (i))</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (note (iii))</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency (note (ii))</i>
Annual Improvements to HKFRS Accounting Standards – Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10, and HKAS 7 (note (i))</i>

Notes:

- (i) Effective for annual periods beginning on or after 1st January 2026
- (ii) Effective for annual/reporting periods beginning on or after 1st January 2027
- (iii) No mandatory effective date yet determined but available for adoption

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (c) Issued but not yet effective HKFRS (Continued)

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

HKFRS 18 replaces HKAS 1. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issue of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS. HKFRS 18 and the consequential amendments to other HKFRS are effective for annual periods beginning on or after 1st January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the financial statements of the Group.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS. HKFRS 19 was amended in April 2025 to include financial reporting standards and interpretations approved by the International Accounting Standards Board, and includes all International Accounting Standards and interpretations issued under the former International Accounting Standards Committee from time to time, in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the subsidiaries of the Company are considering the application of HKFRS 19 and its amendments in their specified financial statements.

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES (CONTINUED)

### (c) Issued but not yet effective HKFRS (Continued)

Amendments to HKFRS 9 *Financial Instruments* and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with ESG and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the financial statements of the Group.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the “own-use” requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on the financial performance and future cash flows of an entity. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the financial statements of the Group.

Amendments to HKFRS 10 and HKAS 28 *Investments in Associates and Joint Ventures* address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 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 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 was removed by HKICPA. However, the amendments are available for adoption now.

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (c) Issued but not yet effective HKFRS (Continued)

Amendments to HKAS 21 require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the comparative figures of the foreign operation. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the financial statements of the Group.

*Annual Improvements to HKFRS – Volume 11* set out amendments to HKFRS 1 *First time Adoption of HKFRS*, HKFRS 7 (and the accompanying Guidance on Implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on Implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on Implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the financial statements of the Group.
- HKFRS 9: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 *Leases* and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the financial statements of the Group.
- HKFRS 10: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the financial statements of the Group.

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES (CONTINUED)

### (c) Issued but not yet effective HKFRS (Continued)

- HKAS 7: The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of “cost method”. Earlier application is permitted. The amendments are not expected to have any significant impact on the financial statements of the Group.

### (d) Material accounting policies

#### (i) *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 had 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 were made to bring into line any dissimilar accounting policies that might 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.

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (ii) 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.

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.

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### *(iii) 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 in use of the asset or the cash-generating unit 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.

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.

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### *(iv) Related parties*

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

- (I) the party was a person or a close member of that person's family and that person
  - had control or joint control over the Group;
  - had significant influence over the Group; or
  - was a member of the key management personnel of the Group or of a parent of the Group;

or

- (II) the party was an entity where any of the following conditions applied:
  - the entity and the Group were members of the same group;
  - one entity was an associate of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - the entity was controlled or jointly controlled by a person identified in (I);
  - the person who had control or joint control over the Group 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
  - 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.

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (v) 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%
Furniture, fixtures and office equipment	20% to 50%
Motor vehicles	20%
Demonstration equipment	33 $\frac{1}{3}$ %

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.

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (vi) Leases – Group as a lessee

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.

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.

#### (l) 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 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:

Buildings	Two years
-----------	-----------

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (vi) Leases – Group as a lessee (Continued)

##### (II) 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 incremental borrowing rate 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.

##### (III) 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.

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (vii) Investments and other financial assets

##### (l) 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 in note 2(d)(xvii) 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.

Purchases or sales of financial assets that required delivery of assets within the period generally established by regulation or convention in the marketplace were recognised on the trade date, that is, the date that the Group committed to purchase or sell the asset.

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (vii) Investments and other financial assets (Continued)

##### (II) 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.

##### 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 investment)

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

Gains and losses on this financial asset 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, 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 investment designated at fair value through other comprehensive income was not subject to impairment assessment.

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### *(vii) Investments and other financial assets (Continued)*

##### (III) 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 of the Group) 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
  - the Group transferred substantially all the risks and rewards of the asset, or
  - the Group neither transferred nor retained substantially all the risks and rewards of the asset, but transferred control of the asset.

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.

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### *(viii) 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.

#### (l) 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 was a significant increase in credit risk when contractual payments were more than thirty days past due.

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 and the historical recovery rate of financial assets over ninety days past due of the Group. 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.

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (viii) Impairment of financial assets (Continued)

##### (l) General approach (Continued)

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 origin, the allowance would be based on the Lifetime ECL.

A financial asset was written off when there was no reasonable expectation of recovering the contractual cash flows.

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

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (viii) Impairment of financial assets (Continued)

##### (II) 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.

#### (ix) Financial liabilities

##### (I) 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 payable, net of directly attributable transaction costs.

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

##### (II) Subsequent measurement – financial liabilities at amortised cost (trade and other accounts payable, and borrowings)

After initial recognition, trade and other accounts payable, and interest-bearing 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.

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (x) *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.

#### (xi) *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.

#### (xii) *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 less any estimated costs necessary to make the sale.

#### (xiii) *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprised cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that were readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprised cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which were repayable on demand and formed an integral part of the cash management of the Group.

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### *(xiv) 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 project sales during the warranty period. Provisions for these assurance-type warranties granted by the Group were initially 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 customers specified in contracts. The warranty-related cost was revised annually.

#### *(xv) 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.

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (xv) Income tax (Continued)

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 did not give rise to equal taxable and deductible temporary differences; 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 carry forward of unused tax credits and any unused tax losses. 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 carry forward 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 did not give rise to equal taxable and deductible temporary differences; 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.

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 had become probable that sufficient taxable profit would be available to allow all or part of the deferred tax asset to be recovered.

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (xv) *Income tax (Continued)*

Deferred tax assets and liabilities were measured at the tax rates that were 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.

#### (xvi) *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.

#### (xvii) *Revenue recognition*

##### (l) 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.

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (xvii) Revenue recognition (Continued)

##### (l) Revenue from contracts with customers (Continued)

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 over time 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.

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (xvii) Revenue recognition (Continued)

##### (I) 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 over time 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.

##### (II) 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.

#### (xviii) Contract assets

If the Group performed by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, 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. They were reclassified to trade receivables when the right to the consideration became unconditional.

#### (xix) 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).

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### (xx) Other employee benefits

##### (I) Pension scheme

The Group operated a defined contribution MPF Scheme for all of its employees in Hong Kong. Contributions were made based on a percentage of the employees' basic salaries and were charged to the statement of profit or loss as they became payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme were held separately from those of the Group in an independently administered fund. The employer contributions of the Group vested fully with the employees when contributed into the MPF Scheme.

