VODATEL

VODATEL NETWORKS HOLDINGS LIMITED

愛達利網絡控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 8033

BUSINESS AND FINANCIAL HIGHLIGHTS FOR THE YEAR

- Due to some contracts signed during the Year not yet recognised as revenue in the same year, the Group reported revenue of HK$416,848,000 as compared to the corresponding year of HK$439,317,000, or a drop of 5.11%

- Due to a drop in revenue and gross profit margin slightly narrowing from 26.00% to 25.69%, the Group achieved just breakeven with its operations

- Equity base stood at HK$205,602,000 as at 31st December 2018, of which cash and cash equivalents and yield-enhanced financial instruments remained at a healthy level at HK$133,562,000

- Although VHL and MDL in aggregate secured contracts just approximately HK$200,000,000 from the Government of Macao during the Year, representing an approximate year-on-year drop of 20%, due to the Mainland China team tripling the contracts signed in the Year to over HK$82,000,000, the order book of the Group grew by 2.64% to reach over HK$450,000,000

- The Directors recommend the payment of a final dividend of HK$0.005 per Share for the Year

RESULTS

The Board is pleased to present the audited consolidated results of the Group for the Year as follows:

Consolidated income statement

	Notes	Year ended 31st December 2018 HK$'000	2017 HK$'000
Revenue from contracts with customers	2	**416,848**	439,317
Cost of sales of goods	3	**(249,367)**	(273,019)
Cost of providing services		**(60,398)**	(52,059)
Gross profit		**107,083**	114,239
Selling and marketing costs		**(12,897)**	(12,308)
Administrative expenses	3	**(96,788)**	(95,195)
Impairment loss on financial assets		**—**	(10,501)
Other gains/(losses), net		**822**	(1,119)
Operating loss		**(1,780)**	(4,884)
Finance income		**2,618**	2,254
Finance costs		**(75)**	(1)
Finance income — net		**2,543**	2,253
Share of net profit of an associate accounted for using the equity method		**10**	7
Profit/(loss) before income tax		**773**	(2,624)
Income tax expense	4	**(703)**	(3,139)
Profit/(loss) for the Year		**70**	(5,763)
Profit/(loss) is attributable to:			
Owners of the Company		**(171)**	(4,827)
Non-controlling interests		**241**	(936)
		70	(5,763)
Loss per Share for loss attributable to the ordinary equity holders of the Company:		**HK Cent**	HK Cent
Basic and diluted loss per Share	5	**(0.03)**	(0.79)
Dividends (expressed in HK$'000)	6(b)	**3,072**	6,144

Consolidated statement of comprehensive income

	Year ended 31st December	
	2018	2017
	HK$'000	HK$'000
Profit/(loss) for the Year	**70**	(5,763)
Other comprehensive expense		
Items that may be reclassified to profit or loss		
Changes in the fair value of debt instruments at FVOCI	**(2,943)**	—
Changes in the fair value of AFS financial assets	**—**	(12,661)
Revaluation transfer to profit or loss	**261**	980
Exchange differences on translation of foreign operations	**(25)**	2
Other comprehensive expense for the Year, net of tax	**(2,707)**	(11,679)
Total comprehensive expense for the Year	**(2,637)**	(17,442)
Total comprehensive expense for the Year is attributable to:		
Owners of the Company	**(2,878)**	(16,507)
Non-controlling interests	**241**	(935)
	(2,637)	(17,442)

Consolidated balance sheet

	Notes	As at 31st December 2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**3,369**	4,775
Interest in an associate		**818**	808
Financial assets at FVOCI		**43,813**	—
AFS financial assets		**—**	39,029
Total non-current assets		**48,000**	44,612
Current assets			
Inventories		**18,120**	22,822
Contract assets		**21,897**	—
Trade receivables	7	**107,120**	184,112
Other receivables, deposits and prepayments		**54,517**	37,131
Financial assets at FVOCI		**3,917**	—
Financial assets at amortised cost		**7,400**	—
AFS financial assets		**—**	7,141
Cash and cash equivalents		**79,888**	75,342
Total current assets		**292,859**	326,548
Total assets		**340,859**	371,160
LIABILITIES			
Current liabilities			
Trade and bills payables	8	**59,608**	82,245
Other payables and accruals		**22,923**	63,815
Contract liabilities		**43,022**	—
Current tax liabilities		**9,704**	10,717
Total liabilities		**135,257**	156,777
Net current assets		**157,602**	169,771
Net assets		**205,602**	214,383

