ATLINKS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8043)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 EUR35.8 million for the year ended 31 December 2018 to approximately EUR31.6 million for the year ended 31 December 2019, representing a decrease of approximately 11.9%. This was mainly due to sales declined in the home telephone segment in France and in Latin America.

The Group's gross profit margin decreased from approximately 28.5% for the year ended 31 December 2018 to approximately 26.1% for the year ended 31 December 2019, which is mainly driven by the increase in cost of materials, higher subcontracting charges and impacted by the depreciation in the Euro against USD when comparing the year ended 31 December 2019 with the corresponding period in 2018.

The Group recorded a loss of approximately EUR1.7 million for the year ended 31 December 2019, compared to a loss of approximately EUR0.7 million for the year ended 31 December 2018. It is mainly driven by decrease in revenue and impact from non-recurring restructuring expenses for compensating staff laid off in the 4th quarter of 2019.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2019.

ANNUAL RESULTS

The Board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 together with the comparative figures for the year ended 31 December 2018.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Notes	**2019** *EUR*	2018 *EUR*
Revenue	*3*	**31,592,701**	35,839,865
Cost of sales	*6*	**(23,332,152)**	(25,620,351)
Gross profit		**8,260,549**	10,219,514
Other income	*4*	**28,129**	55,492
Other gain	*5*		
– Exchange difference		**58,511**	177,214
– Fair value changes on financial assets/liabilities at fair value through profit or loss		**(52,284)**	105,704
Selling and distribution expenses	*6*	**(3,305,119)**	(4,114,067)
Administrative expenses	*6*		
– Legal and professional fee for listing preparation		**–**	(189,789)
– Net impairment losses on financial assets		**(280,362)**	(17,308)
– Restructuring cost		**(348,802)**	–
– Others		**(5,980,461)**	(6,694,973)
Operating loss		**(1,619,839)**	(458,213)
Finance income		**8,122**	5,241
Finance costs		**(486,032)**	(353,287)
Finance costs, net		**(477,910)**	(348,046)
Loss before income tax		**(2,097,749)**	(806,259)
Income tax credit	*7*	**408,173**	67,340
Loss for the year		**(1,689,576)**	(738,919)
Attributable to:			
Equity holders of the Company		**(1,683,571)**	(735,233)
Non-controlling interests		**(6,005)**	(3,686)
		(1,689,576)	(738,919)
Loss per share			
– Basic and diluted (expressed in Euro cents per share)	*8*	**(0.42)**	(0.19)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	2019 *EUR*	2018 *EUR*
Loss for the year	**(1,689,576)**	(738,919)
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Currency translation differences	**47,473**	79,903
Items that may not be reclassified to profit or loss:		
Remeasurement of defined benefit retirement plans, net of tax	**(20,670)**	1,050
Other comprehensive income for the year	**26,803**	80,953
Total comprehensive loss for the year	**(1,662,773)**	(657,966)
Attributable to:		
Equity holders of the Company	**(1,660,336)**	(655,978)
Non-controlling interests	**(2,437)**	(1,988)
	(1,662,773)	(657,966)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 EUR	2018 EUR
ASSETS			
Non-current assets			
Property, plant and equipment		**293,323**	499,157
Right-of-use assets		**716,330**	–
Intangible assets		**3,746,460**	3,895,094
Deferred income tax assets		**1,355,069**	922,325
Prepayments, deposits and other receivables		**41,132**	47,710
		6,152,314	5,364,286
Current assets			
Inventories		**6,983,843**	8,234,229
Deferred income tax assets		**9,110**	24,709
Financial assets at fair value through profit or loss		**8,249**	19,749
Trade receivables	*10*	**9,125,860**	9,723,000
Prepayments, deposits and other receivables		**1,371,616**	1,251,467
Current income tax recoverable		**123,981**	63,873
Pledged bank deposits		**2,332,735**	2,038,442
Cash and cash equivalents		**2,481,656**	3,324,261
		22,437,050	24,679,730
Total assets		**28,589,364**	30,044,016
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	*12*	**417,819**	417,819
Reserves		**7,400,534**	9,060,870
		7,818,353	9,478,689
Non-controlling interests		**42,437**	44,874
Total equity		**7,860,790**	9,523,563

