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 SIX-MONTH PERIOD

- Secured approximately HK$338,000,000 of new contracts, or an increase of 2.5% as compared to the corresponding period of 2025
- Despite a rather strong order book carried forward from 2025 and increase in new contracts secured for the Six-month Period, due to very long equipment delivery lead time that delayed project execution and revenue recognition, registered revenue of just HK$244,109,000, or a drop of 8.17% as compared to the corresponding period of 2025 of HK$265,824,000
- Due to unexpected sharp increases in DRAM prices, gross profit margin dropped by more than 2 percentage points from 19.02% to 16.69%
- Hong Kong market suffered another decline with its SD-WAN and networks business, with a review to its Hong Kong business set-up initiated
- Laid foothold in the research and development and sale of technology platforms and AI applications, customisation and delivery of technology platforms and AI solutions and data and video management and analytics for gaming operators and the Government of Macao
- Straining gross profit margin, coupled with increased total staff costs as the Group extends its foothold in AI applications and investments made in succession planning, reported net loss of HK$7,979,000 for the Six-month Period, as compared to net profit of HK$4,445,000 for the first half of 2025
- A third party acquired the 57.06% shareholding of Oi in TTSA, including acquisition of certain debts. With the sale and purchase transaction conducted at arm's length transaction, based on the updated valuation report, the fair value of the Group in TTSA revised to HK$13,250,000 as at 30th June 2026
- Attributable to net loss for the Six-month Period and write-down of the carrying value of TTSA, equity base stood at HK$183,808,000 as at 30th June 2026, with total net cash balances and yield-enhanced financial instruments of HK$99,396,000
- The Directors do not recommend payment of interim dividend for the Six-month Period

INTERIM RESULTS

The Board is pleased to present the unaudited consolidated results of the Group for the Six-month Period as follows:

Interim condensed consolidated statement of profit or loss

		Unaudited	
	Notes	**Six-month Period HK$'000**	Six months ended 30th June 2025 HK$'000
Revenue	2	**244,109**	265,824
Cost of sales		**(203,373)**	(215,268)
Gross profit		**40,736**	50,556
Other gains		**265**	682
Selling, marketing costs and administrative expenses		**(50,126)**	(47,912)
Operating (loss)/profit		**(9,125)**	3,326
Finance costs		**(415)**	(405)
Finance income		**1,440**	1,382
(Loss)/profit before tax		**(8,100)**	4,303
Income tax credit	3	**121**	142
(Loss)/profit for the period		**(7,979)**	4,445
Attributable to:			
Equity holders of the parent		**(7,107)**	5,183
Non-controlling interests		**(872)**	(738)
		(7,979)	4,445
(Loss per Share)/EPS, basic, (loss)/profit for the period attributable to ordinary equity holders of the parent:	9	**(1.15) HK cents**	0.84 HK cent

Interim condensed consolidated statement of comprehensive income

	Unaudited	
	Six-month Period HK$'000	Six months ended 30th June 2025 HK$'000
(Loss)/profit for the period	**(7,979)**	4,445
Other comprehensive loss		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	**(1,028)**	(946)
Net loss on debt instruments at the fair value through OCI	**(473)**	(658)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	**(1,501)**	(1,604)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Net loss on equity instruments at fair value through OCI	**(18,188)**	–
Other comprehensive loss, net of tax	**(19,689)**	(1,604)
Total comprehensive (loss)/income, net of tax	**(27,668)**	2,841
Attributable to:		
Equity holders of the parent	**(26,796)**	3,579
Non-controlling interests	**(872)**	(738)
	(27,668)	2,841