The employees of the subsidiaries of the Company which operated in Macao were required to participate in a social security fund operated by the Government of Macao. These subsidiaries were required to pay monthly fixed contributions to meet the minimum mandatory requirements of the social security fund scheme to fund the benefits.

The employees of the subsidiaries of the Company which operated in Mainland China were required to participate in a central pension scheme operated by the local municipal Government. These subsidiaries were required to contribute 20% of its payroll costs to the central pension scheme. The contributions were charged to the statement of profit or loss as they became payable in accordance with the rules of the central pension scheme.

##### (II) Termination benefits

Termination benefits were recognised at the earlier of when the Group could no longer withdraw the offer of those benefits and when the Group recognised restructuring costs involving the payment of termination benefits.

#### (xxi) 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.

#### (xxii) 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.

# Notes to Financial Statements



## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### *(xxiii) Foreign currencies*

These financial statements are 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 currencies 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 cumulative amount in the reserve relating to that particular foreign operation was recognised in the statement of profit or loss.

# Notes to Financial Statements

## 2 ACCOUNTING POLICIES (CONTINUED)

### (d) Material accounting policies (Continued)

#### *(xxiv) Onerous contracts*

If the Group had a contract that was onerous, the present obligation under the contract was recognised and measured as a provision. However, before a separate provision for an onerous contract was established, the Group recognised any impairment loss that occurred on assets dedicated to that contract.

An onerous contract was a contract under which the unavoidable costs (i.e. the costs that the Group could not avoid because it had the contract) of meeting the obligations under the contract exceeded the economic benefits expected to be received under it. The unavoidable costs under a contract reflected the least net cost of exiting from the contract, which was the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprised the costs that related directly to the contract (i.e. both incremental costs and an allocation of costs directly related to contract activities).

# Notes to Financial Statements



## 3 SIGNIFICANT ACCOUNTING 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 had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### (a) 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 rates were based on days past due for groupings of various customer segments that had similar loss patterns.

The provision matrix was initially based on the historical observed default rates of the Group. The Group calibrated 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 the actual default of a customer in the future. The information about ECL on the trade receivables and contract assets of the Group is disclosed in note 18 and note 20 to the financial statements, respectively.

#### (b) Warranty provisions

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

# Notes to Financial Statements

## 3 SIGNIFICANT ACCOUNTING ESTIMATES (CONTINUED)

### Estimation uncertainty (Continued)

#### (c) Net realisable value for 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.

#### (d) Fair value of unlisted equity investment

The unlisted equity investment was valued based on a market-based valuation technique as detailed in note 32 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 2025 was HK\$31,438,000 (2024: HK\$30,373,000). Further details are included in note 16 and note 32 to the financial statements.

## 4 OPERATING SEGMENT INFORMATION

For management purposes, the Group was organised into business units based on geographical locations and had two reportable operating segments as follows:

#### (a) Macao and Hong Kong; and

#### (b) Mainland China.

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.

Segment assets excluded equity investment designated at fair value through other comprehensive income and debt investments at fair value through other comprehensive income.

# Notes to Financial Statements



## 4 OPERATING SEGMENT INFORMATION (CONTINUED)

Year	Macao and Hong Kong HK\$'000	Mainland China HK\$'000	Total HK\$'000
<b>Adjusted EBITDA</b>	<u>9,647</u>	<u>2,263</u>	11,910
<b>Segment results</b>			
<i>Reconciliation:</i>			
Depreciation – property, plant and equipment			(841)
Depreciation – right-of-use assets			(1,181)
Finance income – net			2,715
Loss on disposal of financial assets at fair value through other comprehensive income			(2,496)
Impairment of debt investments at fair value through other comprehensive income			<u>(1,352)</u>
Profit before tax			<u>8,755</u>
<b>As at 31st December 2025</b>			
<b>Segment assets</b>	<u>417,959</u>	<u>15,907</u>	433,866
<i>Reconciliation:</i>			
Debt investments at fair value through other comprehensive income			31,944
Equity investment designated at fair value through other comprehensive income			<u>31,438</u>
Total assets			<u>497,248</u>
<b>Other segment information</b>			
Impairment of financial and contract assets at amortised cost	(1,993)	–	(1,993)
Income tax expense	(14)	(2)	(16)
Depreciation	(1,741)	(281)	(2,022)
Additions to property, plant and equipment	<u>1,817</u>	<u>102</u>	<u>1,919</u>

# Notes to Financial Statements

## 4 OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31st December 2024	Hong Kong and Macao HK\$'000	Mainland China HK\$'000	Total HK\$'000
Adjusted EBITDA	23,693	(14,453)	9,240
Segment results			
<i>Reconciliation:</i>			
Depreciation – property, plant and equipment			(789)
Depreciation – right-of-use assets			(1,392)
Finance income – net			2,403
Loss on disposal of financial assets at fair value through other comprehensive income			(835)
Impairment of debt investments at fair value through other comprehensive income			(2,440)
Profit before tax			<u>6,187</u>
As at 31st December 2024			
Segment assets	<u>384,542</u>	<u>9,587</u>	394,129
<i>Reconciliation:</i>			
Debt investments at fair value through other comprehensive income			31,862
Equity investment designated at fair value through other comprehensive income			<u>30,373</u>
Total assets			<u>456,364</u>
Other segment information			
Reversal of impairment of financial and contract assets at amortised cost	256	–	256
Income tax credit/(expense)	1,448	(7)	1,441
Depreciation	(1,880)	(301)	(2,181)
Additions to property, plant and equipment	<u>809</u>	<u>10</u>	<u>819</u>

# Notes to Financial Statements



## 4 OPERATING SEGMENT INFORMATION (CONTINUED)

### (a) Geographical information – revenue from external customers

	2025 HK\$'000	2024 HK\$'000
Macao and Hong Kong	454,142	437,719
Mainland China	129,980	167,075
Total revenue	<b>584,122</b>	604,794

### (b) Information about a major customer

Revenue of approximately HK\$158,139,000 (2024: HK\$129,920,000) was derived from Macao and Hong Kong segment to a single group of external customers.

## 5 REVENUE AND OTHER LOSS

### (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 and recognised from performance obligations satisfied in previous periods:

	2025 HK\$'000	2024 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	<b>36,043</b>	35,649

# Notes to Financial Statements

## 5 REVENUE AND OTHER LOSS (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:

	2025 HK\$'000	2024 HK\$'000
Amounts expected to be recognised as revenue:		
Within one year	22,296	28,612
After one year	16,358	12,837
Total	<b>38,654</b>	41,449

The amounts of transaction prices allocated to the remaining performance obligations which were expected to be recognised as revenue after one year related to provision of technical services, of which the performance obligations were to be satisfied within four 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.

