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 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

FINANCIAL HIGHLIGHTS

The Group's revenue decreased from approximately EUR17.3 million for the six months ended 30 June 2018 to approximately EUR16.0 million for the six months ended 30 June 2019, representing a decrease of approximately 7.6%.

The Group recorded a loss attributable to the equity holders of the Company of approximately EUR0.9 million for the six months ended 30 June 2019, compared to a loss of approximately EUR0.1 million for the six months ended 30 June 2018.

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2019

The Board is pleased to announce the unaudited consolidated results of the Group for the three months and six months ended 30 June 2019, together with the comparative figures for the corresponding periods in 2018 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**	
		2019	2018	**2019**	2018
		EUR	*EUR*	***EUR***	*EUR*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*4*	**8,306,703**	9,198,491	**15,961,112**	17,269,811
Cost of sales		**(6,185,826)**	(6,580,885)	**(11,806,392)**	(12,481,099)
Gross profit		**2,120,877**	2,617,606	**4,154,720**	4,788,712
Other income		**7,663**	24,581	**14,513**	38,462
Other gain					
– Exchange difference		**60,521**	(119,241)	**20,493**	131,083
– Fair value changes on derivative financial instruments		**(106,324)**	339,474	**(9,851)**	348,871
Selling and distribution expenses		**(867,636)**	(779,083)	**(1,862,340)**	(1,682,771)
Administrative expenses					
– Legal and professional fee for listing preparation		**–**	–	**–**	(189,789)
– Others		**(1,518,729)**	(1,685,386)	**(3,130,152)**	(3,261,313)
Operating (loss)/profit		**(303,628)**	397,951	**(812,617)**	173,255
Finance income		**2,140**	17,856	**4,029**	18,566
Finance costs		**(117,679)**	(57,080)	**(231,256)**	(154,623)
Finance costs, net		**(115,539)**	(39,224)	**(227,227)**	(136,057)
(Loss)/profit before income tax		**(419,167)**	358,727	**(1,039,844)**	37,198
Income tax expenses	*5*	**54,163**	(162,399)	**89,002**	(142,462)
(Loss)/profit for the period		**(365,004)**	196,328	**(950,842)**	(105,264)
Attributable to:					
Equity holders of the Company		**(369,014)**	197,702	**(944,851)**	(100,769)
Non-controlling interests		**4,010**	(1,374)	**(5,991)**	(4,495)
		(365,004)	196,328	**(950,842)**	(105,264)
(Loss)/earnings per share					
– Basic and diluted (expressed in Euro cents per share)	*6*	**(0.09)**	0.05	**(0.24)**	(0.03)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	EUR	*EUR*	***EUR***	*EUR*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss)/profit for the period	**(365,004)**	196,328	**(950,842)**	(105,264)
Other comprehensive income/(loss)				
Items that may be reclassified to profit or loss:				
Currency translation differences	**5,333**	265,636	**34,485**	(38,394)
Items that may not be reclassified to profit or loss:				
Remeasurement of defined benefit retirement plans, net of tax	**–**	4,329	**–**	–
Other comprehensive income/(loss) for the period	**5,333**	269,965	**34,485**	(38,394)
Total comprehensive (loss)/income for the period	**(359,671)**	466,293	**(916,357)**	(143,658)
Attributable to:				
Equity holders of the Company	**(363,681)**	467,667	**(910,366)**	(139,163)
Non-controlling interests	**4,010**	(1,374)	**(5,991)**	(4,495)
	(359,671)	466,293	**(916,357)**	(143,658)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**30 June 2019 *EUR* (Unaudited)**	31 December 2018 *EUR* (Audited)
Non-current assets			
Property, plant and equipment		**383,825**	499,157
Right-of-use assets	*3*	**645,084**	–
Intangible assets		**3,853,356**	3,895,094
Deferred income tax assets		**1,044,569**	922,325
Prepayments, deposits and other receivables		**40,341**	47,710
		5,967,175	5,364,286
Current assets			
Inventories		**7,907,549**	8,234,229
Deferred income tax assets		**24,709**	24,709
Derivative financial instruments		**9,898**	19,749
Trade receivables	*7*	**9,537,362**	9,723,000
Prepayments, deposits and other receivables		**1,021,226**	1,251,467
Current income tax recoverable		**29,965**	63,873
Pledged bank deposits		**1,878,371**	2,038,442
Cash and cash equivalents		**2,853,795**	3,324,261
		23,262,875	24,679,730
Total assets		**29,230,050**	30,044,016
EQUITY			
Equity attributable to the equity holders of the Company			
Share Capital	*8*	**417,819**	417,819
Reserves		**8,150,503**	9,060,870
		8,568,322	9,478,689
Non-controlling interests		**38,884**	44,874
Total equity		**8,607,206**	9,523,563