	Notes	**2019**	2018
		EUR	*EUR*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**475,582**	–
Deferred income tax liabilities		**6,069**	2,853
Retirement benefits obligation		**341,241**	353,900
Other payables		**2,370,903**	2,652,104
		3,193,795	3,008,857
Current liabilities			
Trade payables	*11*	**3,924,968**	3,601,944
Contract liabilities		**67,204**	105,169
Deferred income tax liabilities		**18,179**	5,530
Accruals, provision and other payables		**3,852,441**	4,590,736
Financial liabilities at fair value through profit or loss		**32,535**	–
Borrowings		**9,417,387**	9,208,217
Lease liabilities		**222,065**	–
		17,534,779	17,511,596
Total liabilities		**20,728,574**	20,520,453
Total equity and liabilities		**28,589,364**	30,044,016

NOTES TO THE 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 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 consolidated financial statements are presented in EURO ("**EUR**") unless otherwise stated.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- HKFRS 16 – Leases
- Amendments to HKFRS 9 – Prepayment Features with Negative Compensation
- Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures
- Annual Improvements to HKFRS Standards 2015-2017 cycle
- Amendments to HKAS 19 – Plan Amendment, Curtailment or Settlement
- Interpretation 23 – Uncertainty over Income Tax Treatments.

The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. The impact of the adoption of HKFRS 16 "Leases" on the Group's consolidated financial statements is disclosed below.

Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

(i) Practical expedients applied

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

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases and
- using 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 Interpretation 4 "Determining whether an Arrangement contains a Lease".

(ii) Measurement of lease liabilities

	2019
	EUR
Operating lease commitments disclosed as at 31 December 2018	**802,855**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**758,404**
(Less): short-term leases recognised on a straight-line basis as expense	**(39,531)**
Lease liabilities recognised as at 1 January 2019	**718,873**
Of which are:	
Non-current liabilities	**551,589**
Current liabilities	**167,284**
	718,873

(iii) Measurement of right-of-use assets

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.

(iv) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by EUR726,513
- deferred tax assets – increase by EUR1,261
- prepayments – decrease by EUR7,640
- lease liabilities – increase by EUR718,873.

(b) New standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective for the financial year beginning 1 January 2019 and not been early adopted by the Group as of the reporting period are as follows:

		Effective for accounting period beginning on or after
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate and joint venture	To be determined

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 REVENUE AND SEGMENT INFORMATION

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

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

(a) Revenue by product type

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

	2019	2018
	EUR	*EUR*
Revenue		
Home telephone	**25,465,874**	30,188,666
Office telephone	**3,136,944**	3,142,924
Others (Note)	**2,989,883**	2,508,275
	31,592,701	35,839,865

Note: Others include Elderly products, Wireless Conferencing phones, IP devices and Smart home solutions.

(b) Revenue by location

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

	2019	2018
	EUR	*EUR*
France	**17,407,355**	19,363,605
Latin America (Note i)	**4,505,203**	6,354,505
Other European countries (Note ii)	**5,773,277**	6,165,482
APAC/Russia/MEA (Note iii)	**3,906,866**	3,956,273
	31,592,701	35,839,865

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

(c) Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2019	2018
	EUR	*EUR*
Customer A	**3,481,435**	N/A[1]

[1] Customer A did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2018.

4 OTHER INCOME

	2019	2018
	EUR	*EUR*
Compensation from distributors for missing sale target	**–**	24,149
Others	**28,129**	31,343
	28,129	55,492

5 OTHER GAIN

	2019	2018
	EUR	*EUR*
Net foreign exchange gain	**58,511**	177,214
Net (loss)/gain on financial assets/liabilities at fair value through profit or loss	**(52,284)**	105,704
	6,227	282,918

6 EXPENSES BY NATURE

The following expenses are included in cost of sales, selling and distribution expenses and administrative expenses:

	2019	2018
	EUR	*EUR*
Operating lease expenses	**101,853**	326,531
Employee benefit expenses other than directors' emoluments	**2,958,328**	3,449,228
Legal and professional fees	**357,002**	564,655
Auditor's remuneration	**107,514**	144,710
Advertising and marketing expense	**593,140**	866,287
Directors' emoluments	**894,336**	847,207
Cost of inventories	**22,507,006**	24,903,627
Freight and transportation	**857,304**	932,453
Depreciation of property, plant and equipment	**319,187**	190,565
Depreciation of right-of-use assets	**219,763**	–
Loss allowance on trade receivables	**280,362**	17,308
Provision for impairment of inventories	**42,991**	27,195
Removal & decoration expense	**77,320**	–
Provision for product warranty	**128,908**	140,319
Restructuring cost (Note)	**348,802**	–
Commission fee	**580,924**	659,062
Storage fee	**526,873**	560,501
Amortisation of intangible assets	**298,491**	282,521
Legal and professional fees for listing preparation	**–**	189,789
Others	**2,046,792**	2,534,530
Total cost of sales, selling and distribution expenses and administrative expense	**33,246,896**	36,636,488

Note: During the year ended 31 December 2019, the Group recognised one-off restructuring costs of EUR348,802. Included in the restructuring costs were employee termination payments of EUR289,696, legal and professional fees of EUR48,592 and others of EUR10,514 which were recognised in "administrative expenses".

7 INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31 December 2019, 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 EUR216,000, and 16.5% thereafter (2018: same).

Corporate income tax on profits from a subsidiary operating in Mainland China has been calculated at 25% for the year ended 31 December 2019 (2018: 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 year ended 31 December 2019 (2018: 28%).

(a) Income tax credit

	2019	2018
	EUR	*EUR*
Current income tax:		
Current tax on profits for the year	**–**	2,079
(Over)/under provision in prior year	**(2,811)**	1,845
	(2,811)	3,924
Deferred income tax	**(395,878)**	(71,264)
Under provision in prior year	**(9,484)**	–
Deferred income tax credit	**(405,362)**	(71,264)
	(408,173)	(67,340)

(b) The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	2019	2018
	EUR	*EUR*
Loss before income tax	**(2,097,749)**	(806,259)
Calculated at a taxation rate of 16.5% (2018:16.5%)	**(346,129)**	(133,033)
Expenses not deductible for tax purpose	**185,062**	134,224
Income not subject to tax	**(67,618)**	(39,999)
Effect of different tax rates in other jurisdictions	**(167,194)**	(19,566)
One-off tax relief	**–**	(2,162)
Effect of change in tax rate in Hong Kong (Note)	**–**	(8,649)
(Over)/under provision in prior years	**(12,294)**	1,845
Income tax credit	**(408,173)**	(67,340)

Note: For the year ended 31 December 2019 and 2018, the applicable statutory Corporate Income Tax rate in Hong Kong is 8.25% on assessable profits up to HK$2 million and 16.5% thereafter, for any one of the Group's subsidiaries operating in Hong Kong that was elected.

8 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share for the years ended 31 December 2019 and 2018 are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during year.

	Year ended 31 December	
	2019	2018
Loss attributable to equity holders of the Company (EUR)	**(1,683,571)**	(735,233)
Weighted average number of shares in issue (thousands)	**400,000**	395,068
Basic loss per share (expressed in Euro cents)	**(0.42)**	(0.19)

(b) Diluted loss per share

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

9 DIVIDEND

No dividend has been paid or declared by the Company as at 31 December 2019 and 2018.

10 TRADE RECEIVABLES

	2019	2018
	EUR	*EUR*
Trade receivables	**9,521,079**	9,837,857
Loss allowance	**(395,219)**	(114,857)
	9,125,860	9,723,000

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

As at 31 December 2019 and 2018, the ageing analysis of trade receivables, net of loss allowance made, based on invoice date, is as follows:

	2019	2018
	EUR	*EUR*
1 to 30 days	**2,968,837**	3,226,332
31 to 60 days	**2,486,630**	3,991,150
61 to 90 days	**1,360,585**	920,314
More than 90 days	**2,309,808**	1,585,204
	9,125,860	9,723,000

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the aging from billing.

Impairment losses are recognised in consolidated income statement within "administrative expenses".