### (c) Other loss

	2025 HK\$'000	2024 HK\$'000
Loss on disposal of financial assets at fair value through other comprehensive income	(2,496)	(835)
Others	1,028	227
Total other loss	<b>(1,468)</b>	(608)

# Notes to Financial Statements



## 6 PROFIT BEFORE TAX

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

	Notes	2025 HK\$'000	2024 HK\$'000
Cost of inventory sold		<b>301,548</b>	331,324
Cost of services provided		<b>168,627</b>	155,464
Depreciation of property, plant and equipment	13	<b>841</b>	789
Depreciation of right-of-use assets	14(a)	<b>1,181</b>	1,392
Lease payments not included in the measurement of lease liabilities	14(c)	<b>526</b>	463
Auditor's remuneration		<b>1,460</b>	1,460
Employee benefit expense (excluding Directors' fee (note 8)):			
Wages and salaries		<b>73,489</b>	76,861
Pension scheme contributions (defined contribution scheme) (note (a))		<b>200</b>	208
Social security costs		<b>845</b>	798
Total		<b>74,534</b>	77,867
Foreign exchange differences, net		<b>76</b>	59
Impairment of financial and contract assets:			
Impairment/(reversal of impairment) of trade receivables	18	<b>8</b>	(201)
Impairment/(reversal of impairment) of contract assets	20	<b>2</b>	(55)
Impairment of debt investments at fair value through other comprehensive income		<b>1,352</b>	2,440
Impairment of other receivables and deposits		<b>1,983</b>	429
Total		<b>3,345</b>	2,613
Write-down/(reversal of write-down) of inventory to net realisable value		<b>833</b>	(246)
Product warranty provisions – additional provision (included in cost of services provided)	25	<b>14,417</b>	19,152
Provision of onerous contract – additional provision (included in cost of services provided)	22	<b>3,804</b>	3,460
Interest income		<b>(2,715)</b>	(3,059)
Government grants (note (b))		<b>(339)</b>	–
Loss on disposal of items of property, plant and equipment		<b>–</b>	7

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 were no unfulfilled conditions or contingencies relating to these grants.

# Notes to Financial Statements

## 7 FINANCE COSTS

An analysis of finance costs is as follows:

	2025 HK\$'000	2024 HK\$'000
Interest on bank loans	680	594
Interest on lease liabilities	76	62
Total	<b>756</b>	656

## 8 DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

Directors' and Chief Executives' 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, was as follows:

	2025 HK\$'000	2024 HK\$'000
Fees	870	870
Other emoluments:		
Salaries	8,926	8,677
Performance related bonuses	2,700	2,700
Pension scheme contributions	24	24
Subtotal	<b>11,650</b>	11,401
Total	<b>12,520</b>	12,271

### (a) Independent non-executive Directors

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

	2025 HK\$'000	2024 HK\$'000
Fung Kee Yue Roger	120	120
Wong Tsu An Patrick	120	120
Wong Kwok Kuen	120	120
Total	<b>360</b>	360

There were no other emoluments payable to the independent non-executive Directors during the Year (2024: Nil).

# Notes to Financial Statements



## 8 DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (CONTINUED)

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

Year	Fees HK\$'000	Salaries HK\$'000	Performance related bonus HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Executive Directors:					
José Manuel dos Santos	130	5,736	850	–	6,716
Kuan Kin Man	130	1,440	1,000	–	2,570
Monica Maria Nunes	130	1,750	850	24	2,754
Subtotal	390	8,926	2,700	24	12,040
Non-executive Director:					
Ho Wai Chung Stephen	120	–	–	–	120
<b>Total</b>	<b>510</b>	<b>8,926</b>	<b>2,700</b>	<b>24</b>	<b>12,160</b>

Year ended 31st December  
2024

Executive Directors:					
José Manuel dos Santos	130	5,569	850	–	6,549
Kuan Kin Man	130	1,400	1,000	–	2,530
Monica Maria Nunes	130	1,708	850	24	2,712
Subtotal	390	8,677	2,700	24	11,791
Non-executive Director:					
Ho Wai Chung Stephen	120	–	–	–	120
Total	510	8,677	2,700	24	11,911

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

There was no arrangement under which a Director or the Chief Executives waived or agreed to waive any remuneration during the Year.

# Notes to Financial Statements

## 9 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Year included three Directors (2024: three Directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the Year of the remaining two (2024: two) highest paid employees who were neither a Director nor Chief Executive were as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	2,122	1,904
Performance related bonuses	120	835
Pension scheme contributions	21	18
Total	<u>2,263</u>	<u>2,757</u>

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	
	2025	2024
HK\$1,000,001 to HK\$1,500,000	2	1
HK\$1,500,001 to HK\$2,000,000	–	1
Total	<u>2</u>	<u>2</u>

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

	Number of employees	
	2025	2024
< HK\$500,000	2	–
HK\$500,001 to HK\$1,000,000	5	8
> HK\$1,000,000	5	5
Total	<u>12</u>	<u>13</u>

# Notes to Financial Statements



## 10 INCOME TAX

No Hong Kong profits tax and Mainland China corporate income 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 rate of tax prevailing in the jurisdictions in which the Group operated. Macao complementary tax has been provided at the rate of 12% (2024: 12%) on the estimated assessable profits arising in Macao during the Year.

	2025 HK\$'000	2024 HK\$'000
Current – Macao complementary tax		
Charge for the year	158	324
Overprovision in prior years	(144)	(1,772)
Current – Mainland China corporate income tax		
Underprovision in prior years	2	7
Total	<u>16</u>	<u>(1,441)</u>

A reconciliation of the tax expense/(credit) applicable to profit before tax at the statutory tax rate for the jurisdictions where the operations of the Group were substantially based to the tax expense/(credit) at the effective tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Profit before tax	<u>8,755</u>	<u>6,187</u>
Tax at the statutory tax rate	2,089	88
Adjustments in respect of current tax of previous periods	(144)	(1,765)
Income not subject to tax	(4,252)	(5,533)
Expenses not deductible for tax	502	860
Tax losses utilised from previous periods	(1,011)	(783)
Tax losses not recognised	2,832	5,692
Tax expense/(credit) at the effective rate of the Group	<u>16</u>	<u>(1,441)</u>

The Group had tax losses, subject to agreement by the respective tax authorities, of HK\$39,669,000 (2024: HK\$34,873,000) that were available indefinitely for offsetting against future taxable profits of the companies in which the losses arose and of HK\$29,681,000 (2024: HK\$73,974,000) that would expire in one to five years for offsetting against future taxable profits. Deferred tax assets were not recognised in respect of these losses as they arose in subsidiaries that were loss-making for some time and it was not considered probable that future taxable profits would be available against which the tax losses could be utilised.