	Notes	As at 31st December 2018 HK$'000	2017 HK$'000
EQUITY			
Share capital		61,570	61,570
Other reserves		142,341	144,821
Retained earnings			
— Proposed final dividend	6(b)	3,072	6,144
— Others		457	3,927
Capital and reserves attributable to owners of the Company		207,440	216,462
Non-controlling interests		(1,838)	(2,079)
Total equity		205,602	214,383

The audited consolidated results of the Group for the Year were reviewed by the audit committee of the Company.

Notes:

1 **Basis of preparation**

(a) *Compliance with HKFRS*

The consolidated financial statements of the Company were prepared in accordance with HKFRS.

(b) *Historical cost convention*

The financial statements were prepared on a historical cost basis, except for certain financial assets - measured at fair value.

(c) *New and amended standards adopted by the Group*

The Group applied the following standards and amendments for the first time for their annual reporting period commencing 1st January 2018:

- HKFRS 9 *Financial Instruments*
- HKFRS 15 *Revenue from Contracts with Customers*
- *Classification and Measurement of Share-based Payment Transactions — Amendments to* HKFRS 2 *Share-based Payment*
- *Annual Improvements to HKFRS 2014 — 2016 Cycle*
- *Transfers to Investment Property — Amendments to* HKAS 40 *Investment Property*
- Hong Kong (IFRIC) Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

The Group had to change its accounting policies and make certain retrospective adjustments following the adoption of HKFRS 9 and HKFRS 15. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and were not expected to significantly affect the current or future periods.

(d) *New standard not yet adopted*

HKFRS 16 *Leases*

HKFRS 16 was published and was not mandatory for the Year and was not early adopted by the Group. The assessment of the impact of this new standard of the Group is set out below.

(i) *Nature of change*

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modification, amongst others. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as operating and financing cash flows respectively.

(ii) *Impact*

As at 31st December 2018, the Group had non-cancellable operating lease commitments of HK$3,505,000. A preliminary assessment indicates that these arrangements will meet the definition of lease under HKFRS 16, and the Group will recognise a right-of-use asset and corresponding liability in respect of all these leases unless they quality for low value or short-term lease upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. The Group does not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the results of the Group and it is expected that right-of-use asset and lease liabilities of these lease commitments, in approximate amount of HK$2,600,000, will be required to be recognised in the consolidated balance sheet.

The Group will apply the standard from its mandatory adoption date of 1st January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Revenue recognition

Revenue was measured at the fair value of the consideration received or receivable for the project sales, sales of services and software in the ordinary course of the activities of the Group. Revenue is shown net of discounts and after eliminating sales with the Group companies. The Group recognised revenue when the amount of revenue would be reliably measured; when it was probable that future economic benefits could flow to the entity; and when specific criteria were met for each of the activities of the Group, as described below. The Group based its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) *Project sales*

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

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

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

The customers 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.

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

(b) *Sales of services*

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

(c) *Sales of software*

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

3 Expenses by nature

	2018	2017
	HK$'000	HK$'000
Changes in inventories	**248,060**	273,019
Provision on inventories	**1,307**	528
Reversal of provision on trade receivables, net	**—**	(474)
Reversal of loss allowance, net	**(112)**	—
Employee benefit expense and Directors' emoluments	**70,834**	73,042

4 Income tax expense

	2018	2017
	HK$'000	HK$'000
Current tax		
Current tax on profit/(loss) for the Year		
- Macao complementary profits tax	**898**	3,142
- Mainland China corporate income tax	**—**	156
Adjustments for current tax of prior periods	**(195)**	(159)
Income tax expense	**703**	3,139