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**30 June 2019 *EUR* (Unaudited)**	31 December 2018 *EUR* (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**2,780**	2,853
Retirement benefits obligation		**353,900**	353,900
Other payables		**2,513,102**	2,652,104
Lease liabilities	*3*	**471,494**	–
		3,341,276	3,008,857
Current liabilities			
Trade payables	*9*	**4,854,236**	3,601,944
Contract liabilities		**28,584**	105,169
Deferred income tax liabilities		**2,771**	5,530
Accruals, provision and other payables		**4,136,082**	4,590,736
Borrowings		**8,082,901**	9,208,217
Lease liabilities	*3*	**176,994**	–
		17,281,568	17,511,596
Total liabilities		**20,622,844**	20,520,453
Total equity and liabilities		**29,230,050**	30,044,016

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 six months ended 30 June 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 interim financial information and discloses the new accounting policies that have been applied from 1 January 2019 in note 3(ii) below.

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.

(i) Adjustments recognised on adoption of HKFRS 16

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.

	2019
	EUR'000
Operating lease commitments disclosed as at 31 December 2018	**803**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**758**
(Less): short-term leases recognised on a straight-line basis as expense	**(40)**
Lease liabilities recognised as at 1 January 2019	**718**
Of which are:	
Non-current liabilities	**551**
Current liabilities	**167**
	718

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 six months ended 30 June 2019 as a result of the adoption of HKFRS 16.

Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 *Determining whether an Arrangement contains a Lease.*

(ii) The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 3 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the 2018 financial year, leases of property were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

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

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	EUR	*EUR*	***EUR***	*EUR*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue				
Home telephone	**6,703,403**	7,573,346	**12,965,433**	14,301,839
Office telephone	**665,320**	899,456	**1,523,143**	1,646,144
Others	**937,980**	725,689	**1,472,536**	1,321,828
	8,306,703	9,198,491	**15,961,112**	17,269,811

(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	
	2019	2018	**2019**	2018
	EUR	*EUR*	***EUR***	*EUR*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
France	**4,089,527**	4,607,094	**8,224,947**	9,013,050
Latin America *(Note i)*	**1,475,230**	1,461,681	**2,701,026**	2,745,211
Other European countries *(Note ii)*	**1,558,940**	1,880,882	**3,189,623**	3,748,918
Others *(Note iii)*	**1,183,006**	1,248,834	**1,845,516**	1,762,632
	8,306,703	9,198,491	**15,961,112**	17,269,811

Notes:

i. Latin America includes Argentina, Chile, Mexico, Peru and others.

ii. Other European countries include but are not limited to Germany, Greece, Italy, Portugal, Spain and Switzerland but excludes France.

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

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 EUR226,000 and 16.5% thereafter, for one of its subsidiaries operating in Hong Kong for the six months ended 30 June 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 six months ended 30 June 2019 and 2018.

Corporate income tax on profits from a subsidiary operating in France has been calculated at 28% in accordance with the relevant France tax laws and regulations for the six months ended 30 June 2019 and 2018.

