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ATLINKS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8043)

ANNOUNCEMENT OF QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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 Stock 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.

FINANCIAL HIGHLIGHTS

The Group's revenue decreased from approximately EUR8.1 million for the three months ended 31 March 2018 to approximately EUR7.7 million for the three months ended 31 March 2019, representing a decrease of approximately 5.2%.

The Group recorded a loss attributable to the equity holders of the Company of approximately EUR0.6 million for the three months ended 31 March 2019, compared to a loss of approximately EUR0.3 million for the three months ended 31 March 2018.

The Directors do not recommend the payment of any dividend in respect of the three months ended 31 March 2019.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2019

The Board is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2019, together with the comparative figures for the corresponding period in 2018 which have been reviewed and approved by the audit committee of the Company (the “**Audit Committee**”), as follows:

		Three months ended 31 March	
	<i>Notes</i>	2019	2018
		<i>EUR</i>	<i>EUR</i>
		(Unaudited)	(Unaudited)
Revenue	3	7,654,409	8,071,320
Cost of sales		(5,620,566)	(5,900,214)
Gross profit		2,033,843	2,171,106
Other income		6,850	13,881
Other gain/(loss)			
– Exchange difference		(40,028)	250,324
– Fair value changes on derivative financial instruments		96,473	9,397
Selling and distribution expenses		(994,704)	(903,688)
Administrative expenses			
– Legal and professional fee for listing preparation		–	(189,789)
– Others		(1,611,423)	(1,575,927)
Operating loss		(508,989)	(224,696)
Finance income		1,889	710
Finance costs		(113,577)	(97,543)
Finance costs, net		(111,688)	(96,833)
Loss before income tax		(620,677)	(321,529)
Income tax expenses	4	34,839	19,937
Loss for the period		(585,838)	(301,592)
Attributable to:			
Equity holders of the Company		(575,837)	(298,471)
Non-controlling interests		(10,001)	(3,121)
		(585,838)	(301,592)
Loss per share attributable to equity holders of the Company			
– Basic and diluted (expressed in Euro cents per share)	5	(0.14)	(0.08)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the three months ended 31 March 2019*

	Three months ended 31 March	
	2019	2018
	EUR	EUR
	(Unaudited)	(Unaudited)
Loss for the period	(585,838)	(301,592)
Other comprehensive income/(loss)		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	29,152	(304,030)
<i>Items that may not be reclassified to profit or loss:</i>		
Remeasurement of defined benefit retirement plans, net of tax	<u>—</u>	<u>(4,329)</u>
Other comprehensive income/(loss) for the period	<u>29,152</u>	<u>(308,359)</u>
Total comprehensive loss for the period	<u>(556,686)</u>	<u>(609,951)</u>
Attributable to:		
Equity holders of the Company	(546,685)	(606,830)
Non-controlling interests	<u>(10,001)</u>	<u>(3,121)</u>
	<u>(556,686)</u>	<u>(609,951)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Attributable to equity holders of Atlinks Group Limited							Total EUR
	Share capital EUR	Merger reserve EUR	Share premium EUR	Other reserve EUR	Retained earnings EUR	Total EUR	Non- controlling Interest EUR	
Balances at 1 January 2018 (Audited)	11	4,386,123	–	183,070	1,590,429	6,159,633	46,862	6,206,495
Comprehensive loss								
Loss for the period	–	–	–	–	(298,471)	(298,471)	(3,121)	(301,592)
Other comprehensive loss								
Currency translation difference	–	–	–	(304,030)	–	(304,030)	–	(304,030)
Remeasurement of defined benefit retirement plans, net of tax	–	–	–	(4,329)	–	(4,329)	–	(4,329)
Other comprehensive loss	–	–	–	(308,359)	–	(308,359)	–	(308,359)
Total comprehensive loss for the period	–	–	–	(308,359)	(298,471)	(606,830)	(3,121)	(609,951)
Transactions with owners								
Proceeds from shares issued	417,808	–	4,734,254	–	–	5,152,062	–	5,152,062
Shares issuance cost	–	–	(1,177,028)	–	–	(1,177,028)	–	(1,177,028)
Balances at 31 March 2018 (Unaudited)	<u>417,819</u>	<u>4,386,123</u>	<u>3,557,226</u>	<u>(125,289)</u>	<u>1,291,958</u>	<u>9,527,837</u>	<u>43,741</u>	<u>9,571,578</u>
Balances at 1 January 2019 (Audited)	417,819	4,386,123	3,557,226	262,325	855,196	9,478,689	44,874	9,523,563
Comprehensive loss								
Loss for the period	–	–	–	–	(575,837)	(575,837)	(10,001)	(585,838)
Other comprehensive loss								
Currency translation difference	–	–	–	29,152	–	29,152	–	29,152
Other comprehensive loss	–	–	–	29,152	–	29,152	–	29,152
Total comprehensive loss for the period	–	–	–	29,152	(575,837)	(546,685)	(10,001)	(556,686)
Balances at 31 March 2019 Unaudited)	<u>417,819</u>	<u>4,386,123</u>	<u>3,557,226</u>	<u>291,477</u>	<u>279,359</u>	<u>8,932,004</u>	<u>34,873</u>	<u>8,966,877</u>