# Notes to Financial Statements

## 11 DIVIDEND

	2025 HK\$'000	2024 HK\$'000
Proposed final – HK\$0.01 (2024: HK\$0.01) per Share	<u>6,161</u>	<u>6,161</u>

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

## 12 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per Share amounts was based on the profit for the Year attributable to ordinary equity holders of the parent, and the weighted average number of Shares of 616,115,000 (2024: 616,115,000) outstanding during the Year.

The Company had no potentially dilutive Shares in issue during the Year and the year ended 31st December 2024.

The calculations of basic earnings per Share were based on:

	2025 HK\$'000	2024 HK\$'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per Share calculation	<u>11,092</u>	<u>10,275</u>

	<b>Number of Shares</b>	
	2025 (thousands)	2024 (thousands)
<b>Shares</b>		
Weighted average number of Shares outstanding during the Year used in the basic earnings per Share calculation	<u>616,115</u>	<u>616,115</u>

# Notes to Financial Statements



## 13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture, fixture and office equipment HK\$'000	Motor vehicles HK\$'000	Demonstration equipment HK\$'000	Total HK\$'000
<b>As at 31st December 2025</b>					
<b>As at 1st January 2025:</b>					
Cost	5,666	6,342	1,153	2,250	15,411
Accumulated depreciation	(4,631)	(5,968)	(781)	(2,222)	(13,602)
Net carrying amount	<u>1,035</u>	<u>374</u>	<u>372</u>	<u>28</u>	<u>1,809</u>
As at 1st January 2025, net of accumulated depreciation	1,035	374	372	28	1,809
Additions	838	1,065	16	-	1,919
Depreciation provided during the Year	(373)	(305)	(151)	(12)	(841)
Exchange realignment	-	1	-	-	1
<b>As at 31st December 2025, net of accumulated depreciation</b>	<u>1,500</u>	<u>1,135</u>	<u>237</u>	<u>16</u>	<u>2,888</u>
<b>As at 31st December 2025:</b>					
Cost	6,512	7,389	1,060	2,250	17,211
Accumulated depreciation	(5,012)	(6,254)	(823)	(2,234)	(14,323)
Net carrying amount	<u>1,500</u>	<u>1,135</u>	<u>237</u>	<u>16</u>	<u>2,888</u>

# Notes to Financial Statements

## 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvements HK\$'000	Furniture, fixture and office equipment HK\$'000	Motor vehicles HK\$'000	Demonstration equipment HK\$'000	Total HK\$'000
As at 31st December 2024					
As at 1st January 2024:					
Cost	5,252	6,389	1,272	2,231	15,144
Accumulated depreciation	(4,363)	(6,012)	(775)	(2,207)	(13,357)
Net carrying amount	889	377	497	24	1,787
As at 1st January 2024, net of accumulated depreciation					
	889	377	497	24	1,787
Additions	545	228	27	19	819
Disposals	–	(7)	–	–	(7)
Depreciation provided during the year ended 31st December 2024	(399)	(223)	(152)	(15)	(789)
Exchange realignment	–	(1)	–	–	(1)
As at 31st December 2024, net of accumulated depreciation	1,035	374	372	28	1,809
As at 31st December 2024:					
Cost	5,666	6,342	1,153	2,250	15,411
Accumulated depreciation	(4,631)	(5,968)	(781)	(2,222)	(13,602)
Net carrying amount	1,035	374	372	28	1,809

# Notes to Financial Statements



## 14 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:

	<b>Buildings HK\$'000</b>
As at 1st January 2024	951
Additions	2,367
Exchange realignment	(11)
Depreciation charge	(1,392)
<b>As at 31st December 2024 and 1st January 2025</b>	<b>1,915</b>
Exchange realignment	7
Depreciation charge	(1,181)
<b>As at 31st December 2025</b>	<b>741</b>

### (b) Lease liabilities

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

	<b>2025 HK\$'000</b>	2024 HK\$'000
<b>Carrying amount as at 1st January</b>	<b>1,933</b>	983
New leases	–	2,367
Payments	(1,173)	(1,407)
Exchange realignment	6	(10)
<b>Carrying amount as at 31st December</b>	<b>766</b>	1,933
Analysed into:		
Current portion	766	1,168
Non-current portion	–	765
<b>Carrying amount as at 31st December</b>	<b>766</b>	1,933
The maturity analysis of lease liabilities is as follow:		
Within one year	766	1,168
In the second year	–	765
	<b>766</b>	1,933

The maturity analysis of lease liabilities is disclosed in note 33(d) to the financial statements.

# Notes to Financial Statements

## 14 LEASES – THE GROUP AS A LESSEE (CONTINUED)

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

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	76	62
Depreciation charge of right-of-use assets	1,181	1,392
Expense relating to short-term leases (included in administrative expenses)	526	463
Total amount recognised in profit or loss	<b>1,783</b>	<b>1,917</b>

## 15 INVESTMENTS IN ASSOCIATES

The amounts due to associates included in the other accounts payable and accruals of the Group totalling HK\$83,000 (2024: amounts due from associates included in the other receivables and deposits of HK\$46,000) were unsecured, interest-free and repayable on demand or within one year.

Particulars of the 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	Ordinary shares	BVI, limited liability company	49.91	Investment holding
廣州新科元電訊技術有限公司	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.

# Notes to Financial Statements



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

	2025 HK\$'000	2024 HK\$'000
<b>Equity investment designated at fair value through other comprehensive income</b>		
Unlisted equity investment, at fair value – TTSA	<b>31,438</b>	30,373

Name	Place of incorporation	Principal activity	Particulars of issued shares held	Interest held
Timor Telecom, S.A. ("TTSA")	Timor-Leste	Provision of telecommunications services	78,565 ordinary shares of US\$10 each	17.86%

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.

	2025 HK\$'000	2024 HK\$'000
<b>Debt investments designated at fair value through other comprehensive income</b>		
Listed bonds	<b>31,944</b>	31,862

Debt investments designated at fair value through other comprehensive income comprised 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 reserve of financial assets at fair value through other comprehensive income was reclassified to other loss within profit or loss.