Interim condensed consolidated balance sheet

	Notes	**Unaudited 30th June 2026 HK$'000**	Audited 31st December 2025 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	5	**3,351**	2,888
Right-of-use assets		**970**	741
Investments in associates		**–**	–
Equity instruments at fair value through OCI – non-listed equity investment	7(a)	**13,250**	31,438
Debt instruments at fair value through OCI – quoted debt instruments	7(a)	**34,133**	27,293
		51,704	62,360
Current assets			
Inventory		**49,131**	37,765
Trade receivables	7(b)	**155,579**	174,979
Contract assets		**69,223**	56,049
Prepayment		**68,849**	62,001
Other receivables and deposits		**8,714**	8,462
Debt instruments at fair value through OCI – quoted debt instruments	7(a)	**–**	4,651
Cash and short-term deposits		**65,263**	90,981
		416,759	434,888
Current liabilities			
Trade payable	7(c)	**97,154**	113,829
Contract liabilities		**92,754**	69,881
Interest-bearing loans and borrowings		**26,304**	19,318
Other accounts payable and accruals		**28,592**	43,136
Lease liabilities		**481**	766
Income tax payable		**4,353**	4,386
Warranty provision		**28,349**	28,295
Dividend payable		**6,161**	–
		284,148	279,611
Net current assets		**132,611**	155,277
Total assets less current liabilities		**184,315**	217,637

	Unaudited 30th June 2026 HK$'000	Audited 31st December 2025 HK$'000
Non-current liabilities		
Lease liabilities	**507**	–
Net assets	**183,808**	217,637
Equity		
Issued capital and share premium	**61,771**	61,771
Reserves	**134,817**	167,774
Equity attributable to equity holders of the parent	**196,588**	229,545
Non-controlling interests	**(12,780)**	(11,908)
Total equity	**183,808**	217,637

Interim condensed consolidated statement of changes in equity

	Unaudited					
	Attributable to equity holders of the parent					
	Issued capital and share premium HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1st January 2026	**61,771**	**152,194**	**15,580**	**229,545**	**(11,908)**	**217,637**
Total comprehensive income for the Six-month Period	**–**	**(19,689)**	**(7,107)**	**(26,796)**	**(872)**	**(27,668)**
2025 final dividend provided for	**–**	**(6,161)**	**–**	**(6,161)**	**–**	**(6,161)**
As at 30th June 2026	**61,771**	**126,344**	**8,473**	**196,588**	**(12,780)**	**183,808**
As at 1st January 2025	61,771	154,241	4,488	220,500	(9,603)	210,897
Total comprehensive income for the six months ended 30th June 2025	–	(1,604)	5,183	3,579	(738)	2,841
Incorporation of a subsidiary	–	–	–	–	48	48
2024 final dividend provided for	–	(6,161)	–	(6,161)	–	(6,161)
As at 30th June 2025	61,771	146,476	9,671	217,918	(10,293)	207,625

Interim condensed consolidated statement of cash flows

		Unaudited	
	Notes	**Six-month Period HK$'000**	For the six months ended 30th June 2025 HK$'000
Operating activities			
Cash (used in)/generated from operations		**(29,431)**	4,354
Interest element on lease liabilities		**(28)**	(46)
Income tax paid		**–**	(2)
Net cash flows (used in)/from operating activities		**(29,459)**	4,306
Investing activities			
Interest received		**1,440**	1,382
Purchases of property, plant and equipment	5	**(1,129)**	(202)
Purchases of debt instruments designated at fair value through OCI		**(14,479)**	(14,136)
Proceeds from disposal of debt instruments designated at fair value through OCI		**11,884**	11,710
Net cash flows used in investing activities		**(2,284)**	(1,246)
Financing activities			
Proceeds from loans		**45,137**	31,084
Repayment of loans		**(38,151)**	(5,725)
Interest paid for bank loans		**(387)**	(359)
Payment of lease liabilities		**(574)**	(577)
Withdrawal of pledged bank deposit		**–**	3,470
Net cash flows from financing activities		**6,025**	27,893
Net (decrease)/increase in cash and cash equivalents		**(25,718)**	30,953
Cash and cash equivalents as at 1st January		**90,981**	39,119
Cash and cash equivalents as at 30th June	10	**65,263**	70,072

Notes to the interim condensed consolidated financial statements

1 Basis of preparation and changes to the accounting policies of the Group

(a) Basis of preparation

The interim condensed consolidated financial statements for the Six-month Period were prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting*. They were reviewed by the audit committee of the Company and were not audited.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group as at 31st December 2025 and any public announcements made by the Company during the Six-month Period.