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Atlinks Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 3 August 2017 as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered address of the Company is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in designing, developing and selling home and office telecommunication products to retailers, telecommunication operators and distributors customers all around the world (except North America) under three brands, namely Alcatel, Swissvoice and Amplicomms.

The unaudited condensed consolidated financial statements are presented in EURO unless otherwise stated.

2 BASIS OF PREPARATION

This unaudited condensed consolidated first quarterly financial information of the Group for the three months ended 31 March 2019 has been prepared in accordance of with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of the Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”). The unaudited condensed consolidated first quarterly financial information should be read in conjunction with the consolidated financial statements of the Group in the annual report for the year ended 31 December 2018 (“**2018 Annual report**”). The accounting policies used in the preparation of this unaudited condensed consolidated first quarterly financial information are consistent with those followed in the preparation of the 2018 Annual Report, except for the adoption of new and revised HKFRSs which are effective for accounting periods beginning on or after 1st January 2019.

3 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker (“**CODM**”) has been identified as the Company’s executive directors, who review the Group’s internal reporting in order to assess performance and allocate resources.

The Group’s principal activity is trading and development of telecommunication equipment. For the purpose of resources allocation and assessment of performance, the CODM regularly reviews the Group’s performance based on revenue and gross profit margin. No other discrete financial information was provided to the CODM. As the Group’s resources are integrated and there are no discrete operating segment assets and liabilities reported to the CODM, accordingly, no separate segment information is presented.

(a) Revenue by product type

The Group is principally engaged in designing, development, and selling home and office telecommunication product. Revenue recognised during the respective period analysed by type of products is as follows:

	Three months ended 31 March	
	2019	2018
	EUR	EUR
	(Unaudited)	(Unaudited)
Revenue		
Home telephone	6,262,030	6,728,493
Office telephone	857,823	746,688
Others	534,556	596,139
	<u>7,654,409</u>	<u>8,071,320</u>

(b) Revenue by location

Revenue from external customers by country, based on the location to which the goods were delivered, is as follows:

	Three months ended 31 March	
	2019	2018
	EUR	EUR
	(Unaudited)	(Unaudited)
France	4,135,420	4,405,956
Latin America (Note i)	1,225,796	1,283,530
Other European countries (Note ii)	1,630,683	1,868,036
Others (Note iii)	662,510	513,798
	<u>7,654,409</u>	<u>8,071,320</u>

Notes:

- i. Latin America includes Argentina, Chile, Mexico, Peru and others.
- ii. Other European countries include but are not limited to Germany, Greece, Italy, Portugal, Spain and Switzerland but excludes France.
- iii. Others include but are not limited to Asia Pacific Region, Russia and Middle East area.

4 INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 8.25% on the estimated assessable profit up to HK\$2 million, equivalent to approximately EUR224,000 and 16.5% thereafter, for one of its subsidiaries operating in Hong Kong for the three months ended 31 March 2019 (2018: 16.5%).

Corporate income tax on profits from a subsidiary operating in Mainland China has been calculated at 25% in accordance with the relevant People's Republic of China tax laws and regulations for the three months ended 31 March 2019 and 2018.

Corporate income tax on profits from a subsidiary operating in France has been calculated at 28% in accordance with the relevant France tax laws and regulations for the three months ended 31 March 2019 and 2018.

Income tax expenses

	Three months ended 31 March	
	2019	2018
	EUR	EUR
Current income tax	18,485	19,960
Deferred income tax	(53,324)	(39,897)
	<u>(34,839)</u>	<u>(19,937)</u>

5 LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective period.

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the Company (Euro)	(575,837)	(298,471)
Weighted average number of shares in issue (thousands)	<u>400,000</u>	<u>380,000</u>
Basic loss per share (expressed in Euro cents per share)	<u>(0.14)</u>	<u>(0.08)</u>

(b) Diluted loss per share

Diluted loss per share is the same as the basic loss per share as there were no potential dilutive ordinary shares during the respective period.

6 DIVIDEND

No dividend has been paid or declared by the Company during the three months ended 31 March 2019 and 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2019, together with the unaudited comparative figures for the corresponding period in 2018.