During the Year, the loss allowance for impairment of debt investments at fair value through other comprehensive income of HK\$1,352,000 (2024: HK\$2,440,000) was recognised in profit or loss due to increased credit risk of such investments.

# Notes to Financial Statements

## 17 INVENTORY

	2025 HK\$'000	2024 HK\$'000
Finished goods – networking equipment	53,655	35,621
Write-down of inventory to net realisable value	(15,890)	(15,057)
Total	<u>37,765</u>	<u>20,564</u>

Write-down of inventory to net realisable value amounted to HK\$833,000 (2024: reversal of write-down of HK\$246,000). This was recognised as an expense during the Year and included in cost of sales in the statement of profit or loss.

## 18 TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	176,302	186,713
Impairment	(1,323)	(1,287)
Net carrying amount	<u>174,979</u>	<u>185,426</u>

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 receivable balances. Trade receivables were non-interest-bearing.

# Notes to Financial Statements



## 18 TRADE RECEIVABLES (CONTINUED)

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:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Within three months	<b>96,258</b>	139,028
Four to six months	<b>18,069</b>	36,622
Seven to twelve months	<b>54,576</b>	4,586
Over twelve months	<b>6,076</b>	5,190
Total	<b>174,979</b>	185,426

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

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
At beginning of year	<b>1,287</b>	1,509
Impairment losses/(reversal of impairment losses) (note 6)	<b>8</b>	(201)
Currency translation difference	<b>28</b>	(21)
At end of year	<b>1,323</b>	1,287

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.

# Notes to Financial Statements

## 18 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:

	Within six months HK\$'000	Seven to twelve months HK\$'000	Over twelve months HK\$'000	Total HK\$'000
<b>As at 31st December 2025</b>				
ECL rate	0.00%	0.07%	17.41%	0.75%
Gross carrying amount (HK\$'000)	114,329	54,616	7,357	176,302
ECL (HK\$'000)	2	40	1,281	1,323
<b>As at 31st December 2024</b>				
ECL rate	0.01%	1.38%	18.84%	0.69%
Gross carrying amount (HK\$'000)	175,668	4,650	6,395	186,713
ECL (HK\$'000)	18	64	1,205	1,287

## 19 OTHER RECEIVABLES AND DEPOSITS

	2025 HK\$'000	2024 HK\$'000
Other receivables and deposits	10,445	7,427
Impairment allowance	(1,983)	(429)
Total	8,462	6,998

Where applicable, an impairment analysis was performed 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 an other receivable due from a third party as at 31st December 2024. Due to uncertainty over the timing of their recoverabilities from the associates and the third party, an ECL rate of 100% was employed as at 31st December 2025 and 2024 respectively. As at 31st December 2025 and 2024, the loss allowance of the remaining other receivables was assessed to be minimal.

# Notes to Financial Statements



## 20 CONTRACT ASSETS

	<b>31st December 2025 HK\$'000</b>	31st December 2024 HK\$'000	1st January 2024 HK\$'000
Current contract assets	<b>58,134</b>	72,285	55,700
Impairment	<b>(2,085)</b>	(2,083)	(2,138)
Net carrying amount	<b>56,049</b>	70,202	53,562

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 2025. The increase in contract assets in the year ended 31st December 2024 was the result of the increase in the ongoing sale of services and the provision of project sales as at 31st December 2024.

During the Year, HK\$2,000 was recognised (2024: HK\$55,000 reversed) as an allowance for ECL on contract assets. The trading terms and credit policy of the Group with customers are disclosed in note 18 to the financial statements.

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

	<b>2025 HK\$'000</b>	2024 HK\$'000
Within one year	<b>55,217</b>	70,202
After one year	<b>832</b>	–
Total contract assets	<b>56,049</b>	70,202

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

	<b>2025 HK\$'000</b>	2024 HK\$'000
At beginning of year	<b>2,083</b>	2,138
Impairment losses/(reversal of impairment losses) (note 6)	<b>2</b>	(55)
At end of year	<b>2,085</b>	2,083

# Notes to Financial Statements

## 20 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 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:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
ECL rate	<b>3.59%</b>	2.88%
Gross carrying amount (HK\$'000)	<b>58,134</b>	72,285
ECL (HK\$'000)	<b>2,085</b>	2,083

# Notes to Financial Statements



## 21 PLEDGED DEPOSIT AND CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	55,191	38,142
Time deposits	35,790	4,447
Subtotal	90,981	42,589
Less: pledged time deposit	–	(3,470)
Cash and cash equivalents	90,981	39,119

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to HK\$9,214,000 (2024: HK\$5,003,000). RMB was not freely convertible into other currencies, however, under the 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.

As at 31st December 2024, a pledged time deposit represented a deposit amounting to HK\$3,470,000 pledged to a bank to secure a performance bond granted to the Group. The performance bond was released in January 2025.

## 22 TRADE AND OTHER ACCOUNTS PAYABLE

	2025 HK\$'000	2024 HK\$'000
Trade payable	113,829	125,247
Other accounts payable and accruals	43,136	34,989
Total	156,965	160,236

# Notes to Financial Statements

## 22 TRADE AND OTHER ACCOUNTS PAYABLE (CONTINUED)

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

	2025 HK\$'000	2024 HK\$'000
Within three months	73,546	112,212
Four to six months	9,451	5,484
Seven to twelve months	6,938	375
Over twelve months	23,894	7,176
Total	<b>113,829</b>	125,247

The trade payable was non-interest-bearing.

Included in other accounts payable and accruals was a provision of an onerous contract of HK\$5,269,000 (2024: HK\$3,086,000).

	HK\$'000
As at 1st January 2024	–
Additional provision (note 6)	3,460
Amounts utilised during the year ended 31st December 2024	(374)
<b>As at 31st December 2024 and 1st January 2025</b>	<b>3,086</b>
Additional provision (note 6)	3,804
Amounts utilised during the Year	(1,621)
<b>As at 31st December 2025</b>	<b>5,269</b>

A provision was recognised for certain contracts with suppliers for which the unavoidable costs of meeting the obligations exceeded the economic benefits expected to be received. It was anticipated that these costs would be incurred in the coming financial years.