5 **Loss per Share**

(a) *Basic loss per Share*

Basic loss per Share was calculated by dividing:

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

(b) *Loss used in calculating loss per Share*

	2018	2017
	HK$'000	HK$'000
Loss attributable to ordinary equity holders of the Company used in calculating basic loss per Share	**(171)**	(4,827)

(c) *Weighted average number of Shares used as the denominator*

	2018	2017
Weighted average number of Shares used as the denominator in calculating basic loss per Share (thousands)	**614,435**	614,396

(d) *Effect of Options on loss per Share*

Options granted to Directors, employees and a consultant under the Scheme were considered to be potential Shares. They would have been included in the determination of diluted loss per Share to the extent to which they were dilutive. The 51,376,000 Options granted on 26th September 2016 were not included in the calculation of diluted loss per Share because they were anti-dilutive for the Year. These Options could potentially dilute basic earnings/(loss) per Share in the future.

6 **Dividends**

The Company will give notice of the closure of its register of Members once the date of the AGM is determined. Such notice will be given at least ten days (excluding Saturday and Sunday) on which banks in Hong Kong are generally open for business, before such closure, pursuant to Rule 17.78 of the GEM Listing Rules.

(a) *Shares*

	2018	2017
	HK$'000	HK$'000
Final dividend for the year ended 31st December 2017 of HK$0.01 (2016 — HK$0.01) per Share	**6,144**	6,144

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

	2018	2017
	HK$'000	HK$'000
In addition to the above dividend, since year end the Directors recommend the payment of a final dividend of HK$0.005 per fully paid Share for the Year (2017 — HK$0.01). The proposed dividend expected to be paid out of retained earnings as at 31st December 2018, and not recognised as a liability at year end, is	**3,072**	6,144

7 **Trade receivables**

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

	2018	2017
	HK$'000	HK$'000
Within three months	**101,205**	159,920
> Three months but ≤ six months	**2,764**	11,743
> Six months but ≤ twelve months	**383**	5,143
Over twelve months	**17,027**	22,418
	121,379	199,224
Less: loss allowance	**(14,259)**	(15,112)
	107,120	184,112

8 **Trade payables**

As at 31st December, the ageing analysis of the trade payables based on invoice date were as follows:

	2018	2017
	HK$'000	HK$'000
Within three months	**56,071**	72,278
> Three months but ≤ six months	**945**	199
> Six months but ≤ twelve months	**1,127**	4,371
Over twelve months	**1,465**	5,397
	59,608	82,245

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", "Mega Datatech" and "Tidestone" 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 are seeking a local partner for turnkey solutions or service provisioning aligns their expectations in level of choices and service requirements and matches their demands, values and aspirations.

REVIEW OF BUSINESS ACTIVITIES

Business in Macao and Hong Kong

As a system integrator and service provider that already represented a list of international and renowned manufacturers, the Group is in continuous pursuit to identify products with high potential, in particular within their areas of expertise, to grow and complement its current products and service offerings. In terms of human resources, the Group remains a major player in Macao reputable to house an inventory of highly trained, skilled and experienced engineers, thus making MDL and VHL 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.

During the Year, in the absence of any major projects that involved installation and commissioning of surveillance system or data network infrastructure at new integrated resort, contracts from different gaming operators that the Group secured, which valued over HK$100,000,000, related primarily to existing surveillance systems and data network infrastructure at gaming properties that needed revamp or retrofit due to new gaming regulations, customarily replacements of aging equipment in particular gaming cameras, and backend system as newer technology enabled gaming operators to improve customer services and provide more customised personal services to key clients. During the Year, the Group remains one of the core surveillance and data networks infrastructure partners for three gaming operators.

