

# ATLINKS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8043



**First Quarterly Report**

# 2021

## **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.

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# Financial Highlights

The Group's revenue increased from approximately EUR6.8 million for the three months ended 31 March 2020 to approximately EUR8.7 million for the three months ended 31 March 2021, representing an increase of approximately 27.9%. This was mainly due to sales increased in the home telephone and senior products segments in France and in Other European countries.

The Group recorded a profit attributable to the equity holders of the Company of approximately EUR0.2 million for the three months ended 31 March 2020 and 2021.

The Directors do not recommend the payment of any dividend in respect of the three months ended 31 March 2021.

# 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 2021, together with the unaudited comparative figures for the corresponding period in 2020.

## BUSINESS REVIEW

The Group’s revenue increased from approximately EUR6.8 million for the three months ended 31 March 2020 to approximately EUR8.7 million for the three months ended 31 March 2021, representing an increase of approximately 27.9%. This was mainly due to sales increased in the home telephone and senior products segments 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 2020 and 2021.

	For the three months ended 31 March			
	2021 (Unaudited)		2020 (Unaudited)	
	EUR'000	% of total revenue	EUR'000	% of total revenue
Home telephone	<b>5,961</b>	<b>68.9%</b>	4,689	69.3%
Senior products	<b>1,944</b>	<b>22.5%</b>	1,117	16.5%
Office telephone	<b>747</b>	<b>8.6%</b>	943	13.9%
Others ( <i>Note</i> )	<b>4</b>	<b>0.0%</b>	20	0.3%
<b>Total</b>	<b>8,656</b>	<b>100.0%</b>	6,769	100.0%

*Note:* Others include IP devices and other miscellaneous products.

Sales of home telephone segment for the three months ended 31 March 2021 has increased approximately 27.1% as compared to the corresponding period in 2020, with sales of approximately EUR6.0 million.

Sales of the senior products category grew by approximately EUR0.8 million or 74.1%. This was driven by the higher sales of Big Button Picture phones, and a new series of elderly mobile devices.

Sales of the office telephones dropped slightly with a revenue of approximately EUR0.7 million. This was mainly due to the shortage of component supply, causing temporarily shortage of inventory to support sales. Demand for office telephones, especially on VoIP (Voice over Internet Protocol) phones and wireless conference systems are stable in Europe.

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			
	2021 (Unaudited)		2020 (Unaudited)	
	EUR'000	% of total revenue	EUR'000	% of total revenue
France	4,839	55.9%	3,723	55.0%
Other European countries (Note 2)	2,440	28.2%	1,572	23.2%
APAC/Russia/MEA (Note 3)	847	9.8%	870	12.9%
Latin America (Note 4)	530	6.1%	604	8.9%
<b>Total</b>	<b>8,656</b>	<b>100.0%</b>	6,769	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. 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.

Sales to France for the three months ended 31 March 2021 has grown 30.0% to approximately EUR4.8 million as compared to the corresponding period in 2020.

Sales to other European countries for the three months ended 31 March 2021 has grown 55.2% to approximately EUR2.4 million as compared to the corresponding period in 2020. This represented approximately 28.2% of our total revenue for the three months ended 31 March 2021.

Our sales to the Asia Pacific Region, Russia and the Middle East area and Latin America for the three months ended 31 March 2021 has remained relatively stable at approximately EUR0.8 million and EUR0.5 million respectively for the three months ended 31 March 2021.

## Management Discussion and Analysis

### OUTLOOK

We began FY2021 well, Q1 revenue recorded a growth of 27.9% compared to the same period in 2020. Gross margin has improved from 27.8% in Q1 2020 to 31.3% in Q1 2021. Even though the Group's key market were in different stages of lockdown, demand from customers remained strong. However, the continued shortage in some critical components and in cargo containers posed a negative impact to our supply chain. We foresee that this may continue to impact our revenue growth for the rest of FY2021.

To mitigate these uncertainties, Atlinks will continue to reinforce cost control and to drive improvement on operational efficiency.