(b) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements were consistent with those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31st December 2025, except for the adoption of new standards effective as at 1st January 2026. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Three amendments apply for the first time in 2026, but do not have an impact on the interim condensed consolidated financial statements of the Group.

2 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 OCI and debt investments at fair value through OCI.

The following tables present revenue and adjusted loss before interest, tax, depreciation and amortisation/EBITDA information for the operating segments of the Group for the Six-month Period and the six months ended 30th June 2025, respectively:

Six-month Period	**Macao and Hong Kong HK$'000**	**Mainland China HK$'000**	**Total HK$'000**
Revenue from external customers	**189,918**	**54,191**	**244,109**
Adjusted loss before interest, tax, depreciation and amortisation	**(4,814)**	**(3,446)**	**(8,260)**
Six months ended 30th June 2025			
Revenue from external customers	145,120	120,704	265,824
Adjusted EBITDA/(loss before interest, tax, depreciation and amortisation)	7,404	(3,701)	3,703

The following table presents assets information for the operating segments of the Group as at 30th June 2026 and 31st December 2025, respectively:

	Macao and Hong Kong HK$'000	**Mainland China HK$'000**	**Total HK$'000**
Total segment assets (exclude debt and equity instruments at fair value through OCI)			
30th June 2026	**410,647**	**10,433**	**421,080**
31st December 2025	417,959	15,907	433,866

	Six-month Period HK$'000	Six months ended 30th June 2025 HK$'000
Reconciliation of (loss)/profit:		
Adjusted (loss before interest, tax, depreciation and amortisation)/EBITDA	**(8,260)**	3,703
Depreciation – property, plant and equipment	**(673)**	(357)
Depreciation – right-of-use assets	**(594)**	(589)
Finance income	**1,440**	1,382
Gain on disposal of financial assets at fair value through OCI	**67**	194
Impairment of debt investments at fair value through OCI	**(80)**	(30)
(Loss)/profit before tax	**(8,100)**	4,303

3 Income tax credit

The Group calculated the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax credit in the interim condensed consolidated statement of profit or loss are:

	Six-month Period HK$'000	Six months ended 30th June 2025 HK$'000
Current – Macao complementary tax		
Overprovision in prior years	**121**	144
Current – Mainland China corporate income tax		
Underprovision in prior years	**–**	(2)
	121	142

4 Dividends

The Directors do not recommend payment of interim dividend for the Six-month Period (six months ended 30th June 2025: nil).

5 Property, plant and equipment

During the Six-month Period, the Group acquired property, plant and equipment with a cost of HK$1,129,000 (six months ended 30th June 2025: HK$202,000).

6 Related-party transactions

(a) The Group had the following transactions with related parties during the Six-month Period:

	Six-month Period HK$'000	Six months ended 30th June 2025 HK$'000
Sales of goods to a company of which a Director was a controlling shareholder	**404**	1,378

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 transaction with a related party:

During the Six-month Period, a Director was entitled to receive HK$569,000 (six months ended 30th June 2025: HK$565,000) from the Group for leasing certain offices to the Group.

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

Key management compensation amounted to HK$4,992,000 for the Six-month Period (six months ended 30th June 2025: HK$4,920,000).

(d) Current accounts payable to related parties

	30th June 2026 HK$'000	31st December 2025 HK$'000
Lease liabilities to a Director	**678**	747
Proportional accrual of additional thirteenth-month salary to executive Directors	**366**	–
Dividend payable to ERL	**3,579**	–
Dividend payable to Directors	**265**	–

7 Fair value and fair value hierarchy of financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair value of the financial instruments since the last annual financial report.