As a means to de-risk the reliance on the gaming sector, during 2017, the Group undertook strategic initiatives to seek vertical diversifications in product offerings. Subsequent to securing a project that involved in the provision of innovative smart cameras and traffic management of intelligent transportation systems for the Transport Bureau in 2017, with the successful commissioning of the system during the Year, in December 2018, the Group was awarded Phase Two where smart cameras with full traffic analysis under any meteorological conditions will be deployed at more road junctions in Macao. Similar to Phase One, the contract value of Phase Two was approximately HK$42,000,000.

After experiencing strong growth to business generated from the Government of Macao for three consecutive years for products and services in the areas of servers, storage, security, surveillance and networking and in the provision of customised software solutions and on-going maintenance service support, with VHL and MDL in aggregate hitting record high of securing over HK$250,000,000 worth of contracts in 2017, during the Year, VHL and MDL secured just approximately HK$200,000,000, or an approximate year-on-year drop of 20%, due to few IT tenders as the Government of Macao geared their focus towards the strategic development and transformation of Macao into a smart city that spanned across thirteen areas of development, including information infrastructures, application of big data, mobile city, security, environment, high-efficiency energy, development of urban infrastructure, tourism and leisure, open government, regional cooperation, technological innovation, healthy life and equal opportunity, the promotion of smart city education and training of talented human resources. Despite fewer contracts secured during the Year, the Group remains a core solutions partner to some of the key governmental departments, such as Municipal Affairs Bureau, Public Security Police Force, Identification Services Bureau, Marine and Water Bureau, Housing Bureau, Macao Customs Service, to name a few, and different educational institutions such as University of Macau and Macau Polytechnic Institute.

Similar to 2017, business generated from the Hong Kong team for the provision of data networks infrastructure remains stable with approximately HK$46,000,000 worth of contracts secured during the Year, representing a year-on-year growth of around 6%. In terms of product diversification to DWDM infrastructure and SD-WAN infrastructure initiated during 2017, during the Year, the Group signed approximately HK$2,500,000 worth of contract from a regional telecommunications service provider in Mainland China to deploy DWDM infrastructure and secured multiple contracts, worth HK$6,000,000, from different leading providers of content delivery services in the Asia Pacific region to deploy SD-WAN infrastructure. In terms of client diversification, the Hong Kong team also commenced its reach to providers of cable television. Both product and client diversifications will continue in 2019.

Business in Mainland China

With the transformation made during 2017 to undertake data networks infrastructure projects and to expand the customer base from local telecommunications service providers to regional/global telecommunications and Internet service providers and reputable Chinese enterprises in the sectors of insurance, securities and banking, plus capitalising the aggressive road map of a leading provider of Internet value added services in Mainland China as it develops network infrastructure in countries to support the "One Belt and One Road Initiative", the Mainland China team tripled the contracts signed during the Year from 2017 to reach over HK$82,000,000, which, if compared to contracts entered into during 2016, total orders received during the Year represented more than a ten-fold growth. Customers with business emphasis in the provinces of Guangdong and Jiangxi and the municipality of Shanghai remain some of the core markets that the Group focused.

Operating performance of TSTSH and TSTJX continued to be less than impressive with only approximately HK$11,000,000 worth of contracts secured during the Year with key customers including telecommunications service providers from the provinces of Jiangxi, Jiangsu, Hebei and Hubei and the municipalities of Chongqing and Shanghai. TSTSH and TSTJX currently covered fewer markets than previous years subsequent to an internal restructuring to retreat from provinces/municipalities with lesser market potential, hence 10% of headcounts had been reduced during the Year. Further restructuring to streamline its operations is expected to continue during 2019.

Other Investment Holdings

TTSA With the market in Timor-Leste gradually maturing and remains highly competitive due to the presence of three operators providing telecommunications services in a country with just a population of 1,200,000, the operating performance of TTSA continued to be adversely affected. However, while revenue dropped by 8.28% from HK$228,239,000 in 2017 to HK$209,344,000 in the Year, net loss narrowed considerably by 57.77% from HK$98,879,000 in 2017 to HK$41,754,000 in the Year.

Due to uncertainty about the prospects of TTSA, the investment cost of TTSA in the books of the Group was fully impaired in 2017.