Income tax expenses

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
	EUR	*EUR*	***EUR***	*EUR*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current income tax	**13,337**	23,601	**31,822**	43,561
Deferred income tax	**(67,500)**	138,798	**(120,824)**	98,901
	(54,163)	162,399	**(89,002)**	142,462

6 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic (loss)/earnings per share

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

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss)/profit attributable to equity holders of the Company (Euro)	**(369,014)**	197,702	**(944,851)**	(100,769)
Weighted average number of shares in issue (thousands)	**400,000**	400,000	**400,000**	390,055
Basic (loss)/earnings per share (expressed in Euro cents per share)	**(0.09)**	0.05	**(0.24)**	(0.03)

(b) Diluted (loss)/earnings per share

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

7 TRADE RECEIVABLES

	30 June 2019 EUR (Unaudited)	31 December 2018 EUR (Audited)
Trade receivables	**9,652,219**	9,837,857
Loss allowance	**(114,857)**	(114,857)
	9,537,362	9,723,000

The credit terms granted by the Group generally range between 30 to 120 days.

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

	30 June 2019 EUR (Unaudited)	31 December 2018 EUR (Audited)
1 to 30 days	**3,635,728**	3,226,332
31 to 60 days	**2,339,474**	3,991,150
61 to 90 days	**992,960**	920,314
More than 90 days	**2,569,200**	1,585,204
	9,537,362	9,723,000

As at 30 June 2019 and 31 December 2018, the Company had factored trade receivables of EUR3,887,983 and EUR4,729,113 respectively to banks for cash under certain receivables purchase agreements. As the Company 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 Group's liabilities and included in borrowings as "Factoring loans".

8 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares *HK$*	Equivalent value of ordinary shares *EUR*
Authorised:			
Ordinary share of HK$0.01 each	4,000,000,000	40,000,000	4,315,579
At 31 December 2018 and 30 June 2019	4,000,000,000	40,000,000	4,315,579
Issued and fully paid:			
At 1 January 2018	10,000	100	11
Capitalisation issue	299,990,000	2,999,900	313,353
Issue of ordinary shares for Share Offer	100,000,000	1,000,000	104,455
At 31 December 2018 and 30 June 2019	400,000,000	4,000,000	417,819

9 TRADE PAYABLES

	30 June 2019 ***EUR*** **(Unaudited)**	31 December 2018 *EUR* (Audited)
Trade payables	**4,854,236**	3,601,944

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

	30 June 2019 ***EUR*** **(Unaudited)**	31 December 2018 *EUR* (Audited)
0-30 days	**2,014,743**	3,493,822
31-60 days	**2,169,483**	11,140
61-90 days	**484,529**	–
Over 90 days	**185,481**	96,982
	4,854,236	3,601,944

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group's revenues decreased from approximately EUR17.3 million for the six months ended 30 June 2018 to approximately EUR16.0 million for the six months ended 30 June 2019, representing a decrease of approximately 7.6%. Such decrease was mainly due to sales dropped in home telephone segment in France and in other European countries.

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

	For the three months ended 30 June			
	2019 (Unaudited)		2018 (Unaudited)	
	EUR'000	***% of total revenue***	*EUR'000*	*% of total revenue*
Home telephone	**6,704**	**80.7%**	7,573	82.3%
Office telephone	**665**	**8.0%**	899	9.8%
Others *(Note)*	**938**	**11.3%**	726	7.9%
Total	**8,307**	**100.0%**	9,198	100.0%

	For the six months ended 30 June			
	2019 (Unaudited)		2018 (Unaudited)	
	EUR'000	***% of total revenue***	*EUR'000*	*% of total revenue*
Home telephone	**12,965**	**81.2%**	14,302	82.8%
Office telephone	**1,523**	**9.6%**	1,646	9.5%
Others *(Note)*	**1,473**	**9.2%**	1,322	7.7%
Total	**15,961**	**100.0%**	17,270	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 six months ended 30 June 2019 has dropped as compared to the corresponding period in 2018, with sales of approximately EUR13.0 million, which represents approximately 81.2% of our total revenue for the six months ended 30 June 2019.