Our goal for geographic expansion is on track, with revenue in other European countries growing 55.2% in Q1 compared to the same period in 2020. We expect this growth to continue as our products gained more retail listings in other European countries. Sales of senior products launched under the Swissvoice and Amplicomms brand are strong, recording 74.1% revenue growth in Q1 compared to the same period in 2020. Provided there are no major disruptions to our supply chain, we expect the growth momentum to continue as new products are launched in the first half of 2021.

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.

The economic impact of the COVID-19 outbreak remains uncertain, this mix together with the components and cargo container shortages make it difficult 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, depreciation and amortisation. The cost of sales increased by approximately 21.8% from approximately EUR4.9 million for the three months ended 31 March 2020 to approximately EUR5.9 million for the three months ended 31 March 2021. The gross profit margin increased from approximately 27.8% for the three months ended 31 March 2020 to approximately 31.3% for the three months ended 31 March 2021.

#### Selling and Distribution Expenses

Selling and distribution expenses increased from approximately EUR0.6 million for the three months ended 31 March 2020 to approximately EUR0.9 million for the three months ended 31 March 2021, which mainly resulted from the increase of logistic expense by EUR0.2 million.

#### Administrative Expenses

Administrative expenses was relatively stable at approximately EUR1.2 million for the three months ended 31 March 2020 and approximately EUR1.3 million for the three months ended 31 March 2021, respectively.

#### Other Gain/(Loss)

The other gain/(loss) comprised of foreign currency exchange and fair value adjustment to financial assets/liabilities, this represents no cash flow impact; except a small realized exchange difference. The other gain/(loss) dropped from approximately EUR0.3 million for the three months ended 31 March 2020 to approximately EUR (0.1) million for the three months ended 31 March 2021.

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

The Group recorded a profit of approximately EUR0.2 million for the three months ended 31 March 2020 and 2021.

### Dividend

The Board does not recommend the payment of a dividend for the three months ended 31 March 2021.

### 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 31 March 2021 and the remaining balance after the revised allocation of the net proceeds are set out as follows:

Uses of the Net Proceeds	Original	Revised	Utilised Net	Remaining
	allocation	allocation	Proceeds up to	balance of the
	HK\$ Million	HK\$ Million	31 March 2021	Net Proceeds as
			HK\$ Million	at 31 March 2021
				HK\$ Million
Developing the office telephone products	2.9	1.5	1.5	-
Developing the elderly telecommunications products	5.3	8.3	7.6	0.7
Strengthening and enhancing our sales channels	3.7	5.1	5.1	-
Expanding the staff team	5.8	2.9	2.9	-
Developing the other products including IP cameras and smart home products	1.3	-	-	-
Expanding the geographical coverage	3.0	3.0	3.0	-
General working capital	1.1	2.3	2.3	-
	<b>23.1</b>	<b>23.1</b>	<b>22.4</b>	<b>0.7</b>

The details of the re-allocation of the use of proceeds was set out in the announcement of the Company dated 31 December 2019.

# Other Information

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares for the three months ended 31 March 2021.

## 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 three months ended 31 March 2021. As at 31 March 2021, 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 31 March 2021, the interests and short positions of the Directors and the chief executives 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 (Chapter 571 of the laws of Hong Kong) (the "**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%
Long Hak Kan ("Mr. Long") (Note 2)	Our Company	Interest of spouse	300,000,000 ordinary shares	75%

Name of Director	Name of Group member/associated corporation	Capacity/nature of interest	Number and class of securities	Approximate percentage of shareholding
Tong Chi Hoi ("Mr. Tong") (Note 3)	Eiffel Global	Interest of spouse	7,500 ordinary shares	75%
	Talent Ocean Holdings Limited ("TOHL") (Note 3)	Interest of spouse	510 ordinary shares	51%
	TOHL (Note 3)	Interest in a controlled corporation	490 ordinary shares	49%

## Notes:

- (1) These Shares were held by Argento Investments Limited ("AIL"), which is wholly-owned by Mr. Goujard.
- (2) 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 owned as to 51% 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.
- (3) On 8 July 2020, the Company was informed by Ms. Chu that she had transferred her 49% shareholding in TOHL to Mr. Tong. After completion of the said transfer, TOHL is owned as to 51% by Ms. Chu and 49% by Mr. Tong.