BUSINESS REVIEW AND OUTLOOK

The Group’s revenue decreased from approximately EUR8.1 million for the three months ended 31 March 2018 to approximately EUR7.7 million for the three months ended 31 March 2019, representing a decrease of approximately 5.2%. Such decrease was mainly due to sales dropped in home telephone segment in France and in other European countries.

The following table shows the breakdown of our revenue by product categories.

	For the three months ended 31 March			
	2019 (Unaudited)		2018 (Unaudited)	
	<i>EUR’000</i>	<i>% of total revenue</i>	<i>EUR’000</i>	<i>% of total revenue</i>
Home telephone	6,262	81.8%	6,728	83.4%
Office telephone	858	11.2%	747	9.3%
Others (Note)	534	7.0%	596	7.3%
Total	<u>7,654</u>	<u>100.0%</u>	<u>8,071</u>	<u>100.0%</u>

Note: Others include IP camera, IP baby monitor, smart home solutions, conferencing phone and products dedicated to elderly.

Due to the declining trend in the home telephone market, the sales of home telephone segment for the three months ended 31 March 2019 has dropped as compared to the corresponding period in 2018, with sales of approximately EUR6.3 million, which represents approximately 81.8% of our total revenue for the three months ended 31 March 2019.

The office telephone segment for the three months ended 31 March 2019 has grown by approximately 14.9% as compared to the corresponding period in 2018, with sales of approximately EUR0.9 million, which represents approximately 11.2% of our total revenue for the three months ended 31 March 2019.

The sales of others product category remained relatively stable at approximately EUR0.5 million, which represents approximately 7.0% of our total revenue for the three months ended 31 March 2019.

The following table sets out the breakdown of the Group's revenue by geographical location of the shipment destination of our products covering all our business segments (Note 1).

	For the three months ended 31 March			
	2019 (Unaudited)		2018 (Unaudited)	
	<i>EUR'000</i>	<i>% of total revenue</i>	<i>EUR'000</i>	<i>% of total revenue</i>
France	4,135	54.0%	4,406	54.6%
Latin America (Note 2)	1,226	16.0%	1,283	15.9%
Other European countries (Note 3)	1,630	21.3%	1,868	23.1%
APAC/Russia/MEA (Note 4)	663	8.7%	514	6.4%
Total	<u>7,654</u>	<u>100.0%</u>	<u>8,071</u>	<u>100.0%</u>

Notes:

1. The geographical breakdown was prepared based on shipping destination without taking into account the re-export or onward sales (if any) of our products by our customers.
2. Latin America includes Argentina, Chile, Mexico, Peru and others.
3. Other European countries includes but are not limited to Germany, Greece, Italy, Portugal, Spain and Switzerland but excludes France.
4. APAC/Russia/MEA include but are not limited to Asia Pacific Region, Russia and Middle East area.

The Group's sales to France represented approximately 54.0% and 54.6% of our total revenue for the three months ended 31 March 2019 and the three months ended 31 March 2018, respectively.

Sales in other European countries has deteriorated at approximately 21.3% for the three months ended 31 March 2019 and approximately 23.1% for the three months ended 31 March 2018.

The Group's sales to Latin America for the three months ended 31 March 2019 has remained relatively stable at approximately EUR1.2 million.

The Group recorded relatively favourable results in the Asia Pacific Region, Russia and Middle East area, the revenue increased by EUR0.1 million or 29.0% for the three months ended 31 March 2019 as compared to that of the same period 2018.

OUTLOOK

We strategically strive to be one of the leading suppliers with design capability by enhancing our product management capabilities, increasing our market penetration in existing markets, expanding our customer base and exploring new overseas markets. We intend to expand our product range by developing telecommunications products targeted at the elderly market as well as the visually and hearing impaired, providing ancillary services to our telecommunications products, and developing and further strengthening the Swissvoice brand and Amplicomms brand.

FINANCIAL REVIEW

Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised of cost of inventories and depreciation and amortisation. The cost of sales decreased by approximately 4.7% from approximately EUR5.9 million for the three months ended 31 March 2018 to approximately EUR5.6 million for the three months ended 31 March 2019, which is in line with the decrease in the Group's revenue during the reporting period. The gross profit margin remained stable at approximately 26.6% for the three months ended 31 March 2019 as compared to that of approximately 26.9% for the three months ended 31 March 2018.

Selling and Distribution Expenses

The selling and distribution expenses increased from approximately EUR0.9 million for the three months ended 31 March 2018 to approximately EUR1.0 million for the three months ended 31 March 2019, mainly due to increased trade show expenses to cover both the Swissvoice and Amplicomms brands, higher warehouse costs, and sales forces expansion; including full time staff as well as external sales agents.

Administrative Expenses

The administrative expenses, when excluding the initial public offering expenses of the Company, remained stable at approximately EUR1.6 million for both the three months ended 31 March 2019 and the three months ended 31 March 2018.

