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ATLINKS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8043)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 EUR16.0 million for the six months ended 30 June 2019 to approximately EUR13.6 million for the six months ended 30 June 2020, representing a decrease of approximately 14.9%. Such decrease was mainly due to sales declined in the home telephone segment in France and Latin America.

The Group recorded a profit attributable to the equity holders of the Company of approximately EUR0.4 million for the six months ended 30 June 2020, compared to a loss of approximately EUR0.9 million for the six months ended 30 June 2019.

The Directors do not recommend the payment of any dividend in respect of the six months ended 30 June 2020.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2020

The Board is pleased to announce the unaudited consolidated results of the Group for the three months and six months ended 30 June 2020, together with the comparative figures for the corresponding period in 2019 which have been reviewed and approved by the audit committee of the Company (the “**Audit Committee**”), as follows:

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 EUR (Unaudited)	2019 EUR (Unaudited)	2020 EUR (Unaudited)	2019 EUR (Unaudited)
Revenue	3	6,810,465	8,306,703	13,579,244	15,961,112
Cost of sales		(4,870,399)	(6,185,826)	(9,755,595)	(11,806,392)
Gross profit		1,940,066	2,120,877	3,823,649	4,154,720
Other income		–	7,663	–	14,513
Other gain					
– Exchange difference		139,607	60,521	201,831	20,493
– Fair value changes on derivative financial instruments		(132,132)	(106,324)	91,369	(9,851)
Selling and distribution expenses		(644,376)	(867,636)	(1,196,889)	(1,862,340)
Administrative expenses		(1,108,857)	(1,518,729)	(2,294,872)	(3,130,152)
Operating profit/(loss)		194,308	(303,628)	625,088	(812,617)
Finance income		1,317	2,140	1,635	4,029
Finance costs		(101,597)	(117,679)	(213,468)	(231,256)
Finance costs, net		(100,280)	(115,539)	(211,833)	(227,227)
Profit/(loss) before income tax		94,028	(419,167)	413,255	(1,039,844)
Income tax credit/(expenses)	4	57,223	54,163	(30,897)	89,002
Profit/(loss) for the period		151,251	(365,004)	382,358	(950,842)
Attributable to:					
Equity holders of the Company		193,688	(369,014)	424,795	(944,851)
Non-controlling interests		(42,437)	4,010	(42,437)	(5,991)
		151,251	(365,004)	382,358	(950,842)
Earnings/(loss) per share					
– Basic and diluted (expressed in Euro cents per share)	5	0.05	(0.09)	0.11	(0.24)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	EUR	EUR	EUR	EUR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period	151,251	(365,004)	382,358	(950,842)
Other comprehensive income/(loss)				
<i>Items that may be reclassified to profit or loss:</i>				
Currency translation differences	(73,291)	5,333	(39,196)	34,485
<i>Items that may not be reclassified to profit or loss:</i>				
Remeasurement of defined benefit retirement plans, net of tax	(16,617)	–	2,697	–
Other comprehensive income/(loss) for the period	(89,908)	5,333	(36,499)	34,485
Total comprehensive income/(loss) for the period	61,343	(359,671)	345,859	(916,357)
Attributable to:				
Equity holders of the Company	61,343	(363,681)	345,859	(910,366)
Non-controlling interests	–	4,010	–	(5,991)
	61,343	(359,671)	345,859	(916,357)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June	31 December
		2020	2019
	<i>Notes</i>	EUR	EUR
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		502,815	293,323
Right-of-use assets		593,885	716,330
Intangible assets		3,813,299	3,746,460
Deferred income tax assets		1,316,067	1,355,069
Prepayments, deposits and other receivables		40,896	41,132
		<u>6,266,962</u>	<u>6,152,314</u>
Current assets			
Inventories		6,568,208	6,983,843
Deferred income tax assets		9,110	9,110
Financial assets at fair value through profit or loss		58,834	8,249
Trade receivables	6	8,836,641	9,125,860
Prepayments, deposits and other receivables		1,616,585	1,371,616
Current income tax recoverable		78,609	123,981
Pledged bank deposits		932,219	2,332,735
Cash and cash equivalents		4,682,455	2,481,656
		<u>22,782,661</u>	<u>22,437,050</u>
Total assets		<u>29,049,623</u>	<u>28,589,364</u>
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	7	417,819	417,819
Reserves		7,788,830	7,400,534
		<u>8,206,649</u>	<u>7,818,353</u>
Non-controlling interests		<u>–</u>	<u>42,437</u>
Total equity		<u>8,206,649</u>	<u>7,860,790</u>