11 TRADE PAYABLES

	2019	2018
	EUR	*EUR*
Trade payables	**3,924,968**	3,601,944

At 31 December 2019 and 2018, the ageing analysis of the trade payables based on invoice date were as follows:

	2019	2018
	EUR	*EUR*
0-30 days	**1,229,986**	3,493,822
31-60 days	**1,720,377**	11,140
61-90 days	**738,802**	–
Over 90 days	**235,803**	96,982
	3,924,968	3,601,944

12 SHARE CAPITAL

On 19 January 2018, pursuant to the Capitalisation Issue (as defined in the Prospectus), the Company issued a total number of additional 299,990,000 shares to Eiffel Global, credited as fully paid. On the same date, pursuant to the Share Offer (as defined in the Prospectus), the Company issued a total of 100,000,000 shares with par value of HK$0.01 each.

	Number of ordinary shares	**Nominal value of ordinary shares**	**Equivalent nominal value of ordinary shares**
		HK$	***EUR***
Authorised:			
Ordinary share of HK$0.01 each			
At 31 December 2018 and 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, 1 January 2019 and 31 December 2019	400,000,000	4,000,000	417,819

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ACTIVITIES

We are a home and office telecommunications product designing company and we sell our products through the telecom operators, large consumer retail chain stores and distributors mainly located in Europe and Latin America.

We derive our revenues principally from designing, developing and selling home and office telecommunications products under the trademarks bearing the brand "Alcatel" ("**Licensed Marks**") and other customer brand names for the European, Latin American and Asian markets. Our products are mainly the home and office telephone products that we design and develop.

BUSINESS REVIEW

The Group's revenue decreased from approximately EUR35.8 million for the year ended 31 December 2018 to approximately EUR31.6 million for the year ended 31 December 2019, representing a decrease of approximately 11.9%. This was mainly due to sales declined in the home telephone segment in France and in Latin America.

The Group's gross profit margin decreased from approximately 28.5% for the year ended 31 December 2018 to approximately 26.1% for the year ended 31 December 2019, which is mainly driven by the increase in cost of materials, higher subcontracting charges and impacted by the depreciation in the Euro against USD when comparing the year ended 31 December 2019 with the corresponding period in 2018.

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

	Year ended 31 December			
	2019		2018	
	EUR'000	***% of total revenue***	*EUR'000*	*% of total revenue*
Home telephone	**25,466**	**80.6%**	30,189	84.2%
Office telephone	**3,137**	**9.9%**	3,143	8.8%
Others *(Note)*	**2,990**	**9.5%**	2,508	7.0%
Total	**31,593**	**100.0%**	35,840	100.0%

Note: Others include Elderly products, Wireless Conferencing phones, IP devices and Smart home solutions.

Due to the continued contraction of the home telephone market, the sales of the home telephone segment for the year ended 31 December 2019 dropped 15.6% as compared to the corresponding period in 2018, with sales of approximately EUR25.5 million, which represents approximately 80.6% of our total revenue.

Sales of the office telephone was stable at approximately EUR3.1 million for the year ended 31 December 2019 as compared to that of the previous year. This was mainly driven by the sales of VoIP (Voice over Internet Protocol) phones and wireless conference system in Europe.

Sales of the other products category grew by 19.2% to approximately EUR3.0 million, which represents approximately 9.5% of our total revenue. This was driven by the higher sales of Big Button Picture phones, and a new series of elderly mobile devices. It includes a custom made device delivered to a Hong Kong senior citizen assistance service operator in the 4th quarter of 2019.

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

	Year ended 31 December			
	2019		2018	
	EUR'000	**% of total revenue**	EUR'000	% of total revenue
France	**17,408**	**55.1%**	19,364	54.0%
Latin America *(Note 2)*	**4,505**	**14.2%**	6,355	17.7%
Other European countries *(Note 3)*	**5,773**	**18.3%**	6,165	17.2%
APAC/Russia/MEA *(Note 4)*	**3,907**	**12.4%**	3,956	11.1%
Total	**31,593**	**100.0%**	35,840	100.0%

Notes:

1. *The geographical breakdown was prepared based on shipping destination without taking into account the re-export or onward sales (if any) of our products by our customers.*

2. *Latin America includes Argentina, Chile, Mexico, Peru and others.*

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

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

Sales to France remains dominant with the revenue generated from it approximately EUR17.4 million of which represent approximately 55.1% of the total revenue of the Group.