Loss attributable to the Equity Holders of the Company

The Group recorded a loss of approximately EUR0.6 million for the three months ended 31 March 2019, compared to a loss of approximately EUR0.3 million for the three months ended 31 March 2018.

Dividend

The Board does not recommend the payment of a dividend for the three months ended 31 March 2019.

Use of Proceeds from the Listing

On 19 January 2018, 100,000,000 ordinary shares of the Company were allotted at HK\$0.5 and the net proceeds from Public Offer and Placing (as defined in the prospectus of the Company dated 30 December 2017 (the “**Prospectus**”)) received by the Company were approximately HK\$23.1 million (after deduction of any related expenses). The Company intends to continue to apply the net proceeds in accordance with the proposed applications set out below.

Given that the Listing only took place in January 2018, during the three months ended 31 March 2019, the net proceeds had been received or utilised as follows:

	Actual net proceeds allocated <i>HK\$ Million</i>	Amount utilised up to 31 March 2019 <i>HK\$ Million</i>	Balance as at 31 March 2019 <i>HK\$ Million</i>
Developing the office telephone products	2.9	–	2.9
Developing the elderly telecommunications products	5.3	(2.3)	3.0
Strengthening and enhancing our sales channels	3.7	(2.3)	1.4
Expanding the staff team	5.8	(2.0)	3.8
Developing the other products including IP cameras and smart home products	1.3	–	1.3
Expanding the geographical coverage	3.0	(0.6)	2.4
General working capital	1.1	(1.1)	–
	<u>23.1</u>	<u>(8.3)</u>	<u>14.8</u>

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares for the three months ended 31 March 2019.

SHARE OPTION SCHEME

The share option scheme of the Company (the “**Share Option Scheme**”) was conditionally adopted pursuant to a resolution passed by the Company's shareholders on 21 December 2017 for the primary purposes of enabling the Company to attract, retain and motivate talented participants and, to strive for future developments and expansion of the Group. Eligible participants of the Share Option Scheme include any employees, any executives, non-executive Directors (including independent non-executive Directors), advisors, consultants of the Company or any of its subsidiaries. Further details of the Share Option Scheme are set out in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to the Prospectus.

No share options have been granted/exercised/cancelled/lapsed under the Share Option Scheme during the three months ended 31 March 2019. As at 31 March 2019, the Company has no outstanding share option under the Share Option Scheme.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

There is no contract of significance to which the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries was a party and in which the Directors had a material interest, whether directly or indirectly, subsisted during or at the end of the three months ended 31 March 2019.

COMPETING BUSINESS

During the reporting period and up to the date of this announcement, the Directors are not aware of any business or interest of the Directors, controlling shareholders, the management of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person either directly or indirectly has or may have with the Group.

COMPLIANCE ADVISER’S INTERESTS

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Lego Corporate Finance Limited (“**Lego**”) to be the compliance adviser. Lego, being the sponsor to the listing, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Save as the above, neither Lego nor any of its associates and none of the directors or employees of Lego who have been involved in providing advice to the Company as the sponsor, has or may, as a result of the share offer, have any interest in any securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities).

The compliance adviser’s appointment is for a period commencing on the listing date and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the despatch of its annual report of the financial results for the second full financial year commencing after the listing date, i.e. for the year ending 31 December 2020, or until the compliance adviser agreement is terminated, whichever is earlier.

CORPORATE GOVERNANCE PRACTICE

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules. The Board is of the opinion that the Company has complied with the CG Code during the three months ended 31 March 2019 and up to the date of this announcement.

AUDIT COMMITTEE

The existing audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors of the Company, chaired by Ms. Lam Lai Ting Maria Goretti and the other two members are Mr. Yiu Chun Kit and Ms. Chan Cheuk Man Vivian.

The condensed consolidated financial statement of the Group for the three months ended 31 March 2019 are unaudited, but have been reviewed by the Audit Committee.

By order of the Board
ATLINKS GROUP LIMITED
Mr. Long Hak Kan
Chairman and Non-executive Director

Hong Kong, 9 May 2019

As at the date of this announcement, the executive Directors are Mr. Didier Paul Henri GOUJARD, Mr. Jean-Alexis René Robert DUC, Ms. HO Dora and Mr. LONG Shing; the non-executive Directors are Mr. LONG Hak Kan and Mr. LONG Fung; and the independent non-executive Directors are Mr. YIU Chun Kit, Ms. LAM Lai Ting Maria Goretti and Ms. CHAN Cheuk Man Vivian.

*This announcement, for which the directors (the “**Directors**”) of Atlinks Group Limited (the “**Company**”) 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 announcement misleading.*

This announcement will remain on the GEM’s website at www.hkgem.com on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the website of the Company at www.atlinks.com.