

# ATLINKS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 8043

**Third Quarterly Report**  
**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.**

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This report, for which the directors (the “**Directors**”) of Atlinks Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**” or “**our**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

# Contents

	Page(s)
Financial Highlights	3
Management Discussion and Analysis	4
Other Information	8
Unaudited Condensed Consolidated Statements	12
Notes to the Unaudited Condensed Consolidated Financial Information	15

# Financial Highlights

The Group's revenue decreased from approximately EUR25.4 million for the nine months ended 30 September 2018 to approximately EUR22.9 million for the nine months ended 30 September 2019, representing a decrease of approximately 9.6%.

The Group recorded a loss attributable to the equity holders of the Company of approximately EUR1.4 million for the nine months ended 30 September 2019, compared to a loss of approximately EUR0.3 million for the nine months ended 30 September 2018.

The Directors do not recommend the payment of any dividend in respect of the nine months ended 30 September 2019.

# 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 nine months ended 30 September 2019, together with the unaudited comparative figures for the corresponding periods in 2018.

## BUSINESS REVIEW AND OUTLOOK

The Group’s revenue decreased from approximately EUR25.4 million for the nine months ended 30 September 2018 to approximately EUR22.9 million for the nine months ended 30 September 2019, representing a decrease of approximately 9.6%. Such decrease was mainly due to a drop in sales in the home telephone segment in France and in Latin America.

The following table shows the breakdown of our revenue by product categories for each of the three and nine months ended 30 September 2018 and 2019:

	For the three months ended 30 September			
	2019 (Unaudited)		2018 (Unaudited)	
	EUR'000	% of total revenue	EUR'000	% of total revenue
Home telephone	<b>5,556</b>	<b>79.7%</b>	7,252	89.6%
Office telephone	<b>774</b>	<b>11.1%</b>	759	9.4%
Others (Note)	<b>641</b>	<b>9.2%</b>	80	1.0%
<b>Total</b>	<b>6,971</b>	<b>100.0%</b>	8,091	100.0%

	For the nine months ended 30 September			
	2019 (Unaudited)		2018 (Unaudited)	
	EUR'000	% of total revenue	EUR'000	% of total revenue
Home telephone	<b>18,521</b>	<b>80.8%</b>	21,554	85.0%
Office telephone	<b>2,297</b>	<b>10.0%</b>	2,405	9.5%
Others (Note)	<b>2,114</b>	<b>9.2%</b>	1,402	5.5%
<b>Total</b>	<b>22,932</b>	<b>100.0%</b>	25,361	100.0%

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

Due to the declining trend in the home telephone market, the sales of home telephone segment for the nine months ended 30 September 2019 has dropped as compared to the corresponding period in 2018, with sales of approximately EUR18.5 million, which represents approximately 80.8% of our total revenue for the nine months ended 30 September 2019.

The Group’s sales of office telephone was approximately EUR2.3 million, which represents approximately 10.0% of our total revenue for the nine months ended 30 September 2019.

The sales of the others product category has grown by approximately 50.8% to approximately EUR2.1 million, which represents approximately 9.2% of our total revenue for the nine months ended 30 September 2019, mainly attributable to the revenue contribution from the selling of range of devices under this segment.

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 30 September		2018 (Unaudited)	
	2019 (Unaudited)	% of total	2018 (Unaudited)	% of total
	EUR'000	revenue	EUR'000	revenue
France	<b>4,059</b>	<b>58.2%</b>	4,635	57.2%
Latin America ( <i>Note 2</i> )	<b>766</b>	<b>11.0%</b>	1,914	23.7%
Other European countries ( <i>Note 3</i> )	<b>1,151</b>	<b>16.5%</b>	564	7.0%
APAC/Russia/MEA ( <i>Note 4</i> )	<b>995</b>	<b>14.3%</b>	978	12.1%
<b>Total</b>	<b>6,971</b>	<b>100.0%</b>	8,091	100.0%

	For the nine months ended 30 September		2018 (Unaudited)	
	2019 (Unaudited)	% of total	2018 (Unaudited)	% of total
	EUR'000	revenue	EUR'000	revenue
France	<b>12,284</b>	<b>53.6%</b>	13,648	53.8%
Latin America ( <i>Note 2</i> )	<b>3,467</b>	<b>15.1%</b>	4,659	18.4%
Other European countries ( <i>Note 3</i> )	<b>4,341</b>	<b>18.9%</b>	4,313	17.0%
APAC/Russia/MEA ( <i>Note 4</i> )	<b>2,840</b>	<b>12.4%</b>	2,741	10.8%
<b>Total</b>	<b>22,932</b>	<b>100.0%</b>	25,361	100.0%

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 include 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.