		30 June	31 December
		2020	2019
	<i>Notes</i>	EUR	EUR
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		349,921	475,582
Deferred income tax liabilities		6,069	6,069
Retirement benefits obligation		318,605	341,241
Other payables		2,225,434	2,370,903
		<u>2,900,029</u>	<u>3,193,795</u>
Current liabilities			
Trade payables	8	5,460,895	3,924,968
Contract liabilities		108,651	67,204
Deferred income tax liabilities		18,179	18,179
Accruals, provision and other payables		3,946,743	3,852,441
Loans from related parties	9	2,093,726	–
Financial liabilities at fair value through profit or loss		–	32,535
Borrowings		6,088,987	9,417,387
Lease liabilities		225,764	222,065
		<u>17,942,945</u>	<u>17,534,779</u>
Total liabilities		<u>20,842,974</u>	<u>20,728,574</u>
Total equity and liabilities		<u>29,049,623</u>	<u>28,589,364</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Atlinks Group Limited (the “**Company**”) was incorporated in the Cayman Islands 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 covering APAC, Latin America, France and other European countries under three brands, namely Alcatel, Swissvoice and Amplicomms.

The unaudited condensed consolidated financial statements are presented in EURO (“**EUR**”) unless otherwise stated.

2 BASIS OF PREPARATION

This unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2020 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 2019 (“**2019 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 2019 Annual Report, except for the adoption of new and revised HKFRSs which are effective for accounting periods beginning on or after 1 January 2020.

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, 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 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue				
Home telephone	5,389,349	6,703,403	10,105,525	12,965,433
Office telephone	514,804	665,320	1,441,135	1,523,143
Others	906,312	937,980	2,032,584	1,472,536
	<u>6,810,465</u>	<u>8,306,703</u>	<u>13,579,244</u>	<u>15,961,112</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 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
France	3,881,261	4,089,527	7,604,112	8,224,947
Other European countries (<i>Note i</i>)	1,513,433	1,558,940	3,085,656	3,189,623
APAC/Russia/MEA (<i>Note ii</i>)	1,260,036	1,183,006	2,130,378	1,845,516
Latin America (<i>Note iii</i>)	155,735	1,475,230	759,098	2,701,026
	<u>6,810,465</u>	<u>8,306,703</u>	<u>13,579,244</u>	<u>15,961,112</u>

Notes:

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

4 INCOME TAX (CREDIT)/EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 June 2020, except for one of its subsidiaries operating in Hong Kong for which Hong Kong profits tax has been provide at the rate of 8.25% on the estimated assessable profit up to HK\$2 million, equivalent to approximately EUR234,000 and 16.5% thereafter (2019: same).

Corporate income tax on profits from a subsidiary operating in Mainland China has been calculated at 25% for the six months ended 30 June 2020 (2019: 25%).

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 six months ended 30 June 2020 (2019: 28%).

Income tax (credit)/expenses

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	EUR	EUR	EUR	EUR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax	(27,886)	13,337	(8,105)	31,822
Deferred income tax	(29,337)	(67,500)	39,002	(120,824)
	<u>(57,223)</u>	<u>(54,163)</u>	<u>30,897</u>	<u>(89,002)</u>

5 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the number of ordinary shares in issue during the respective period.

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(Loss) attributable to equity holders of the Company (Euro)	193,688	(369,014)	424,795	(944,851)
Number of shares in issue (thousands)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Basic earnings/(loss) per share (expressed in Euro cents per share)	<u>0.05</u>	<u>(0.09)</u>	<u>0.11</u>	<u>(0.24)</u>

(b) Diluted earnings/(loss) per share

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

6 TRADE RECEIVABLES

	30 June 2020 EUR (Unaudited)	31 December 2019 EUR (Audited)
Trade receivables	9,231,860	9,521,079
Loss allowance	(395,219)	(395,219)
	<u>8,836,641</u>	<u>9,125,860</u>

The credit terms granted by the Group generally range between 30 to 90 days.