# Notes to Financial Statements



## 23 INTEREST-BEARING BANK BORROWINGS

	2025		
	Effective interest rate (%)	Maturity	HK\$'000
<b>Current</b>			
Bank loans – unsecured	3.83	2026	<u>19,318</u>
	2024		
	Effective interest rate (%)	Maturity	HK\$'000
Current			
Bank loan – unsecured	4	2025	<u>5,725</u>
		<b>2025</b>	2024
		<b>HK\$'000</b>	HK\$'000
Analysed into:			
Bank loans repayable – within one year or on demand		<u>19,318</u>	<u>5,725</u>

*Notes:*

- (a) The overdraft facilities of the Group amounting to US\$4,000,000 (equivalent to HK\$31,129,000) (2024: US\$4,000,000 (equivalent to HK\$31,231,000)), in which nil (2024: nil) was utilised as at the end of the reporting period, were unsecured.
- (b) As at 31st December 2025 and 2024, all borrowings were in HK\$.

# Notes to Financial Statements

## 24 CONTRACT LIABILITIES

	<b>31st December 2025 HK\$'000</b>	31st December 2024 HK\$'000	1st January 2024 HK\$'000
<i>Short-term advances received from customers</i>			
Design, sale and implementation of network and systems infrastructure; customer data automation, customisation and integration; and provision of technical support services	<b>69,881</b>	53,723	53,921

The increase in contract liabilities in the Year was mainly due to the increase in short-term advances received from customers in relation to the provision of technical support services as at 31st December 2025, while the decrease in contract liabilities in the year ended 31st December 2024 was mainly due to the decrease in short-term advances received from customers in relation to the provision of technical support services as at 31st December 2024.

## 25 WARRANTY PROVISIONS

	<b>HK\$'000</b>
As at 1st January 2024	13,913
Additional provision (note 6)	19,152
Amounts utilised during the year ended 31st December 2024	(13,673)
<b>As at 31st December 2024 and 1st January 2025</b>	<b>19,392</b>
Additional provision (note 6)	14,417
Amounts utilised during the Year	(5,514)
<b>As at 31st December 2025</b>	<b>28,295</b>

The Group provided warranties to certain customers on certain of its services. The provision for the warranties was made in an amount that was 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.

# Notes to Financial Statements



## 26 SHARE CAPITAL

### Shares

	2025 HK\$'000	2024 HK\$'000
Issued and fully paid: 616,115,000 (2024: 616,115,000) Shares	<u>61,771</u>	<u>61,771</u>

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

	Number of Shares in issue (thousands)	Share capital HK\$'000
<b>As at 1st January 2024, 31st December 2024, 1st January 2025 and 31st December 2025</b>	<u>616,115</u>	<u>61,771</u>

## 27 OTHER 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 57 to 58 of the financial statements.

### (a) 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 16. 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 16. 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.

### (b) 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.

# Notes to Financial Statements

## 27 OTHER RESERVES (CONTINUED)

### (c) Statutory reserve

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

## 28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year ended 31st December 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$2,367,000 and HK\$2,367,000, respectively, in respect of lease arrangements for offices.

### (b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings HK\$'000	Lease liabilities HK\$'000
As at 1st January 2024	–	983
Changes from financing cash flow	5,725	(1,407)
New leases	–	2,367
Foreign exchange movement	–	(10)
Interest expense	–	62
Interest paid classified as operating cash flows	–	(62)
<b>As at 31st December 2024 and 1st January 2025</b>	<b>5,725</b>	<b>1,933</b>
Changes from financing cash flow	<b>(36,809)</b>	<b>(1,173)</b>
New bank loans	<b>50,402</b>	–
Foreign exchange movement	–	<b>6</b>
Interest expense	–	<b>76</b>
Interest paid classified as operating cash flows	–	<b>(76)</b>
<b>As at 31st December 2025</b>	<b>19,318</b>	<b>766</b>

## 29 PLEDGE OF ASSETS

Details of the asset of the Group pledged for the performance bond of the Group of HK\$3,470,000 as at 31st December 2024 is included in note 21 to the financial statements.

# Notes to Financial Statements



## 30 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:

	Notes	2025 HK\$'000	2024 HK\$'000
Sales of goods to an associate	(i)	–	282
Sales of goods to a company of which a Director was a controlling shareholder	(ii)	<b>2,305</b>	<b>2,872</b>

Notes:

- (i) The sales to an associate were made according to the published prices and conditions offered to the major customers of the Group.
- (ii) The sales were made to a company of which a Director was a controlling shareholder. The Directors considered that the sales were made according to the published prices and conditions similar to those offered to the major customers of the Group.
- (b) Other transactions with a related party:

During the Year, a Director was entitled to receive HK\$1,131,000 (2024: HK\$1,167,000) from the Group for leasing certain offices to the Group.

- (c) Current accounts payable to a related party:

	2025 HK\$'000	2024 HK\$'000
Lease liabilities to a Director	<b>747</b>	<b>1,806</b>

- (d) 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.

The related party transactions in respect of notes (a) (except sales of goods to an associate), (b) and (c) above also constituted connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

# Notes to Financial Statements

## 31 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:

### As at 31st December 2025

#### Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost HK\$'000	Total HK\$'000
	Debt investments HK\$'000	Equity investment HK\$'000		
Equity investment at fair value through other comprehensive income	–	31,438	–	31,438
Debt investments at fair value through other comprehensive income	31,944	–	–	31,944
Trade receivables	–	–	174,979	174,979
Other receivables and deposits	–	–	8,462	8,462
Cash and cash equivalents	–	–	90,981	90,981
<b>Total</b>	<b>31,944</b>	<b>31,438</b>	<b>274,422</b>	<b>337,804</b>

#### Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade payable	113,829
Financial liabilities included in other accounts payable and accruals	5,993
Interest-bearing bank borrowings	19,318
Lease liabilities	766
<b>Total</b>	<b>139,906</b>

# Notes to Financial Statements



## 31 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

As at 31st December 2024

### *Financial assets*

	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost HK\$'000	Total HK\$'000
	Debt investments HK\$'000	Equity investment HK\$'000		
Equity investment at fair value through other comprehensive income	–	30,373	–	30,373
Debt investments at fair value through other comprehensive income	31,862	–	–	31,862
Trade receivables	–	–	185,426	185,426
Other receivables and deposits	–	–	6,998	6,998
Pledged deposit	–	–	3,470	3,470
Cash and cash equivalents	–	–	39,119	39,119
<b>Total</b>	<b>31,862</b>	<b>30,373</b>	<b>235,013</b>	<b>297,248</b>

### *Financial liabilities*

	Financial liabilities at amortised cost HK\$'000
Trade payable	125,247
Financial liabilities included in other accounts payable and accruals	4,583
Interest-bearing bank borrowings	5,725
Lease liabilities	1,933
<b>Total</b>	<b>137,488</b>

# Notes to Financial Statements

## 32 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has 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 and accruals and interest-bearing bank borrowings 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 listed debt investments were based on quoted market prices. The fair value of unlisted equity investment designated at fair value through other comprehensive income was 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 EV 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 value resulting from the valuation technique, which was recorded in the consolidated balance sheet, and the related change in fair value, which was recorded in other comprehensive income, were reasonable, and that it was the most appropriate value 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.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a sensitivity analysis as at 31st December 2025 and 2024:

	Valuation technique	Significant unobservable inputs	Range or weighted average	Sensitivity of fair value to the input
Unlisted equity investment	Market approach	Median EV/EBITDA multiple of peers	7.03 (2024: 6.34)	An increase/decrease in multiple would result in an increase/decrease in fair value
		Discount for lack of marketability	24.86% (2024: 24.86%)	An increase/decrease in discount would result in a decrease/increase 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.