## Management Discussion and Analysis

The Group's sales to France represented approximately 53.6% and 53.8% of our total revenue for the nine months ended 30 September 2019 and the nine months ended 30 September 2018, respectively.

Sales to Latin America has deteriorated to approximately 15.1% of our total revenue for the nine months ended 30 September 2019 from approximately 18.4% of our total revenue for the nine months ended 30 September 2018.

Our sales to other European countries and to the Asia Pacific Region, Russia and Middle East area for the nine months ended 30 September 2019 has remained relatively stable at approximately EUR4.3 million and EUR2.8 million, respectively, as compared to the corresponding period in 2018.

### OUTLOOK

We continuously strive to be one of the leading suppliers of corded and cordless phone in Europe. This is reinforced by taking a new productization approach by working with the strategic partners to select better materials and technology in the early stage of the product development, in order to deliver the most competitive products. This new approach should enable us to increase our market share in existing markets and expanding our customer base. Furthermore, we have expanded our product range into the elderly market such as picture phones, TV listener, and mobile devices. These products have been launched into Europe, and expected to launch in APAC by the end of this year. We have been in talks with local service providers to launch our elderly products with their service packages. We intend to expand our product range further into the elderly market aiming at the visual and hearing impaired, providing ancillary services to our mobile devices, and further strengthening the Swissvoice & Amplicomms brands.

### 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 7.3% from approximately EUR18.3 million for the nine months ended 30 September 2018 to approximately EUR17.0 million for the nine months ended 30 September 2019, which is in line with decrease in revenue. The gross profit margin decreased from approximately 27.7% for the nine months ended 30 September 2018 to approximately 25.8% for the nine months ended 30 September 2019, which is mainly driven by the increase in costs of materials and subcontracting charges impacted by the depreciation in the Euros against USD when comparing the nine months ended 30 September 2019 to the corresponding period in 2018.

#### Selling and Distribution Expenses

The selling and distribution expenses decreased slightly at approximately EUR2.7 million and EUR2.5 million for the nine months ended 30 September 2018 and 2019, respectively.

#### Administrative Expenses

The administrative expenses decreased from approximately EUR4.9 million for the nine months ended 30 September 2018 to approximately EUR4.5 million for the nine months ended 30 September 2019, which was mainly due to the non-recurring listing expenses recognised during the nine months ended 30 September 2018; as well as lower staff costs and other administrative expenses for the nine months ended 30 September 2019.

### Loss attributable to the Equity Holders of the Company

The Group recorded a loss of approximately EUR1.4 million for the nine months ended 30 September 2019, compared to a loss of approximately EUR0.3 million for the nine months ended 30 September 2018. It is mainly driven by decrease in revenue and impact from lower gain on derivative financial instruments.

### Dividend

The Board does not recommend the payment of a dividend for the nine months ended 30 September 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). An analysis of the utilisation of the net proceeds from the Listing Date up to 30 September 2019 is set out below:

	<b>Actual net proceeds allocated HK\$ Million</b>	<b>Amount utilised up to 30 September 2019 HK\$ Million</b>	<b>Balance as at 30 September 2019 HK\$ Million</b>
Developing the office telephone products	2.9	–	2.9
Developing the elderly telecommunications products	5.3	(2.4)	2.9
Strengthening and enhancing our sales channels	3.7	(2.7)	1.0
Expanding the staff team	5.8	(2.7)	3.1
Developing the other products including IP cameras and smart home products	1.3	–	1.3
Expanding the geographical coverage	3.0	(1.3)	1.7
General working capital	1.1	(1.1)	–
	<b>23.1</b>	<b>(10.2)</b>	<b>12.9</b>



# 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 during the nine months ended 30 September 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 nine months ended 30 September 2019. As at 30 September 2019, the Company has no outstanding share option under the Share Option Scheme.

## DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 30 September 2019, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("SFO") which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### Long positions in shares of the Company

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interest	Number and class of securities	Approximate percentage of shareholding
Didier Paul Henri Goujard ("Mr. Goujard") (Note 1)	Eiffel Global Limited ("Eiffel Global")	Interest in a controlled corporation	1,183 ordinary shares	11.83%
Jean-Alexis René Robert Duc ("Mr. Duc") (Note 2)	Eiffel Global	Beneficial owner	967 ordinary shares	9.67%
Ho Dora ("Ms. Ho") (Note 2)	Eiffel Global	Beneficial owner	350 ordinary shares	3.5%

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interest	Number and class of securities	Approximate percentage of shareholding
Long Hak Kan (" <b>Mr. Long</b> ") (Note 2)	Our Company	Interest of spouse	300,000,000 ordinary shares	75%
	Eiffel Global	Interest of spouse	7,500 ordinary shares	75%
	Talent Ocean Holdings Limited (" <b>TOHL</b> ")	Interest of spouse	1,000 ordinary shares	100%

## Notes:

- These Shares were held by Argento Investments Limited ("**AIL**"), which is wholly-owned by Mr. Goujard.
- These Shares were held by Eiffel Global, which was in turn owned as to 75% by TOHL, 11.83% by AIL, 9.67% by Mr. Duc and 3.5% by Ms. Ho. TOHL is wholly-owned by Chu Lam Fong ("**Ms. Chu**"). Mr. Long is the spouse of Ms. Chu. He is deemed or taken to be interested in the Shares of which Ms. Chu is interested in under the SFO.

Save as disclosed above, as at 30 September 2019, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

### **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 nine months ended 30 September 2019.

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY**

As at 30 September 2019, to the best of the Directors' knowledge, the following shareholders had, or were deemed to have, interests or short positions, in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

### **Long positions in shares of the Company**

<b>Name</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of shareholding</b>
Eiffel Global	Beneficial owner	300,000,000	75%
TOHL ( <i>Note 1</i> )	Interest of controlled corporation	300,000,000	75%
Ms. Chu ( <i>Note 2</i> )	Interest of controlled corporation	300,000,000	75%
Mr. Long ( <i>Note 3</i> )	Interest of spouse	300,000,000	75%

*Notes:*

1. TOHL is deemed or taken to be interested in all the Shares which are beneficially owned by Eiffel Global under the SFO. Eiffel Global is owned as to 75% by TOHL, 11.83% by AIL, 9.67% by Mr. Duc, and 3.5% by Ms. Ho respectively.
2. Ms. Chu is deemed or taken to be interested in all the Shares which are beneficially owned by TOHL under the SFO. TOHL is wholly-owned by Ms. Chu.
3. Mr. Long is the spouse of Ms. Chu and he is deemed or taken to be interested in all the Shares which are beneficially owned by Ms. Chu under the SFO.

Save as disclosed above, as at 30 September 2019, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

### **COMPETING BUSINESS**

During the reporting period for the nine months ended 30 September 2019 and up to the date of this report, 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 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 nine months ended 30 September 2019 and up to the date of this report.

### **AUDIT COMMITTEE**

The audit committee of the Company (the "**Audit Committee**") currently consists of three independent non-executive Directors of the Company, chaired by Ms. Lam Lai Ting Maria Goretti and the other two members are Ms. Chan Cheuk Man Vivian and Ms. Lee Kit Ying Catherine.

The condensed consolidated financial statement of the Group for the nine months ended 30 September 2019 are unaudited, but have been reviewed by the Audit Committee.

### **PUBLICATION OF INFORMATION ON WEBSITES**

This third quarterly report is available for viewing on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at [www.atlinks.com](http://www.atlinks.com).