The ageing analysis of trade receivables, net of loss allowance made, based on invoice date is as follows:

	30 June 2020 EUR (Unaudited)	31 December 2019 EUR (Audited)
0 to 30 days	3,807,238	2,968,837
31 to 60 days	2,322,094	2,486,630
61 to 90 days	383,015	1,360,585
More than 90 days	2,324,294	2,309,808
	<u>8,836,641</u>	<u>9,125,860</u>

As at 30 June 2020 and 31 December 2019, the Group had factored trade receivables of EUR4,609,779 and EUR5,151,472 respectively to banks for cash under certain receivables purchase agreements. As the Group still retained the risks associated with the default and delay in payment by the customers, the financial asset derecognition conditions as stipulated in HKFRS 9 have not been fulfilled. Accordingly, the proceeds from the factoring of trade receivables have been accounted for as the Company's liabilities and included in borrowings as "Factoring loans".

7 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$</i>	Equivalent nominal value of ordinary shares <i>EUR</i>
Authorised:			
Ordinary share of HK\$0.01 each	4,000,000,000	40,000,000	4,315,579
At 31 December 2019 and 30 June 2020	<u>4,000,000,000</u>	<u>40,000,000</u>	<u>4,315,579</u>
Issued and fully paid:			
At 1 January 2019	10,000	100	11
Capitalisation issue	299,990,000	2,999,900	313,353
Issue of ordinary shares for Share Offer	<u>100,000,000</u>	<u>1,000,000</u>	<u>104,455</u>
At 31 December 2019 and 30 June 2020	<u>400,000,000</u>	<u>4,000,000</u>	<u>417,819</u>

8 TRADE PAYABLES

	30 June 2020 <i>EUR</i> (Unaudited)	31 December 2019 <i>EUR</i> (Audited)
Trade payables	<u>5,460,895</u>	<u>3,924,968</u>

The ageing analysis of the trade payables based on invoice date were as follows:

	30 June 2020 <i>EUR</i> (Unaudited)	31 December 2019 <i>EUR</i> (Audited)
0 – 30 days	1,197,034	1,229,986
31 – 60 days	1,867,812	1,720,377
61 – 90 days	1,102,020	738,802
Over 90 days	<u>1,294,029</u>	<u>235,803</u>
	<u>5,460,895</u>	<u>3,924,968</u>

9 RELATED PARTY TRANSACTIONS

For the purposes of this consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

a. Significant related party transactions

The transactions were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties. They are summarised as follows:

	Three months ended 30 June		Six months ended 30 June	
	2020 <i>EUR</i> (Unaudited)	2019 <i>EUR</i> (Unaudited)	2020 <i>EUR</i> (Unaudited)	2019 <i>EUR</i> (Unaudited)
Interest expense on loans from shareholders/key management personnel				
– Ms. Chu Lam Fong	10,601	–	14,135	–
– Mr. Tong Chi Hoi	10,601	–	14,135	–
– Mr. Didier Paul Henri Goujard	2,651	–	3,534	–
	<u>23,853</u>	<u>–</u>	<u>31,804</u>	<u>–</u>

b. Balances with related parties

	30 June 2020 <i>EUR</i> (Unaudited)	31 December 2019 <i>EUR</i> (Audited)
Loans from shareholders/key management personnel		
– Ms. Chu Lam Fong	930,545	–
– Mr. Tong Chi Hoi	930,545	–
– Mr. Didier Paul Henri Goujard	232,636	–
	<u>2,093,726</u>	<u>–</u>

Note: The loan balances are unsecured, interest bearing at HIBOR +2.5% per annum and repayable on 20 February 2021.

10 DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2020 and 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 six months ended 30 June 2020, together with the unaudited comparative figures for the corresponding period in 2019.