During the Year, there is no major update regarding the disposal of the shareholding of Oi S.A. — in judicial reorganisation, a company incorporated in Brazil with limited liability and whose shares are listed on the New York Stock Exchange in the United States of America and BM&FBOVESPA in Brazil in TTSA. The Group will continue to keep close watch of any latest developments.

REVIEW OF OPERATING RESULTS

Turnover and Profitability

Contrary to previous years where the Group ended a year with a strong fourth quarter, the Group started strong during the initial six months of the Year, attributable to contracts secured during 2017 yet equipment delivered and services performed during the Year. Although total contracts secured by the Group during the Year experienced a 2.64% growth as compared to 2017, as a handful of contracts signed during the Year not yet recognised as revenue in the same year, including Phase Two of the project that involved the provision of smart cameras and traffic management of intelligent transportation systems for the Transport Bureau (Phase One which was signed during 2017 was recognised as revenue in the same year), the Group reported revenue of HK$416,848,000 for the Year or a drop of 5.11% as compared to the corresponding year of HK$439,317,000. In addition, with tougher price competition and decline in the higher-margin service contracts (involving installation and system support services) from customers, especially from gaming operators as they rearranged their internal human resources to perform such services, the Group witnessed a slight drop in its gross profit margin from 26.00% in 2017 to 25.69% in the Year. With a decrease in both revenue and gross profit margin, the Group reported gross profit of HK$107,083,000 for the Year as compared to HK$114,239,000 for the preceding year.

Staff costs remain the biggest element of the Group. Despite effecting an average 4% salary increase to the staff during the Year to keep up with general market practice and to retain talents, with tighter cost control to non-staff expenses, administrative expenses increased a mere 1.67% from HK$95,195,000 in 2017 to HK$96,788,000 for the Year.

During the Year, the Group underwent an internal restructuring to the back-office team which resulted in an improved workflow, in particular to the recovery of receivables. With more timely recovery of receivables, hence a healthier cash position, finance income generated from cash and financial assets increased from HK$2,254,000 in 2017 to HK$2,618,000 for the Year.

Adding in finance income and taking into consideration the provision of profit taxes against profit-making entities, the Group achieved breakeven with its operations for the Year as compared to a net loss of HK$5,763,000 for 2017, the net loss in 2017 of which was attributable to the full impairment of the investment cost of TTSA.

Capital Structure and Financial Resources

With the disposal of the non-core assets during the previous years and the full impairment of TTSA during 2017, the balance sheet of the Group has become more straight-forward.

During the Year, as part of the internal restructuring to the back-office team to improve key areas, in particular recovery of receivables, the Group witnessed an improvement to its cash flow. Trade receivables and contract assets (reclassified from trade receivables under the new HKFRS 15) stood at HK$129,017,000 as at 31st December 2018 as compared to HK$184,112,000 as at 31st December 2017. Level of inventory and trade payables were at HK$18,120,000 and HK$59,608,000 as at 31st December 2018 as compared to HK$22,822,000 and HK$82,245,000 as at 31st December 2017 respectively.

The Group continued to exercise capital discipline and maintain a solid balance sheet with no gearing (save for and except normal trade and other payables). Equity base stood at HK$205,602,000 as at 31st December 2018, of which cash and cash equivalents and yield-enhanced financial instruments remained at a healthy level at HK$133,562,000. With improved cashflow, as at 31st December 2018, financial assets (non-current and current) of HK$53,674,000 comprised primarily of investments in yield-enhanced financial instruments. Among the bond holdings were HK$4,002,000 from Nippon Life Insurance Company (a mutual company in Japan), HK$3,917,000 from a subsidiary of Guangzhou R&F Properties Co., Ltd. (a company incorporated in PRC with limited liability and whose ordinary shares of RMB0.25 each are listed on the Main Board) and HK$3,660,000 from HSBC Holdings plc (a company incorporated in England, UK with limited liability and whose ordinary shares of HK$0.50 each are listed on the Main Board and the London Stock Exchange in UK). Current liquidity position and capital structure continue to weather the Group against unexpected headwinds while providing flexibility to the management to comfortably pursue new business opportunities.