Management has assessed that the fair values of cash and cash equivalents, 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 OCI 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 investment to measure the fair value. The Directors believed that the estimated fair value resulting from the valuation technique, which was recorded in the condensed consolidated balance sheet, and the related changes in fair values, which were recorded in OCI, 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 investment at fair value through OCI, 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:

	Valuation technique	Significant unobservable inputs	Weighted average	Sensitivity of fair value to the input
Unlisted equity investment	Market approach	Median EV/EBITDA multiple of peers	5.91 (31st December 2025: 7.03)	An increase/decrease in multiple would result in increase/decrease in fair value
		Discount for lack of marketability	15.70% (31st December 2025: 24.86%)	An increase/decrease in discount would result in 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 investment.

(a) 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			
	Quoted prices in active markets (Level one) HK$'000	Significant observable inputs (Level two) HK$'000	Significant unobservable inputs (Level three) HK$'000	Total HK$'000
As at 30th June 2026				
Equity instruments at fair value through OCI – non-listed equity investment	**–**	**–**	**13,250**	**13,250**
Debt instruments at fair value through OCI – quoted debt instruments	**34,133**	**–**	**–**	**34,133**
	34,133	**–**	**13,250**	**47,383**

	Fair value measurement using			
	Quoted prices in active markets (Level one) HK$'000	Significant observable inputs (Level two) HK$'000	Significant unobservable inputs (Level three) HK$'000	Total HK$'000
As at 31st December 2025				
Equity instruments at fair value through OCI – non-listed equity investment	–	–	31,438	31,438
Debt instruments at fair value through OCI – quoted debt instruments	31,944	–	–	31,944
	31,944	–	31,438	63,382

The movements in fair value measurements within level three during the Six-month Period are as follows:

	Six-month Period HK$'000	Six-months ended 30th June 2025 HK$'000
Equity instruments at fair value through OCI – non-listed equity investment		
As at 1st January	**31,438**	30,373
Total losses recognised in OCI	**(18,188)**	–
As at 30th June	**13,250**	30,373

The Group did not have any financial liabilities measured at fair value as at 30th June 2026 and 31st December 2025.

During the Six-month Period and the six months ended 30th June 2025, 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.

(b) **Trade receivables**

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.

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:

	30th June 2026 HK$'000	31st December 2025 HK$'000
Within three months	**94,754**	96,258
Four to six months	**11,188**	18,069
Seven to twelve months	**15,849**	54,576
Over twelve months	**33,788**	6,076
Total	**155,579**	174,979

(c) **Trade payable**

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

	30th June 2026 HK$'000	31st December 2025 HK$'000
Within three months	**68,032**	73,546
Four to six months	**84**	9,451
Seven to twelve months	**7,667**	6,938
Over twelve months	**21,371**	23,894
Total	**97,154**	113,829

8 Seasonality of operations

The business is not subject to seasonal fluctuations.

9 Loss per Share attributable to ordinary equity holders of the parent

The calculation of the basic loss per Share amount was based on the loss for the Six-month Period attributable to ordinary equity holders of the parent, and the weighted average number of Shares of 616,115,000 (six months ended 30th June 2025: 616,115,000) outstanding during the Six-month Period.

The calculations of basic loss per Share were based on:

	Six-month Period HK$'000	Six months ended 30th June 2025 HK$'000
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss per Share)/EPS calculation:	**(7,107)**	5,183

	Number of Shares	
	Six-month Period (thousands)	Six months ended 30th June 2025 (thousands)
Shares		
Weighted average number of Shares outstanding during the Six-month Period used in the basic loss per Share calculation	**616,115**	616,115

10 Cash and short-term deposits

For the purpose of the interim condensed statement of cash flows, cash and cash equivalents are comprised of the following:

	30th June 2026 HK$'000	30th June 2025 HK$'000
Cash at bank and in hand	**40,984**	69,735
Short-term deposits	**24,279**	337
Total cash and cash equivalents	**65,263**	70,072

BUSINESS REVIEW

Macao, Hong Kong and Mainland China remain the three core operating markets of the Group. During the Six-month Period, the Group secured approximately HK$338,000,000 of new contracts, translating to an increase of 2.5% as compared to the corresponding period of 2025. Despite reporting a minor increase in total contracts secured, the Group encountered a markedly more difficult operating environment across all three operating markets in 2026, with challenges from different external headwinds.