Save as disclosed above, as at 31 March 2021, none of the Directors and chief executives 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 three months ended 31 March 2021.

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

As at 31 March 2021, 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:

## Other Information

### Long positions in shares of the Company

Name	Capacity	Number of shares	Percentage of shareholding
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. Tong <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%
Ng Ching Yi Doris <i>("Ms. Ng") (Note 4)</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. On 8 July 2020, the Company was informed by Ms. Chu that she had transferred her 49% shareholding in TOHL to Mr. Tong. After the completion of the said transfer, TOHL is owned as to 51% by Ms. Chu and 49% by Mr. Tong.
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.
4. Ms. Ng is the spouse of Mr. Tong and she is deemed or taken to be interested in all the Shares which are beneficially owned by Mr. Tong under the SFO.

Save as disclosed above, as at 31 March 2021, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives 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 three months ended 31 March 2021 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.

## **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 three months ended 31 March 2021 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 statements of the Group for the three months ended 31 March 2021 are unaudited, but have been reviewed by the Audit Committee.

## **PUBLICATION OF INFORMATION ON WEBSITES**

This first quarterly report is available for viewing on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.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*

13 May 2021

# Unaudited Condensed Consolidated Income Statement

For the three months ended 31 March 2021

The Board is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2021, together with the comparative figures for the corresponding period in 2020 which have been reviewed and approved by the Audit Committee, as follows:

	Notes	Three months ended 31 March	
		2021 EUR (Unaudited)	2020 EUR (Unaudited)
Revenue	3	8,656,399	6,768,779
Cost of sales		(5,948,855)	(4,885,196)
Gross profit		2,707,544	1,883,583
Selling and distribution expenses		(920,575)	(552,513)
Administrative expenses		(1,307,821)	(1,186,015)
		479,148	145,055
<b>Other gain/(loss)</b>			
– Exchange difference		(259,767)	62,224
– Fair value changes on financial assets/liabilities at fair value through profit or loss		185,884	223,501
<b>Operating profit</b>		405,265	430,780
Finance income		21	318
Finance costs		(103,974)	(111,871)
Finance costs, net		(103,953)	(111,553)
<b>Profit before income tax</b>		301,312	319,227
Income tax expenses	4	(94,587)	(88,120)
<b>Profit for the period</b>		206,725	231,107
Attributable to:			
Equity holders of the Company		206,725	231,107
Non-controlling interests		–	–
		206,725	231,107
<b>Earnings per share</b>			
– Basic and diluted (expressed in Euro cents per share)	5	0.05	0.06

# Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2021

	<b>Three months ended 31 March</b>	
	<b>2021</b> <b>EUR</b> <b>(Unaudited)</b>	<b>2020</b> <b>EUR</b> <b>(Unaudited)</b>
<b>Profit for the period</b>	<b>206,725</b>	231,107
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	<b>103,798</b>	34,095
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of defined benefit retirement plans, net of tax	–	19,314
<b>Other comprehensive income for the period</b>	<b>103,798</b>	53,409
<b>Total comprehensive income for the period</b>	<b>310,523</b>	284,516
Attributable to:		
Equity holders of the Company	<b>310,523</b>	284,516
Non-controlling interests	–	–
	<b>310,523</b>	284,516