Sales to Latin America has deteriorated to approximately 14.2% of our total revenue for the year ended 31 December 2019 from approximately 17.7% of our total revenue for the year ended 31 December 2018.

Our sales to other European countries and to the Asia Pacific Region, Russia and Middle East area for the year ended 31 December 2019 has remained relatively stable at approximately EUR5.8 million and EUR3.9 million, respectively, as compared to the corresponding period in 2018.

OUTLOOK

We are expecting 2020 will continue to be a challenging year. The economic impact of the coronavirus outbreak remains uncertain and makes it difficult to gauge on our Group revenue expectation.

In 2020, we have adopted the new productization approach and expects to give a positive impact to the gross margin. The improved margin, acting as a competitive edge, will allow the Company with greater leeway to expand our customer base and increase our market shares.

Our strategy 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 present in South East Asia. Sales of elderly mobile devices under Swissvoice brand is expected to continue to gain its momentum through working with the service operators, and we expect to see more products to be listed in retail in 2020. The growth momentum of Amplicomms is 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.

FINANCIAL REVIEW

Cost of Sales and Gross Profit

The cost of sales decreased by approximately 8.9% from approximately EUR25.6 million for the year ended 31 December 2018 to approximately EUR23.3 million for the year ended 31 December 2019, which is in line with decrease in revenue. Gross profit margin decreased from approximatively 28.5% for the year ended 31 December 2018 to approximately 26.1% for the year ended 31 December 2019, which is mainly driven by the increase in costs of materials and higher subcontracting charges and impacted by the depreciation in the Euro against USD when comparing the year ended 31 December 2019 to the corresponding period in 2018.

Selling and Distribution Expenses

Sales and distribution expenses decreased significantly by 19.7% from approximately EUR4.1 million in 2018 to approximately EUR3.3 million in 2019. This decrease of approximately EUR0.8 million is mainly due to decreased trade show and marketing expenses, lower warehouse and transportation cost as well as lower commission to external sales agents.

Administrative Expenses

The administrative expenses decreased from approximately EUR6.9 million for the year ended 31 December 2018 to approximately EUR6.6 million for the year ended 31 December 2019, which was mainly due to lower staff costs and other administrative expenses including legal and professional fee for the year ended 31 December 2019.

Loss attributable to the Equity holder of the Company

The Group recorded a loss of approximately EUR1.7 million for the year ended 31 December 2019, compared to a loss of approximately EUR0.7 million for the year ended 31 December 2018. It is mainly driven by decrease in revenue and impact from non-recurring restructuring expenses for compensating staff laid off in the 4th quarter of 2019.

Dividend

The Board does not recommend the payment of a dividend for the year ended 31 December 2019 (2018: Nil).

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 31 December 2019 nor material acquisitions and disposals of subsidiaries during the year ended 31 December 2019. There is no plan for material investment or capital assets as at 31 December 2019.

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 31 December 2019, the Group had outstanding foreign exchange forward contracts in respect of EUR against USD of notional principal amounts of approximately USD3.5 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 31 December 2019, the Group had a total of 45 staff (2018: 50). Total staff costs (including Directors' emoluments) were approximately EUR3.9 million for the year ended 31 December 2019 (2018: approximately EUR4.3 million). 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 31 December 2019, the Group's cash and cash equivalents amounted to approximately EUR2.5 million, representing a decrease of approximately EUR0.8 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 31 December 2019, we had various bank borrowings and overdrafts of approximately EUR9.4 million, including factoring loan for trade receivables (as at 31 December 2018: approximately EUR9.2 million), representing an increase of approximately EUR0.2 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 EUR4.9 million for the year ended 31 December 2019, which was in line with the decrease in revenue and inventory level.

The Group requires cash primarily for working capital. As of 31 December 2019, the Group had approximately EUR2.5 million in cash and bank balances (as at 31 December 2018: approximately EUR3.3 million), representing a decrease of approximately EUR0.8 million as compared to that as at 31 December 2018.