Business in Macao

Getting into 2026, unexpected sharp increases in DRAM prices significantly raised procurement costs and forced customers to rethink their capex deployment strategies. DRAM is a fundamental and critical component in servers and networking equipment, hence sudden sharp price spikes lead to unplanned cost escalation, with such ripple effects felt across procurement, project planning, and financial forecasting, causing disruption to customers of the Group that tightly link equipment availability to project schedules. As a result, the Group saw customers postponing or cancelling hardware refresh cycles or scaling down deployments to stay within budget. Despite so, Macao market remains relatively resilient and continues to represent one of the two core and stable revenue contributors to the overall business of the Group, with the other revenue contributor being Mainland China market.

The gaming sector remains a cornerstone of the revenue base of VHL. VHL faces fierce competition within the networking infrastructure arena, yet within the surveillance space, leveraging its long-standing relationships with four of the six gaming customers, VHL has established itself as a leading player in the provision of top-notch surveillance solutions in Macao, combining networking expertise with surveillance deployment that differentiates "Vodatel" from its peers. Surveillance carries a mission-critical function, underpinning regulatory compliance, public safety, and operational integrity of each of the gaming operators. Despite cyclical fluctuations in gaming revenue, gaming operators continue to invest in modernised digital surveillance and smart resort technologies, thus ensuring a steady pipeline of projects for the Group. Capitalising its position as a trusted partner by delivering seamless end-to-end surveillance integration, VHL laid its foothold to involve in research and development and sale of technology platforms and AI applications, customisation and delivery of technology platforms and AI solutions and data and video management and analytics for gaming operators and the Government of Macao, a move to further enhance value for its gaming customers and to deepen the leadership role of "Vodatel" in the surveillance space via the integration of AI driven analytics, facial recognition, and predictive monitoring.

The public sector and selected key vertical market also continue to contribute to the backbone of the revenue base of the Group, delivering stable stream of contracts. MDL remains a trusted partner of the Government of Macao and across education, healthcare, utilities and transportation. The role of MDL to drive initiatives for different Chinese market leaders in cybersecurity, virtualisation, cloud computing technologies and data backup and recovery solutions, makes MDL one of the most sought solutions providers in Macao. With a complete and comprehensive range of IT portfolio comprising of both international and Chinese vendors, MDL made some breakthroughs in 2026, securing some major wins from players in the utilities and transportation sectors.

Business in Hong Kong and Mainland China

The shift in ownership of the SD-WAN vendor that the Group represents disrupted business continuity and the ongoing transition under the new ownership continues to introduce uncertainty and weakens the competitive positioning of the Group within the SD-WAN sector. While substantial enhancements to the SD-WAN platform is expected to be initiated by the new shareholder, including AI-driven zero trust security features, these enhancements are only expected to reach general availability during the last quarter of 2026, posting significant challenges to customer retention and causing major erosion of market share to rivals. As a result, the Group registered another sharp decline in its SD-WAN business with total SD-WAN business secured during the Six-month Period represented less than 15% of total contracts combined secured in Hong Kong and Mainland China during 2025.

In Hong Kong, compounding data networks infrastructure business being challenged by different Chinese networks vendors who are formidable competitors with increasing strong positioning within the telecommunications service providers arena and who offer highly competitive pricing of high-performance hardware/cloud/AI bundled solutions, business sentiment of the Group remains soft. Despite so, as Hong Kong market accounts for less than 10% of the overall business of the Group, the impact of this downturn on consolidated results is expected to be limited. Recognising that such structural challenges will continue, management has initiated a review of its Hong Kong business set-up, where operational efficiency, resource allocation, and strategic alignment will be evaluated and where necessary, adjustments will be made to reflect current scale of business activity.