The Group's sales of office telephone was approximately EUR1.5 million, which represents approximately 9.6% of our total revenue for the six months ended 30 June 2019.

The sales of others product category has grown by approximately 11.4% to approximately EUR1.5 million, which represents approximately 9.2% of our total revenue for the six months ended 30 June 2019, mainly attributable to the revenue contribution from the 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 June			
	2019 (Unaudited)		2018 (Unaudited)	
	EUR'000	***% of total revenue***	*EUR'000*	*% of total revenue*
France	**4,090**	**49.2%**	4,607	50.1%
Latin America *(Note 2)*	**1,475**	**17.8%**	1,461	15.9%
Other European countries *(Note 3)*	**1,559**	**18.8%**	1,881	20.4%
APAC/Russia/MEA *(Note 4)*	**1,183**	**14.2%**	1,249	13.6%
Total	**8,307**	**100.0%**	9,198	100.0%

	For the six months ended 30 June			
	2019 (Unaudited)		2018 (Unaudited)	
	EUR'000	***% of total revenue***	*EUR'000*	*% of total revenue*
France	**8,225**	**51.5%**	9,013	52.2%
Latin America *(Note 2)*	**2,701**	**16.9%**	2,745	15.9%
Other European countries *(Note 3)*	**3,190**	**20.0%**	3,749	21.7%
APAC/Russia/MEA *(Note 4)*	**1,845**	**11.6%**	1,763	10.2%
Total	**15,961**	**100.0%**	17,270	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 include Argentina, Chile, Mexico, Peru and others.

3. Other European countries includes but are not limited to Germany, Greece, Italy, Portugal, Spain and Switzerland but excludes France.

4. APAC/Russia/MEA include but are not limited to Asia Pacific Region, Russia and Middle East area.

The Group's sales to France represented approximately 51.5% and 52.2% of our total revenue for the six months ended 30 June 2019 and the six months ended 30 June 2018, respectively.

Sales to other European countries has deteriorated to approximately 20.0% of our total revenue for the six months ended 30 June 2019 from approximately 21.7% of our total revenue for the six months ended 30 June 2018.

Our sales to Latin America and to Asia Pacific Region, Russia and Middle East area for the six months ended 30 June 2019 has remained relatively stable at approximately EUR2.7 million and EUR1.8 million, respectively, as compared to the corresponding period in 2018.

OUTLOOK

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

FINANCIAL REVIEW

Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised of cost of inventories and depreciation and amortisation. The cost of sales decreased by approximately 5.4% from approximately EUR12.5 million for the six months ended 30 June 2018 to approximately EUR11.8 million for the six months ended 30 June 2019, which is in line with decrease in revenue. The gross profit margin decreased from approximately 27.7% for the six months ended 30 June 2018 to approximately 26.0% for the six months ended 30 June 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 six months ended 30 June 2019 to the corresponding period in 2018.

Selling and Distribution Expenses

The selling and distribution expenses increased slightly at approximately EUR1.7 million and EUR1.9 million for the six months ended 30 June 2018 and 2019, respectively. The increase is mainly due to higher transportation and warehouse costs and expansion in sales agents.

Administrative Expenses

The administrative expenses decreased from approximately EUR3.5 million for the six months ended 30 June 2018 to approximately EUR3.1 million for the six months ended 30 June 2019, which was mainly due to the non-recurring listing expenses recognised during the six months ended 30 June 2018; as well as lower staff costs and other administrative expenses for the six months ended 30 June 2019.

Loss attributable to the Equity Holders of the Company

The Group recorded a loss of approximately EUR0.9 million for the six months ended 30 June 2019, compared to a loss of approximately EUR0.1 million for the six months ended 30 June 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 six months ended 30 June 2019.