# Notes to Financial Statements



## 32 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:*

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level one) HK\$'000	Significant observable inputs (Level two) HK\$'000	Significant unobservable inputs (Level three) HK\$'000	
<b>As at 31st December 2025</b>				
Equity investment designated at fair value through other comprehensive income	–	–	31,438	31,438
Debt investments at fair value through other comprehensive income	31,944	–	–	31,944
<b>Total</b>	<b>31,944</b>	<b>–</b>	<b>31,438</b>	<b>63,382</b>

As at 31st December 2024

Equity investment designated at fair value through other comprehensive income	–	–	30,373	30,373
Debt investments at fair value through other comprehensive income	31,862	–	–	31,862
<b>Total</b>	<b>31,862</b>	<b>–</b>	<b>30,373</b>	<b>62,235</b>

The Group did not have any financial liabilities measured at fair value as at 31st December 2025 and 2024.

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 (2024: nil).

# Notes to Financial Statements

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

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

### (a) Interest rate risk

The interest rate risk of the Group arose from bank deposits and bank borrowings.

The interest income from bank deposits was not insignificant.

The exposure of the Group to the risk of changes in market interest rates related primarily to the debt obligations of the Group with a floating interest rate. The sensitivity of profit or loss to changes in the market interest rates arose from such debt obligations. As at 31st December 2025, if the interest rate changed by twenty-five basis points with all other variables held constant, post-tax profit and total comprehensive income for the Year would have been HK\$27,000 (2024: HK\$24,000) higher/lower.

# Notes to Financial Statements



## 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) 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.

#### (i) 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:

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalents (RMB against HK\$)	153	131

The aggregate net foreign exchange loss recognised in profit or loss of HK\$76,000 (2024: HK\$59,000) was included in administrative expenses

#### (ii) 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 2025, 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\$8,000 higher/lower (2024: post-tax profit and total comprehensive income of HK\$7,000 higher/lower).

# Notes to Financial Statements

## 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) 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.

#### (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.



## 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Credit risk (Continued)

#### (ii) Impairment of financial assets (Continued)

##### (I) 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 2025 or 31st December 2024 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.

##### (II) Other receivables and deposits

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

# Notes to Financial Statements

## 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Credit risk (Continued)

#### (ii) Impairment of financial assets (Continued)

#### (III) 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.

### (d) 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\$90,981,000 (2024: HK\$39,119,000) 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 21) 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 cash flows, 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.

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.

# Notes to Financial Statements



## 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) Liquidity risk (Continued)

Maturities of financial liabilities (Continued)

	Less than one year HK\$'000	Between one and two years HK\$'000	Total contractual cash flows HK\$'000	Carrying amount HK\$'000
<b>As at 31st December 2025</b>				
Lease liabilities	783	–	783	766
Interest-bearing bank borrowings	19,663	–	19,663	19,318
Trade payable	113,829	–	113,829	113,829
Other accounts payable	5,993	–	5,993	5,993
<b>Total</b>	<b>140,268</b>	<b>–</b>	<b>140,268</b>	<b>139,906</b>

As at 31st December 2024

Lease liabilities	1,243	781	2,024	1,933
Interest-bearing bank borrowings	5,725	–	5,725	5,725
Trade payable	125,247	–	125,247	125,247
Other accounts payable	4,583	–	4,583	4,583
<b>Total</b>	<b>136,798</b>	<b>781</b>	<b>137,579</b>	<b>137,488</b>

# Notes to Financial Statements

## 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (e) Price risk

#### (i) 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 16).

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.

#### (ii) 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 2025, debt investments at fair value through other comprehensive income would increase/decrease by approximately HK\$3,194,000 (2024: HK\$3,186,000).

### (f) 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.

# Notes to Financial Statements



## 34 BALANCE SHEET OF THE COMPANY

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

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	5,690	5,690
CURRENT ASSETS		
Due from subsidiaries	240,095	246,436
Prepayment	190	314
Cash and cash equivalents	573	659
Total current assets	240,858	247,409
CURRENT LIABILITIES		
Due to subsidiaries	74,777	71,927
Other accounts payable and accruals	1,008	972
Total current liabilities	75,785	72,899
NET CURRENT ASSETS	165,073	174,510
Net assets	170,763	180,200
EQUITY		
Share capital	61,771	61,771
Other reserves (note)	108,992	118,429
Total equity	170,763	180,200

# Notes to Financial Statements

## 34 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
As at 1st January 2024	702	159,072	7,085	(38,788)	128,071
Dividend paid	–	(6,161)	–	–	(6,161)
Loss for the year ended 31st December 2024	–	–	–	(3,481)	(3,481)
<b>As at 31st December 2024 and 1st January 2025</b>	<b>702</b>	<b>152,911</b>	<b>7,085</b>	<b>(42,269)</b>	<b>118,429</b>
Dividend paid	–	(6,161)	–	–	(6,161)
Loss for the Year	–	–	–	(3,276)	(3,276)
<b>As at 31st December 2025</b>	<b>702</b>	<b>146,750</b>	<b>7,085</b>	<b>(45,545)</b>	<b>108,992</b>

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.