In Mainland China, the headwind of very long equipment delivery lead times has grossly delayed project execution and revenue recognition for the Group. Such "waits" have eroded business opportunities, quickly driving multiple projects that the Group cannot timely fulfill to competing vendors with faster supply chains. Not only have demand been shifted to rivals, reliability that the Group enjoys as a key differentiator is also being challenged. The Mainland China market is a major revenue contributor of the Group, accounting for over 40% of the total contracts secured during the Six-month Period. With diversification of suppliers not a viable option to alleviate the very long equipment delivery lead times, efforts will continue to be made to gap this strategic vulnerability. As always, the Group will continue to work closely with its customers to prepare demand forecasting, and by sharing these demand projections and project timelines with the supplier will better enable them to plan production capacity in advance.

Business Outlook

Looking ahead, management acknowledges that the broader market conditions will remain uncertain during the second half of 2026 as limited measures can be initiated to mitigate challenges with volatility of DRAM and oil prices and very long equipment delivery lead time. The path to recovery will depend on the normalisation of global supply chains, stabilisation of commodity prices, and rebuilding momentum in the SD-WAN segment. Meantime, management will continue to focus on resilience and cost discipline, and capitalisation of the demand from the public and private sectors in Macao to maintain a more stable revenue base.

Other Investments

Tidestone Group – The first six months of every year are traditionally categorised as slower months for Tidestone Group. During the Six-month Period, only two contracts, totalled HK$1,200,000, were secured, which included a technical service contract to expand the smart digital operation of the information network department of a telecommunications service provider in the municipality of Shanghai and a new framework contract to provide asset database maintenance for a service provider in the province of Guangdong whose customers include local governments and public security bureaus, telecommunications service providers, power companies, and power construction enterprises.

TTSA – During the Six-month Period, TTSA reported a 3.73% drop in its revenue to HK$79,094,000, with net loss significantly widening from HK$1,774,000 for the first half of 2025 to HK$13,034,000 for the Six-month Period, attributable to lower revenue, higher operating costs and booking of an impairment loss of specific disputes over certain billed traffic of over HK$7,058,000. Continuous efforts are made by TTSA to reconcile the variances and for the recovery of the disputed billed traffic.

After the termination by the Government of Timor-Leste to acquire the 57.06% of Oi in TTSA, in April 2026, Oi sold 3.05% (out of its 57.06% in TTSA) to a third-party for consideration of HK$2,258,000 plus acquisition of certain debts. The balance shareholding indirectly held by Oi, i.e. 54.01%, was also subsequently sold to the same third-party for an undisclosed amount in May 2026. Given that the sale and purchase transaction was conducted at arm's length transaction and based on the updated valuation report, the fair value of the 17.86% shareholding of the Group in TTSA has been revised from HK$30,373,000 as at 31st December 2025 to HK$13,250,000 as at 30th June 2026. The fair value of TTSA represented 2.83% of the total assets of the Group as at 30th June 2026.

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%

Financial Review

Despite a rather strong order book carried forward from 2025 and an 2.5% increase in new contracts secured during the Six-month Period, due to the very long equipment delivery lead time which delayed project execution and revenue recognition, the Group ended the Six-month Period with revenue of just HK$244,109,000, or a drop of 8.17% as compared to the corresponding period of 2025 of HK$265,824,000. Attributable to unexpected sharp increases in DRAM prices, gross profit margin for the Six-month Period dropped by more than 2 percentage points from 19.02% to 16.69%, underscoring the impact of rising costs and supply chain disruptions on profitability and reflecting the inability of the Group to fully pass full rising procurement costs to customers and the need to absorb partial price hikes to maintain competitive pricing.

Selling and administrative expenses for the Six-month Period jabbed up 4.62% to HK$50,126,000 from HK$47,912,000 for the first half of 2025. The variance of HK$2,214,000 was explained primarily by an increase of total staff expenses (wages and salaries, sales commission and staff benefits) of over HK$2,700,000 for the Six-month Period yet offset by the efforts of the logistics team to achieve savings in transportation expenses via negotiations with different forwarders for better freight rates, volume discounts and for extended free warehouse to make load consolidation more easily achievable.