CORPORATE GOVERNANCE

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

1 the nomination committee of the Company did not review the structure, size and composition (including the skills, knowledge and experience) of the Board in the Year;

2 not all Directors participated in continuous professional development;

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

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

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

A.5.2(a) The Board considers that such review will be necessary only when casual vacancy exists.

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

A.6.7 The independent non-executive Directors consider that such attendance could not help to develop a balanced understanding of the views of the Members because not many Members attended the AGM in past few years.

C.1.2 Management consider that quarterly updates and periodic instant updates when developments arising out of the ordinary business instead of monthly updates are sufficient for the Board to discharge its duties.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes of the Company thereto for the Year as set out in this announcement have been agreed by the Auditor, to the amounts set out in the audited consolidated financial statements of the Company for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by the Auditor in this announcement.

DEFINITIONS

"AFS"	available-for-sale
"AGM"	annual general meeting
"Auditor"	PricewaterhouseCoopers, the auditor of the Company
"Board"	the board of Directors
"Brazil"	The Federative Republic of Brazil
"Code"	the code provision of the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules
"Company"	Vodatel Networks Holdings Limited
"Director"	the director of the Company
"DWDM"	dense wavelength division multiplexing
"Exchange"	The Stock Exchange of Hong Kong Limited, a company incorporated in Hong Kong with limited liability
"FVOCI"	fair value through other comprehensive income
"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
"Group" or "Vodatel"	the Company and its subsidiaries
"HK$"	Hong Kong Dollar, the lawful currency of Hong Kong

"HKAS	Hong Kong Accounting Standard
"HK cent"	Hong Kong Cent, where 100 HK cents equal HK$1
"HKFRS"	financial reporting standards and interpretations issued by HKICPA. They comprise 1. Hong Kong Financial Reporting Standards, 2. HKAS, and 3. Interpretations
"HKICPA"	the Hong Kong Institute of Certified Public Accountants, established under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)
"Hong Kong"	the Hong Kong Special Administrative Region of PRC (not applicable to Hong Kong Accounting Standard, Hong Kong Exchanges and Clearing Limited, Hong Kong Financial Reporting Standards, Hong Kong (IFRIC) Interpretation, the Hong Kong Institute of Certified Public Accountants, Hong Kong Standards on Assurance Engagements, Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements and The Stock Exchange of Hong Kong Limited)
"Macao"	the Macao Special Administrative Region of PRC
"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, incorporated in Macao with limited liability and an indirect wholly-owned subsidiary of the Company
"Member"	the holder of the Shares
"Option"	an option to subscribe for Shares pursuant to the Scheme
"PRC"	The People's Republic of China
"RMB"	Renminbi, the lawful currency of Mainland China
"Scheme"	the share option scheme approved by the Members at the AGM on 22nd June 2012
"SD-WAN"	software-defined networking in a wide area network
"Share"	ordinary share of HK$0.10 each in the share capital of the Company

"Timor-Leste"	The Democratic Republic of Timor-Leste
"TSTJX"	泰思通軟件(江西)有限公司, incorporated in PRC with limited liability and an indirectly owned subsidiary of the Company
"TSTSH"	泰思通軟件(上海)有限公司, incorporated in PRC with limited liability and an indirectly owned subsidiary of the Company
"TTSA"	Timor Telecom, S.A., a company incorporated in Timor-Leste with limited liability
"UK"	The United Kingdom of Great Britain and Northern Ireland
"VHL"	Vodatel Holdings Limited, incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
"Year"	the year ended 31st December 2018

By order of the Board
José Manuel dos Santos
Chairman

Hong Kong, 20th March 2019

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

Independent non-executive Directors
Fung Kee Yue Roger
Wong Tsu Au Patrick
Tou Kam Fai

This announcement, 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 announcement 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.

* *for identification purpose only*