BUSINESS REVIEW AND OUTLOOK

The Group’s revenues decreased from approximately EUR16.0 million for the six months ended 30 June 2019 to approximately EUR13.6 million for the six months ended 30 June 2020, representing a decrease of approximately 14.9%. Such decrease was mainly due to sales dropped in 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 six months ended 30 June 2019 and 2020:

	For the three months ended 30 June			
	2020 (Unaudited)		2019 (Unaudited)	
	<i>EUR’000</i>	<i>% of total revenue</i>	<i>EUR’000</i>	<i>% of total revenue</i>
Home telephone	5,389	79.1%	6,704	80.7%
Office telephone	514	7.6%	665	8.0%
Others (<i>Note</i>)	907	13.3%	938	11.3%
Total	<u>6,810</u>	<u>100.0%</u>	<u>8,307</u>	<u>100.0%</u>

	For the six months ended 30 June			
	2020 (Unaudited)		2019 (Unaudited)	
	<i>EUR’000</i>	<i>% of total revenue</i>	<i>EUR’000</i>	<i>% of total revenue</i>
Home telephone	10,105	74.4%	12,965	81.2%
Office telephone	1,441	10.6%	1,523	9.6%
Others (<i>Note</i>)	2,033	15.0%	1,473	9.2%
Total	<u>13,579</u>	<u>100.0%</u>	<u>15,961</u>	<u>100.0%</u>

Note: Others include elderly products, wireless conferencing phones, and IP devices.

The sales of home telephone segment for the six months ended 30 June 2020 has dropped 22.1% as compared to the corresponding period in 2019, with sales of approximately EUR10.1 million. Such decrease was mainly due to the impact of lockdown of some of the countries in Europe and Latin America and temporary halt of business of our customers during the six months ended 30 June 2020 in order to contain the outbreak of COVID-19. The sales of home telephone segment represents approximately 74.4% of our total revenue for the six months ended 30 June 2020.

The Group's sales of office telephone was approximately EUR1.4 million, which represents approximately 10.6% of our total revenue for the six months ended 30 June 2020.

The sales of others product category was approximately EUR2.0 million for the six months ended 30 June 2020 and which represents 15.0% of our total revenue.

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 June			
	2020 (Unaudited)		2019 (Unaudited)	
	<i>EUR'000</i>	<i>% of total revenue</i>	<i>EUR'000</i>	<i>% of total revenue</i>
France	3,881	57.0%	4,090	49.2%
Other European countries (<i>Note 2</i>)	1,514	22.2%	1,559	18.8%
APAC/Russia/MEA (<i>Note 3</i>)	1,260	18.5%	1,183	14.2%
Latin America (<i>Note 4</i>)	155	2.3%	1,475	17.8%
	<hr/>	<hr/>	<hr/>	<hr/>
Total	6,810	100.0%	8,307	100.0%
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	For the six months ended 30 June			
	2020 (Unaudited)		2019 (Unaudited)	
	<i>EUR'000</i>	<i>% of total revenue</i>	<i>EUR'000</i>	<i>% of total revenue</i>
France	7,604	56.0%	8,225	51.5%
Other European countries (<i>Note 2</i>)	3,086	22.7%	3,190	20.0%
APAC/Russia/MEA (<i>Note 3</i>)	2,130	15.7%	1,845	11.6%
Latin America (<i>Note 4</i>)	759	5.6%	2,701	16.9%
	<hr/>	<hr/>	<hr/>	<hr/>
Total	13,579	100.0%	15,961	100.0%
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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. Other European countries include but are not limited to Germany, Greece, Italy, Portugal, Spain and Switzerland but excludes France.
3. APAC/Russia/MEA include but are not limited to Asia Pacific Region, Russia and Middle East area.
4. Latin America includes Argentina, Chile, Mexico, Peru and others.

As a result of the lockdown in Europe, the Group's sales in France and other European countries for the six months ended 30 June 2020 has dropped by 6.3% as compared to the corresponding period in 2019. This represented approximately 78.7% and 71.5% of our total revenue for the six months ended 30 June 2020 and the six months ended 30 June 2019, respectively.

Our sales to the Asia Pacific Region, Russia and the Middle East area for the six months ended 2020 has remained relatively stable at approximately EUR2.1 million as compared to the corresponding period in 2019.

Sales to Latin America has dropped to approximately 5.6% of our total revenue for the six months ended 30 June 2020 from approximately 16.9% of our total revenue for the six months ended 30 June 2019. It was impacted by both the outbreak of COVID-19 as well as the depreciation of some of the local currencies of our customers.

OUTLOOK

The first half of 2020 was extremely challenging. Our business was heavily impacted by the outbreak of COVID-19 because many countries have been in lockdown since March. With that said, the good team work on operation efficiency improvement and the new productization approach continued to deliver a solid result on cost saving.