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2021

	Attributable to equity holder of Atlinks Group Limited							
	Share capital	Merger reserve	Share premium	Other reserve	Retained	Total	Non-controlling interest	Total
					earnings/ losses)			
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
<b>Balances at 1 January 2020</b>								
<b>(Audited)</b>	417,819	4,386,123	3,557,226	285,560	(828,375)	7,818,353	42,437	7,860,790
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	231,107	231,107	-	231,107
<b>Other comprehensive income</b>								
Currency translation difference	-	-	-	34,095	-	34,095	-	34,095
Remeasurement of defined benefit retirement plans, net of tax	-	-	-	19,314	-	19,314	-	19,314
Other comprehensive income	-	-	-	53,409	-	53,409	-	53,409
<b>Total comprehensive income for the period</b>	-	-	-	53,409	231,107	284,516	-	284,516
<b>Balances at 31 March 2020</b>								
<b>(Unaudited)</b>	417,819	4,386,123	3,557,226	338,969	(597,268)	8,102,869	42,437	8,145,306
<b>Balances at 1 January 2021</b>								
<b>(Audited)</b>	417,819	4,386,123	3,557,226	(83,759)	(314,000)	7,963,409	-	7,963,409
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	206,725	206,725	-	206,725
<b>Other comprehensive income</b>								
Currency translation difference	-	-	-	103,798	-	103,798	-	103,798
Other comprehensive income	-	-	-	103,798	-	103,798	-	103,798
<b>Total comprehensive income for the period</b>	-	-	-	103,798	206,725	310,523	-	310,523
<b>Balances at 31 March 2021</b>								
<b>(Unaudited)</b>	417,819	4,386,123	3,557,226	20,039	(107,275)	8,273,932	-	8,273,932

# Notes to the Unaudited Condensed Consolidated Financial Statements

## 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 Windward 3, Regatta Office Park, P.O. Box 1350, 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 (“**EUR**”) unless otherwise stated.

## 2 BASIS OF PREPARATION

This unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2021 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 financial statements should be read in conjunction with the consolidated financial statements of the Group in the annual report for the year ended 31 December 2020 (“**2020 Annual report**”). The accounting policies used in the preparation of this unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the 2020 Annual Report, except for the adoption of new and revised HKFRSs which are effective for accounting periods beginning on or after 1st January 2021.

## 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.

**3 REVENUE AND SEGMENT INFORMATION** *(Continued)***(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:

	<b>Three months ended 31 March</b>	
	<b>2021</b> EUR (Unaudited)	2020 EUR (Unaudited)
Revenue		
Home telephone	<b>5,960,918</b>	4,688,720
Senior products	<b>1,944,116</b>	1,116,651
Office telephone	<b>747,112</b>	943,449
Others	<b>4,253</b>	19,959
	<b>8,656,399</b>	6,768,779

**(b) Revenue by location**

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

	<b>Three months ended 31 March</b>	
	<b>2021</b> EUR (Unaudited)	2020 EUR (Unaudited)
France	<b>4,838,731</b>	3,722,851
Other European countries <i>(Note i)</i>	<b>2,440,076</b>	1,572,223
APAC/Russia/MEA <i>(Note ii)</i>	<b>847,604</b>	870,342
Latin America <i>(Note iii)</i>	<b>529,988</b>	603,363
	<b>8,656,399</b>	6,768,779

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 EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the three months ended 31 March 2021, except for one of its subsidiaries operating in Hong Kong for which 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 EUR214,000 and 16.5% thereafter (2020: same).

Corporate income tax on profits from a subsidiary operating in Mainland China has been calculated at 25% for the three months ended 31 March 2021 (2020: 25%).

Corporate income tax on profits from a subsidiary operating in France has been calculated at 26.5% in accordance with the relevant France tax laws and regulations for the three months ended 31 March 2021 (2020: 28%).

##### Income tax expenses

	Three months ended 31 March	
	2021 EUR (Unaudited)	2020 EUR (Unaudited)
Current income tax	1,445	19,781
Deferred income tax	93,142	68,339
	<b>94,587</b>	88,120

#### 5 EARNINGS PER SHARE

##### (a) Basic earnings per share

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

	Three months ended 31 March	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to equity holders of the Company (Euro)	206,725	231,107
Number of shares in issue (thousands)	400,000	400,000
Basic earnings per share (expressed in Euro cents per share)	<b>0.05</b>	0.06

**5 EARNINGS PER SHARE** *(Continued)*

**(b) Diluted earnings per share**

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

**6 DIVIDEND**

No dividend has been paid or declared by the Company during the three months ended 31 March 2021 and 2020.