Net Gearing Ratio

As at 31 December 2019, the net gearing ratio of the Group was approximately 47% (as at 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. 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 31 December 2019, the Company had no significant contingent liabilities (as at 31 December 2018: Nil).

Capital Structure

There has been no change in the Company's capital structure during the year. 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

At the end of the year, the Group's banking facilities were secured by:

(i) certain of the Group's trade receivables with an aggregate amount of approximately EUR5,151,472 (2018: EUR4,729,113);

(ii) pledged bank deposits with an aggregate amount of approximately EUR2,332,735 (2018: EUR2,038,442);

(iii) a corporate guarantee from the Company with an aggregate amount of approximately EUR4,950,000 (2018: EUR4,824,561).

Capital Commitments

As at 31 December 2019, the Company had no capital commitment (as at 31 December 2018: 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 31 December 2019 and the remaining balance after the revised allocation of the net proceeds are set out as follows:

Uses of the Net Proceeds	**Original allocation** *HK$ Million*	**Revised allocation** *HK$ Million*	**Utilised Net Proceeds up to 31 December 2019** *HK$ Million*	**Remaining balance of the Net Proceeds as at 31 December 2019** *HK$ Million*
Developing the office telephone products	2.9	1.5	0.5	1.0
Developing the elderly telecommunications products	5.3	8.3	3.1	5.2
Strengthening and enhancing our sales channels	3.7	5.1	2.9	2.2
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	0.0	0.0	0.0
Expanding the geographical coverage	3.0	3.0	1.6	1.4
General working capital	1.1	2.3	1.1	1.2
	23.1	23.1	12.0	11.1

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 during the year.

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for performing the corporate governance duties as set out in the Corporate Governance Code (the "**CG Code**") and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules, which includes developing and reviewing the Company's policies and practices on corporate governance and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this announcement.

Except the deviations in Code Provision E.1.5 and Mandatory Disclosure Requirement L.(d)(ii) of the CG Code, the Company has complied with the principles and applicable code provisions of the CG Code during the year ended 31 December 2019. Pursuant to Code Provision E.1.5 in the CG Code, the Company is required to have a dividend policy and disclose such policy in its annual report. Further, pursuant to Mandatory Disclosure Requirement L.(d)(ii) of the CG Code, the Company is required to have a policy for nomination of directors and disclose such policy in the Company's corporate governance report. The Company has not adopted the aforesaid policies during the year.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

Having been made specific enquiry by the Company, all Directors confirmed that they have complied with the required standard of dealings and its code of conduct concerning securities transactions by the Directors during the year ended 31 December 2019.

COMPETING BUSINESS

During the year and up to the date of this announcement, the Directors are not aware of any business or interest of the Directors, 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 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 31 December 2019, 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is a sufficient public float of at least 25% of the Company's issued shares at the year ended 31 December 2019 prior to issue of this announcement under the GEM Listing Rules.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "Annual General Meeting") will be held on 14 May 2020. A notice convening the Annual General Meeting will be published on the websites of the Stock Exchange and the Company on 27 March 2020 and dispatched to the shareholders on 27 March 2020.

CLOSURE OF THE REGISTER OF MEMBER

The register of members of the Company will be closed from Friday, 8 May 2020 to Thursday, 14 May 2020, both dates inclusive, during which period no transfer of shares of the Company could be registered for determination of entitlement of shareholders of the Company to the attendance at the forthcoming annual general meeting of the Company.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Company has established the Audit Committee on 21 December 2017 with written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Code. The principal duties of the Audit Committee are, among other things, to review the financial reporting process and internal control system of the Group, review of the Group's financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board.

The Audit Committee comprises three members namely Ms. Lam Lai Ting Maria Goretti (Chairman), Ms. Chan Cheuk Man Vivian and Ms. Lee Kit Ying Catherine.

All the members are Independent Non-Executive Directors (including one Independent Non-Executive Directors who possess the appropriate professional qualifications, accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The Audit Committee has reviewed the results of the Group for the year ended 31 December 2019.

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

Hong Kong, 23 March 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 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.