By the order of Board

**Long Hak Kan**

*Chairman*

8 November 2019

# Unaudited Condensed Consolidated Income Statement

For the nine months ended 30 September 2019

The Board is pleased to announce the unaudited consolidated results of the Group for the three months and nine months ended 30 September 2019, together with the comparative figures for the corresponding period in 2018 which have been reviewed and approved by the Audit Committee, as follows:

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 EUR (Unaudited)	2018 EUR (Unaudited)	2019 EUR (Unaudited)	2018 EUR (Unaudited)
Revenue	4	6,971,055	8,091,364	22,932,167	25,361,175
Cost of sales		(5,205,038)	(5,867,466)	(17,011,430)	(18,348,565)
Gross profit		1,766,017	2,223,898	5,920,737	7,012,610
Other income		5,908	16,134	20,421	54,596
Other gain/(loss)					
– Exchange difference		(31,234)	126,565	(10,741)	257,648
– Fair value changes on derivative financial instruments		46,974	(74,554)	37,123	274,317
Selling and distribution expenses		(685,717)	(991,778)	(2,548,057)	(2,674,549)
Administrative expenses					
– Legal and professional fee for listing preparation		–	–	–	(189,789)
– Others		(1,419,164)	(1,443,120)	(4,549,316)	(4,704,433)
<b>Operating (loss)/profit</b>		<b>(317,216)</b>	<b>(142,855)</b>	<b>(1,129,833)</b>	<b>30,400</b>
Finance income		2,599	1,261	6,628	19,827
Finance costs		(123,605)	(116,344)	(354,861)	(270,967)
Finance costs, net		(121,006)	(115,083)	(348,233)	(251,140)
<b>Loss before income tax</b>		<b>(438,222)</b>	<b>(257,938)</b>	<b>(1,478,066)</b>	<b>(220,740)</b>
Income tax expenses	5	15,328	42,701	104,330	(99,761)
<b>Loss for the period</b>		<b>(422,894)</b>	<b>(215,237)</b>	<b>(1,373,736)</b>	<b>(320,501)</b>
Attributable to:					
Equity holders of the Company		(422,894)	(215,868)	(1,367,745)	(316,637)
Non-controlling interests		–	631	(5,991)	(3,864)
		(422,894)	(215,237)	(1,373,736)	(320,501)
<b>Loss per share</b>					
– Basic and diluted (expressed in Euro cents per share)	6	(0.11)	(0.05)	(0.34)	(0.08)

# Unaudited Condensed Consolidated Statement of Comprehensive Income

For the nine months ended 30 September 2019

	Three months ended 30 September		Nine months ended 30 September	
	2019 EUR (Unaudited)	2018 EUR (Unaudited)	2019 EUR (Unaudited)	2018 EUR (Unaudited)
<b>Loss for the period</b>	<b>(422,894)</b>	(215,237)	<b>(1,373,736)</b>	(320,501)
<b>Other comprehensive income/(loss)</b> <i>Items that may be reclassified to profit or loss:</i>				
Currency translation differences	98,350	5,044	132,835	(33,350)
<b>Other comprehensive income/(loss) for the period</b>	<b>98,350</b>	5,044	<b>132,835</b>	(33,350)
<b>Total comprehensive loss for the period</b>	<b>(324,544)</b>	(210,193)	<b>(1,240,901)</b>	(353,851)
Attributable to:				
Equity holders of the Company	(324,544)	(210,824)	(1,234,910)	(349,987)
Non-controlling interests	–	631	(5,991)	(3,864)
	<b>(324,544)</b>	(210,193)	<b>(1,240,901)</b>	(353,851)