Our strategy remains unchanged and that is to gain market shares in the home telephone business through the introduction of new competitive products with enriched features, to cover more price points on the shelf, and to expand our presence in South East Asia. Sales of elderly mobile devices under the Swissvoice brand is expected to continue to gain upside momentum through working with the local service operators, and we expect to see more products to be listed for retail in the second half of 2020. On top of that the growth momentum of Amplicomms is also expected to continue as more new products such as the TV listener will be launched under this brand in the 3rd quarter of 2020.

We will continue to expand our product range further into the elderly market, aiming at the visually and hearing impaired, providing ancillary services to our mobile devices, and further strengthening the Swissvoice and Amplicomms brands.

Even though we saw a strong demand for the reopening of some European countries, we still expect the business environment of the second half of 2020 to be challenging. The economic impact of the outbreak of COVID-19 remains uncertain and it is difficult for us to gauge on our Group revenue expectation.

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 17.4% from approximately EUR11.8 million for the six months ended 30 June 2019 to approximately EUR9.8 million for the six months ended 30 June 2020, which is in line with the decrease in revenue. The gross profit margin increased from approximately 26.0% for the six months ended 30 June 2019 to approximately 28.2% for the six months ended 30 June 2020.

Selling and Distribution Expenses

The selling and distribution expenses decreased significantly by 35.7% from approximately EUR1.9 million and EUR1.2 million for the six months ended 30 June 2019 and 2020, respectively. The reduction of approximately EUR0.7 million is the result of decrease in logistic and marketing expense.

Administrative Expenses

The administrative expenses decreased from approximately EUR3.1 million for the six months ended 30 June 2019 to approximately EUR2.3 million for the six months ended 30 June 2020, which mainly resulted from the reduction of rental, legal and staff expenses.

Profit/(Loss) attributable to the Equity Holders of the Company

The Group recorded a profit of approximately EUR0.4 million for the six months ended 30 June 2020, compared to a loss of approximately EUR0.9 million for the six months ended 30 June 2019.

Dividend

The Board does not recommend the payment of a dividend for the six months ended 30 June 2020.

Significant Investments held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

There were neither significant investments held as at 30 June 2020 nor material acquisitions and disposals of subsidiaries during six months ended 30 June 2020 and there is no plan for material investment or capital assets as at the date of this announcement.

Treasury Policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients and credit review of the Group's loan portfolio. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Foreign Currency Exposure and Hedging Policies

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollars ("USD") and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than EUR or HKD, which are the functional currencies of the major operating companies within the Group. The Group manages its foreign currency exposure by entering into forward derivatives contract.

The Group adopts a hedging policy to manage our exposure to foreign exchange risk in relation to USD. Due to our business nature, our goal is to control foreign exchange risk to an acceptable level by ensuring that we will only consider hedging operational flows and no hedging position will be taken without an underlying operational flow. As at 30 June 2020, the Group had outstanding foreign exchange forward contracts in respect of EUR against USD of notional principal amounts of approximately USD6.6 million (as at 31 December 2019: approximately USD3.5 million). Management will continue to evaluate the Group's foreign exchange risk management procedures and take actions as appropriate to minimise the Group's exposure whenever necessary.

Employees and Remuneration Policies

As at 30 June 2020, the Group had a total of 44 staff (31 December 2019: 45). Total staff costs (including Directors' emoluments) were approximately EUR1.7 million for the six months ended 30 June 2020 as compared to that of approximately EUR2.0 million for the six months ended 30 June 2019. Remuneration is determined with reference to market conditions and the performance, qualifications and experience and composition package of the Directors, senior management and other employees. Year-end bonus will be paid to employees as recognition of and reward for their contributions according to individual performance. Other benefits include contributions to statutory mandatory provident fund schemes and social insurance to employees.

Liquidity and Financial Resources

As at 30 June 2020, the Group's cash and cash equivalents amounted to approximately EUR4.7 million, representing an increase of approximately EUR2.2 million as compared to that of approximately EUR2.5 million as at 31 December 2019. Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. As of 30 June 2020, we had various bank borrowings and overdrafts of approximately EUR6.1 million, including factoring loan for trade receivables (31 December 2019: approximately EUR9.4 million), representing a decrease of approximately EUR3.3 million as compared to that as at 31 December 2019.