Cost control has always been a key priority of the Group, with staff expenses being the biggest cost element. As the Group invests to broaden its business scope and implement a structured process to systematically identify, develop, and transition leaders at all levels to ensure organisational continuity, during the Six-month Period, the Group recorded an increase of approximately 8% to total staff expenses, attributable to:

1 Engaging resources to lay foothold in the research and development and sale of technology platforms and AI applications – an investment to venture into AI space;

2 Incurring overlapping costs for outgoing leaders who remain on payroll during transition periods – an investment made to shift succession planning from a reactive human resources exercise into a proactive form of enterprise risk management to ensure smoother leadership transitions and corporate culture continuity while avoiding forced reactive transitions; and

3 Recruiting new talent pool – an investment to build a sustainable leadership pipeline for ongoing resilience and operational strength, ensuring continuity and leadership stability over the medium term.

With straining gross profit margin, coupled with increased total staff costs as the Group extends its foothold in AI applications and investments made in succession planning, the Group reported net loss of HK$7,979,000 for the Six-month Period, as compared to net profit of HK$4,445,000 for the first half of 2025.

Before closing the Six-month Period, the Group accepted delivery of different purchase orders for delivery to customers in July 2026, thus level of inventory exceeded norm of HK$25,000,000 to stand at HK$49,131,000 as at 30th June 2026. The Group continues to focus on the timely recovery of its receivables, while maintaining good payment records with different vendors for better negotiation of more favorable credit terms, aiming to match trade payable with its trade receivables. Therefore, moving in tandem, trade receivables dropped from HK$174,979,000 as at 31st December 2025 to HK$155,579,000 as at 30th June 2026, while trade payable decreased from HK$113,829,000 as at 31st December 2025 to HK$97,154,000 as at 30th June 2026. As at 30th June 2026, the Group reported contract assets of HK$69,223,000, reflecting project execution delays due to very long equipment delivery lead time, whereas contract liabilities increased to HK$92,754,000, reflecting the build-up of annual maintenance contracts.

The Group continues to enjoy a healthy capital structure. During the Six-month Period, to support short-term working capital needs, the Group leveraged its balance sheet and utilised total banking facilities of HK$26,304,000, translating to a gearing ratio (debt/equity) of 14.31% as at 30th June 2026. Effective interest rate of the bank loans was 3.83%. With net loss for the Six-month Period and write-down of the fair value of the 17.86% shareholding of the Group in TTSA from HK$31,438,000 as at 31st December 2025 to HK$13,250,000 as at 30th June 2026, total equity stood at HK$183,808,000 as at 30th June 2026, with total net cash balances and yield-enhanced financial instruments of HK$99,396,000. To provide sufficient working capital and to weather the Group against the challenges with volatility of DRAM and oil prices and very long equipment delivery lead time, the Directors do not propose an interim dividend to be paid out for the Six-month Period.

Among the bond holdings were HK$2,470,000 from Nippon Life Insurance Company (a mutual company in Japan), HK$2,447,000 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), HK$2,435,000 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) and HK$2,413,000 from HSBC Holdings plc (a company incorporated in England and Wales, UK with limited liability and whose ordinary shares of US$0.50 each are listed on London Stock Exchange in UK and on the Main Board).

OTHER DISCUSSIONS

Employees' Information

As at 30th June 2026, the Group had 160 employees, of which 24, 12 and 124 employees were based in Mainland China, Hong Kong and Macao respectively. Employee costs totalled HK$37,007,000.

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

The Scheme was approved by the Members at the AGM on 17th June 2022.

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

Capital Commitments and Significant Investments

As at 30th June 2026, the Group had significant investments in TTSA and yield-enhanced financial instruments. 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 assets of the Group.

Details of Material Acquisitions and Disposals

During the Six-month Period, 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 cost in HK$, the pataca (the lawful currency of Macao), US$ and Renminbi (the lawful currency of Mainland China). The Group incurred net foreign exchange gains of HK$89,000 during the Six-month Period.