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 2019 nor material acquisitions and disposals of subsidiaries during the six months ended 30 June 2019 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 2019, the Group had outstanding foreign exchange forward contracts in respect of EUR against USD of notional principal amounts of approximately USD4.5 million (as at 31 December 2018: approximately USD3.7 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 2019, the Group had a total of 48 staff (31 December 2018: 50). Total staff costs (including Directors' emoluments) were approximately EUR2.0 million for the six months ended 30 June 2019 as compared to that of approximately EUR2.1 million for the six months ended 30 June 2018. 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 2019, the Group's cash and cash equivalents amounted to approximately EUR2.9 million, representing a decrease of approximately EUR0.4 million as compared to that of approximately EUR3.3 million as at 31 December 2018. Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. As of 30 June 2019, we had various bank borrowings and overdrafts of approximately EUR8.1 million, including factoring loan for trade receivables (31 December 2018: approximately EUR9.2 million), representing a decrease of approximately EUR1.1 million as compared to that as at 31 December 2018.

Net current assets decreased from approximately EUR7.2 million for the year ended 31 December 2018 to approximately EUR6.0 million for the six months ended 30 June 2019.

The Group requires cash primarily for working capital. As of 30 June 2019, the Group had approximately EUR2.9 million in cash and bank balances (31 December 2018: approximately EUR3.3 million), representing a decrease of approximately EUR0.4 million as compared to that as at 31 December 2018.

Net Gearing Ratio

As at 30 June 2019, the net gearing ratio of the Group was approximately 38% (31 December 2018: approximately 38%). 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.

Contingent Liabilities

As at 30 June 2019, the Company had no significant contingent liabilities (31 December 2018: Nil).

Capital Structure

The Company's shares were successfully listed on GEM of the Stock Exchange on 19 January 2018. There has been no change in the Company's capital structure since 19 January 2018. 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 2019, the Group's banking facilities were secured by:

(i) certain of the Group's trade receivables with an aggregate amount of approximately EUR3,887,983 (31 December 2018: EUR4,729,113);

(ii) pledged bank deposits with an aggregate amount of approximately EUR1,878,371 (31 December 2018: EUR2,038,442);

(iii) a corporate guarantee from the Company with an aggregate amount of approximately EUR4,867,257 (31 December 2018: EUR4,824,561).

Capital Commitments

As at 30 June 2019, the Company had no capital commitments (31 December 2018: Nil).

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 June 2019 is set out below:

	Actual net proceeds allocated *HK$ Million*	**Amount utilised up to 30 June 2019** *HK$ Million*	**Balance as at 30 June 2019** *HK$ Million*
Developing the office telephone products	2.9	–	2.9
Developing the elderly telecommunications products	5.3	(2.3)	3.0
Strengthening and enhancing our sales channels	3.7	(2.7)	1.0
Expanding the staff team	5.8	(2.4)	3.4
Developing the other products including IP cameras and smart home products	1.3	–	1.3
Expanding the geographical coverage	3.0	(1.0)	2.0
General working capital	1.1	(1.1)	–
	23.1	(9.5)	13.6

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares for the six months ended 30 June 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 six months ended 30 June 2019. As at 30 June 2019, 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 2019.

COMPETING BUSINESS

During the reporting period for the six months ended 30 June 2019 and up to the date of this announcement, the Directors are not aware of any business or interest of the Directors, controlling shareholders, the management of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person either directly or indirectly has or may have with the Group.

COMPLIANCE ADVISER'S INTERESTS

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

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

CORPORATE GOVERNANCE PRACTICE

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules. The Board is of the opinion that the Company has complied with the CG Code during the six months ended 30 June 2019 and up to the date of this announcement.

AUDIT COMMITTEE

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

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

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

Hong Kong, 9 August 2019

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.