## 35 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 27th March 2026.

# 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				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>RESULTS</b>					
Profit/(loss) attributable to:					
Owners of the parent	<b>11,092</b>	10,275	6,532	5,460	(6,321)
Non-controlling interests	<b>(2,353)</b>	(2,647)	(1,140)	(2,048)	(2,110)
	As at 31st December				
<b>ASSETS AND LIABILITIES</b>	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	<b>497,248</b>	456,364	436,860	412,349	339,381
Total liabilities	<b>(279,611)</b>	(245,467)	(227,045)	(204,053)	(154,909)
	<b>217,637</b>	210,897	209,815	208,296	184,472

# 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 whose ordinary shares of HK\$0.002 each are listed on GEM
“Associated Corporation”	a corporation: <ol style="list-style-type: none"><li>1 which is a subsidiary or holding company of the Company or a subsidiary of the holding company of the Company; or</li><li>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</li></ol>
“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
“Capital Market Intermediary”	any corporation or authorised financial institution, licensed or registered under SFO that engages in specified activities under paragraph 21.1.1 of the Code of Conduct, including, without limitation, a Capital Market Intermediary appointed pursuant to rule 6A.40 of the GEM Listing Rules. An Overall Coordinator is also a Capital Market Intermediary

# Definitions



“CGI”	The Chartered Governance Institute, a body incorporated by Royal Charter and domiciled in UK
“CGMA”	Chartered Global Management Accountant
“CGP”	Chartered Governance Professional
“Chief Executive”	a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the Board for the conduct of the business of the Company
“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 C1 of the GEM Listing Rules (not applicable to Code of Conduct)
“Code of Conduct”	Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission established under section 3 of the Securities and Futures Commission Ordinance and continuing in existence under section 3 of SFO
“Company”	Vodatel Networks Holdings Limited (not applicable to Guangdong Highway Engineering Company)
“Company Secretary”	the company secretary 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 Scheme

# Definitions

“Debt Securities”	debenture or loan stock, debentures, bonds, notes and other securities or instruments acknowledging, evidencing or creating indebtedness, whether secured or unsecured and options, warrants or similar rights to subscribe or purchase any of the foregoing and convertible debt securities
“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
“ERL”	Eve Resources Limited, a company incorporated in BVI with limited liability
“ESG”	environmental, social and governance
“EV”	enterprise value
“Exchange”	The Stock Exchange of Hong Kong Limited, a company incorporated in Hong Kong with limited liability (not applicable to New York Stock Exchange and Toronto Stock Exchange)
“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, their appendices, listing application forms, formal applications, marketing statements and declarations required to be made in respect of listing on GEM by Sponsors, Overall Coordinators and Issuers and other forms published in the “Regulatory Forms” section of the Website of the Exchange from time to time and the rules governing listing or issue fees, and levies, trading fees, brokerage and other charges relating to transactions of securities listed or to be listed on GEM as published in the “Fees Rules” section of the Website of the Exchange from time to time, published on the Website of the Exchange that are indicated as being part of the GEM Listing Rules, any contractual arrangement entered into with any party under them, and rulings of the Exchange made under them
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the Scheme, or (where the context so permits) any person who is entitled to any such option in consequence of the death of the original Grantee, or the legal personal representative of such person

# Definitions



“Group” or “Vodatel” or “we”	the Company and its subsidiaries (not applicable to Alibaba Group Holding Limited, Tenacity International Group Limited, Tidestone Group, Trio Industrial Electronics Group Limited and Wing Tak Group and Companies, and not individually applicable to Vodatel Holdings Limited, Vodatel Networks (H.K.) Limited, Vodatel Networks Holdings Limited, Vodatel Systems (HK) Limited and Vodatel Systems Inc.)
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKAS”	Hong Kong Accounting Standard(s)
“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
“HKEC”	Hong Kong Exchanges and Clearing Limited, a company incorporated in Hong Kong with limited liability
“HKFRS”	financial reporting standard(s) and interpretations issued by HKICPA. They comprise 1. Hong Kong Financial Reporting Standards, 2. HKAS, and 3. Interpretations, which are also known as HKFRS Accounting Standards
“HKICPA”	the Hong Kong Institute of Certified Public Accountants, established under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) as amended from time to time
“HKU”	The University of Hong Kong, established under the University of Hong Kong Ordinance (Chapter 1053 of the Laws of Hong Kong)
“Hong Kong”	the Hong Kong Special Administrative Region of PRC (not applicable to Communications Association of Hong Kong Limited, Hong Kong Accounting Standard(s), The Hong Kong Chartered Governance Institute, Hong Kong-Europe Business Council, Hong Kong Exchanges and Clearing Limited, Hong Kong Financial Reporting Standards, the Hong Kong Institute of Certified Public Accountants, The Hong Kong Management Association, Hong Kong Trade Development Council, The Hong Kong University of Science and Technology, The Stock Exchange of Hong Kong Limited and The University of Hong Kong)
“Issuer”	any company or other legal person any of whose equity or Debt Securities are the subject of an application for listing on GEM or some or all of whose equity or Debt Securities are already listed on GEM

# Definitions

“JU”	Jinan University
“KPI”	key performance indicator
“Latest Practicable Date”	27th March 2026, being the latest practicable date prior to the printing of this report for ascertaining certain information contained herein
“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 (not applicable to Charity Fund of The Readers of Macao Daily News)
“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 financial statements
“Member”	the holder of the Shares
“MOP”	Pataca, the lawful currency of Macao
“MPF Scheme”	Mandatory Provident Fund scheme
“Nomination Committee”	the nomination committee of the Company
“Offer”	the offer of the grant of an option under the 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 B3 S.A. – Brasil, Bolsa, Balcão in Brazil

# Definitions



“Overall Coordinator”	a Capital Market Intermediary that engages in specified activities under paragraphs 21.1.1 and 21.2.3 of the Code of Conduct, including, without limitation, an Overall Coordinator appointed pursuant to rule 6A.42 of the GEM Listing Rules
“Participant”	Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group
“PRC”	The People’s Republic of China
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of Mainland China
“Scheme”	the share option scheme approved by the Members at the AGM on 17th June 2022 (not applicable to MPF Scheme)
“SD-WAN”	software-defined networking in a wide area network
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share”	ordinary share of HK\$0.10 each in the share capital of the Company
“Sponsor”	any corporation or authorised financial institution licensed or registered under SFO for Type 6 regulated activity and permitted under its licence or certificate of registration to undertake work as a Sponsor and, as applicable, which is appointed as a Sponsor pursuant to rule 6A.02 of the GEM Listing Rules
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an option under the Scheme
“Substantial Shareholder”	a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company
“Tidestone Group”	Capital Instant Limited, details of which can be referred to in note 15 to the financial statements, and its subsidiaries
“Timor-Leste”	The Democratic Republic of Timor-Leste

# Definitions

“TTSA”	Timor Telecom, S.A., details of which can be referred to in note 16 to the financial statements
“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 1 to the financial statements
“Website of the Exchange”	the official website of HKEC and/or the website “HKEXnews” which is used for publishing regulatory information of Issuers
“Year”	the year ended 31st December 2025