Net current assets has remained relatively stable at approximately EUR4.9 million for the year ended 31 December 2019 and approximately EUR4.8 million for the six months ended 30 June 2020 respectively.

The Group requires cash primarily for working capital. As of 30 June 2020, the Group had approximately EUR4.7 million in cash and bank balances (31 December 2019: approximately EUR2.5 million), representing an increase of approximately EUR2.2 million as compared to that as at 31 December 2019.

Net Gearing Ratio

As at 30 June 2020, the net gearing ratio of the Group was approximately 15% (31 December 2019: approximately 47%). The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (borrowings as shown in the consolidated statement of financial position) less cash and bank balances. Total capital is calculated as "equity" as shown in consolidated statement of financial position plus net debt. The increase of the net gearing ratio was mainly attributable to an increase for bank borrowing to support the Group's working capital.

Contingent Liabilities

As at 30 June 2020, the Company had no significant contingent liabilities (31 December 2019: Nil).

Capital Structure

There has been no change in the Company's capital structure for the six months ended 30 June 2020. The capital structure of the Group comprises of issued share capital and reserves. The Directors review and manage the Group's capital structure regularly.

Pledge of Assets

As at 30 June 2020, the Group's banking facilities were secured by:

- (i) certain of the Group's trade receivables with an aggregate amount of approximately EUR4,609,779 (31 December 2019: EUR5,151,472);
- (ii) pledged bank deposits with an aggregate amount of approximately EUR932,219 (31 December 2019: EUR2,332,735);
- (iii) a corporate guarantee from the Company with an aggregate amount of approximately EUR4,860,000 (31 December 2019: EUR4,950,000).

Capital Commitments

As at 30 June 2020, the Company had no capital commitments (31 December 2019: Nil).

Use of Proceeds from the Listing

As stated in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 December 2017 (the "**Prospectus**"), the Group intends to use the proceeds to (i) develop its office telephone products; (ii) develop its elderly telecommunications products; (iii) strengthen and enhance its sales channels; (iv) expand its staff team; (v) develop its other products including IP cameras and smart home products; (vi) expand its geographical coverage; and for (vii) general working capital.

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) received by the Company were approximately HK\$23.1 million (after deduction of any related expenses).

On 31 December 2019, the Board resolved to change the use of the net proceeds as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. Details of the original allocation of the net proceeds, the revised allocation of the net proceeds, the utilisation of the net proceeds as at 30 June 2020 and the remaining balance after the revised allocation of the net proceeds are set out as follows:

Uses of the Net Proceeds	Original allocation <i>HK\$ Million</i>	Revised allocation <i>HK\$ Million</i>	Utilised Net Proceeds up to 30 June 2020 <i>HK\$ Million</i>	Remaining balance of the Net Proceeds as at 30 June 2020 <i>HK\$ Million</i>
Developing the office telephone products	2.9	1.5	1.2	0.3
Developing the elderly telecommunications products	5.3	8.3	4.7	3.6
Strengthening and enhancing our sales channels	3.7	5.1	3.0	2.1
Expanding the staff team	5.8	2.9	2.8	0.1
Developing the other products including IP cameras and smart home products	1.3	–	–	–
Expanding the geographical coverage	3.0	3.0	1.9	1.1
General working capital	1.1	2.3	2.3	–
	<u>23.1</u>	<u>23.1</u>	<u>15.9</u>	<u>7.2</u>

The details of the re-allocation of the use of proceeds, please refer to the announcement of the Company dated 31 December 2019.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the listed securities of the Company for the six months ended 30 June 2020.

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 to attract, retain and motivate talented participants, 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 six months ended 30 June 2020. As at 30 June 2020, the Company has no outstanding share option under the Share Option Scheme.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors’ securities transactions in securities of the Company (the “**Required Standard of Dealing**”). Based on specific enquiry with the Directors, all Directors confirmed that they had fully complied with the Required Standard of Dealings and there was no event of non-compliance for the six months ended 30 June 2020.

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. As at 30 June 2020, as notified by Lego, save for the compliance adviser agreement dated 12 September 2017 entered into between the Company and Lego regarding the receipt of fees for acting as the compliance adviser, neither the compliance adviser nor its directors or employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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 PRACTICES

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 six months ended 30 June 2020 and up to the date of this announcement.

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 statements of the Group for the six months ended 30 June 2020 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, 11 August 2020

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

*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.