Change of Directors' emoluments

The amounts payable per annum to each of the following Directors under their service contracts have been revised with effect from 1st January 2026:

	HK$'000
José Manuel dos Santos	5,952
Kuan Kin Man	1,598
Monica Maria Nunes	1,954

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June 2026, 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:

		Number of Shares held, capacity and nature of interest			
Name of Director	**Notes**	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**Percentage of the share capital of the Company**
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
		26,455,000	357,945,500	384,400,500	62.39

Notes:

1 As at 30th June 2026, these Shares were held in the name of ERL. The entire issued share capital in ERL was held by OHHL, a company wholly-owned by José Manuel dos Santos.

2 Kuan Kin Man's personal interest comprised 22,952,500 Shares.

3 Monica Maria Nunes's personal interest comprised 3,292,500 Shares.

4 Fung Kee Yue Roger's personal interest comprised 210,000 Shares.

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 30th June 2026, 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 30th June 2026, 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.

SCHEME

The total number of Shares available for issue under the Scheme as at 1st January 2026 and 30th June 2026 was 61,611,500, representing 10% of the issued share capital of the Company as at 1st January 2026 and 30th June 2026.

COMPETING BUSINESS

As at 30th June 2026, none of the Directors, or any person who was (or group of persons who together were) entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and who was (or were) able, as a practical matter, to direct or influence the management of the Company or any of their respective Close Associates had any interest in a business, which competed or might compete with the business of the Group.

CORPORATE GOVERNANCE

The Company applied the principles in the Code by complying with the Code throughout the Six-month Period, 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.

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.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the Six-month Period.

DEFINITIONS

"AGM"	annual general meeting
"Associated Corporation"	a corporation: 1 which is a subsidiary or holding company of the Company or a subsidiary of the holding company of the Company; or 2 (not being a subsidiary of the Company) in which the Company has an interest in the shares of a class comprised in its share capital exceeding in nominal value one-fifth of the nominal value of the issued shares of that class
"Board"	the board of Directors (not applicable to Main Board)
"Brazil"	The Federative Republic of Brazil
"BVI"	the British Virgin Islands

"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
"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
"Close Associate"	has the meaning ascribed thereto in the GEM Listing Rules
"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 Nippon Life Insurance Company)
"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
"DRAM"	dynamic RAM
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"EPS"	earnings per Share
"ERL"	Eve Resources Limited, a company incorporated in BVI with limited liability
"EV"	enterprise value

"Exchange"	The Stock Exchange of Hong Kong Limited, a company incorporated in Hong Kong with limited liability (not applicable to the London Stock Exchange, the New York Stock Exchange and the 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
"Group"	the Company and its subsidiaries (not applicable to Tidestone Group)
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"HK cent"	Hong Kong cent, where 100 HK cents equal HK$1
"HKEC"	Hong Kong Exchanges and Clearing Limited, a company incorporated in Hong Kong with limited liability
"Hong Kong"	the Hong Kong Special Administrative Region of PRC (not applicable to Hong Kong Accounting Standard, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited)
"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
"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"	holder of the Shares
"OCI"	other comprehensive income
"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
"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
"PRC"	The People's Republic of China
"Scheme"	the scheme involving the grant of options over Shares approved by the Members at the AGM on 17th June 2022
"SD-WAN"	software-defined 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
"Six-month Period"	six months ended 30th June 2026

"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 a Sponsor pursuant to rule 6A.02 of the GEM Listing Rules
"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, incorporated in BVI with limited liability and an indirectly owned associate of the Company, and its subsidiaries
"Timor-Leste"	The Democratic Republic of Timor-Leste
"TTSA"	Timor Telecom, S.A., a company incorporated in Timor-Leste with limited liability
"UK"	The United Kingdom of Great Britain and Northern Ireland
"US$"	United States dollar, the lawful currency of USA
"USA"	The United States of America
"VHL"	Vodatel Holdings Limited, incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company
"Website of the Exchange"	the official website of HKEC and/or the website "HKEXnews" which is used for publishing regulatory information of Issuers

By order of the Board
José Manuel dos Santos
Chairman

Macao, 21st August 2026

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

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*