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2019

	Share capital	Merger reserve	Share premium	Other reserve	Retained earnings	Total	Non-controlling interest (Note 1)	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Balances at 1 January 2018 (Audited)</b>	11	4,386,123	-	183,070	1,590,429	6,159,633	46,862	6,206,495
<b>Comprehensive loss</b>								
Loss for the period	-	-	-	-	(316,637)	(316,637)	(3,864)	(320,501)
<b>Other comprehensive loss</b>								
Currency translation difference	-	-	-	(33,350)	-	(33,350)	-	(33,350)
Other comprehensive loss	-	-	-	(33,350)	-	(33,350)	-	(33,350)
<b>Total comprehensive loss for the period</b>	-	-	-	(33,350)	(316,637)	(349,987)	(3,864)	(353,851)
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)
<b>Balances at 30 September 2018 (Unaudited)</b>	417,819	4,386,123	3,557,226	149,720	1,273,792	9,784,680	42,998	9,827,678
<b>Balances at 1 January 2019 (Audited)</b>	<b>417,819</b>	<b>4,386,123</b>	<b>3,557,226</b>	<b>262,325</b>	<b>855,196</b>	<b>9,478,689</b>	<b>44,874</b>	<b>9,523,563</b>
<b>Comprehensive loss</b>								
Loss for the period	-	-	-	-	(1,367,745)	(1,367,745)	(5,991)	(1,373,736)
<b>Other comprehensive income</b>								
Currency translation difference	-	-	-	132,834	-	132,834	1	132,835
Other comprehensive income	-	-	-	132,834	-	132,834	1	132,835
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	132,834	(1,367,745)	(1,234,911)	(5,990)	(1,240,901)
<b>Balances at 30 September 2019 (Unaudited)</b>	<b>417,819</b>	<b>4,386,123</b>	<b>3,557,226</b>	<b>395,159</b>	<b>(512,549)</b>	<b>8,243,778</b>	<b>38,884</b>	<b>8,282,662</b>

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

Note 1: Non-controlling interest represents the 49% ordinary share interest held by Hong Kong Sipall Limited, an independent third party, which invested in Atlinks Enterprise Limited during 2016.

# 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 financial information of the Group for the nine months ended 30 September 2019 has been prepared in accordance 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 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 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 1 January 2019. Apart from the changes in accounting policies as set out in Note 3 below, the adoption of those new and revised HKFRSs has no material impact on the Group’s results and financial position for the current or prior periods and does not result in any significant change in the accounting policies of the Group.

## 3 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 “Leases” (“**HKFRS 16**”) on the Group’s condensed consolidated financial information for the nine months ended 30 September 2019.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate.

The associated right-of-use assets were related to property leases and measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated balance sheet as at 31 December 2018.

No material impact on earnings per share for the nine months ended 30 September 2019 as a result of the adoption of HKFRS 16.



#### 4 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, developing, and the selling of home and office telecommunication products. Revenue recognised during the respective period analysed by type of products is as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	EUR	EUR	EUR	EUR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue				
Home telephone	5,555,562	7,252,001	18,520,995	21,553,840
Office telephone	774,286	759,105	2,297,429	2,405,249
Others	641,207	80,258	2,113,743	1,402,086
	6,971,055	8,091,364	22,932,167	25,361,175

**4 REVENUE AND SEGMENT INFORMATION** (Continued)**(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 30 September		Nine months ended 30 September	
	2019 EUR (Unaudited)	2018 EUR (Unaudited)	2019 EUR (Unaudited)	2018 EUR (Unaudited)
France	4,059,295	4,635,107	12,284,242	13,648,157
Latin America (Note i)	765,928	1,913,811	3,466,954	4,659,022
Other European countries (Note ii)	1,151,075	564,453	4,340,698	4,313,371
Others (Note iii)	994,757	977,993	2,840,273	2,740,625
	<b>6,971,055</b>	8,091,364	<b>22,932,167</b>	25,361,175

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 exclude France.
- iii. Others include but are not limited to Asia Pacific Region, Russia and Middle East area.

**5 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 EUR227,000 and 16.5% thereafter, for one of its subsidiaries operating in Hong Kong for the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2019 and 2018.

**5 INCOME TAX EXPENSES** (Continued)**Income tax expenses**

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	EUR	EUR	EUR	EUR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax	55,016	12,392	86,838	55,953
Deferred income tax	(70,344)	(55,093)	(191,168)	43,808
	(15,328)	(42,701)	(104,330)	99,761

**6 LOSS PER SHARE****(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		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the Company (Euro)	(422,894)	(215,868)	(1,367,745)	(316,637)
Weighted average number of shares in issue (thousands)	400,000	400,000	400,000	393,407
Basic loss per share (expressed in Euro cents per share)	(0.11)	(0.05)	(0.34)	(0.08)

**(b) Diluted loss per share**

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

**7 DIVIDEND**

No dividend has been paid or declared by the Company during the nine months ended 30 September 2019 and 2018.