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ATLINKS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8043)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 EUR17.1 million for the six months ended 30 June 2021 to approximately EUR15.2 million for the six months ended 30 June 2022, representing a decrease of approximately 10.8%. This was mainly due to a decrease in sales in the home telephone and senior products segments in France and in other European countries.

The Group recorded a loss attributable to the equity holders of the Company of approximately EUR0.6 million for the six months ended 30 June 2022, compared to a profit of approximately EUR0.5 million for the six months ended 30 June 2021.

The Directors do not recommend the payment of any dividend in respect of the six months ended 30 June 2022.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

The Board is pleased to announce the unaudited consolidated results of the Group for the three months and six months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021 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	
		2022 EUR (Unaudited)	2021 EUR (Unaudited)	2022 EUR (Unaudited)	2021 EUR (Unaudited)
Revenue	3	7,737,237	8,414,264	15,226,994	17,070,663
Cost of sales		<u>(5,752,740)</u>	<u>(5,708,907)</u>	<u>(11,165,996)</u>	<u>(11,657,762)</u>
Gross profit		1,984,497	2,705,357	4,060,998	5,412,901
Selling and distribution expenses		(903,180)	(1,016,356)	(1,693,510)	(1,936,931)
Administrative expenses		<u>(1,292,742)</u>	<u>(1,322,205)</u>	<u>(2,611,710)</u>	<u>(2,630,026)</u>
		(211,425)	366,796	(244,222)	845,944
Other gain/(loss)					
– Exchange difference		(159,173)	78,623	(295,048)	(181,144)
– Fair value changes on financial assets/liabilities at fair value through profit or loss		<u>55,432</u>	<u>(27,118)</u>	<u>55,432</u>	<u>158,766</u>
Operating (loss)/profit		(315,166)	418,301	(483,838)	823,566
Finance income		88	22	331	43
Finance costs		<u>(114,396)</u>	<u>(99,989)</u>	<u>(228,365)</u>	<u>(203,963)</u>
Finance costs, net		<u>(114,308)</u>	<u>(99,967)</u>	<u>(228,034)</u>	<u>(203,920)</u>
(Loss)/profit before income tax		(429,474)	318,334	(711,872)	619,646
Income tax credit/(expenses)	4	<u>118,958</u>	<u>(14,083)</u>	<u>124,834</u>	<u>(108,670)</u>
(Loss)/profit for the period		<u>(310,516)</u>	<u>304,251</u>	<u>(587,038)</u>	<u>510,976</u>
Attributable to:					
Equity holders of the Company		(310,516)	304,251	(587,038)	510,976
Non-controlling interests		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u>(310,516)</u>	<u>304,251</u>	<u>(587,038)</u>	<u>510,976</u>
(Loss)/earnings per share					
– Basic and diluted (expressed in Euro cents per share)	5	<u>(0.08)</u>	<u>0.08</u>	<u>(0.15)</u>	<u>0.13</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit for the period	(310,516)	304,251	(587,038)	510,976
Other comprehensive income/(loss)				
<i>Items that may be reclassified to profit or loss:</i>				
Currency translation differences	161,760	(47,109)	283,772	56,689
<i>Items that will not be reclassified to profit or loss:</i>				
Remeasurement of defined benefit retirement plans, net of tax	—	16,158	—	16,158
Other comprehensive income/(loss) for the period	161,760	(30,951)	283,772	72,847
Total comprehensive (loss)/income for the period	(148,756)	273,300	(303,266)	583,823
Attributable to:				
Equity holders of the Company	(148,756)	273,300	(303,266)	583,823
Non-controlling interests	—	—	—	—
	(148,756)	273,300	(303,266)	583,823

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	30 June	31 December
	2022	2021
<i>Notes</i>	EUR	EUR
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,590,263	1,555,317
Right-of-use assets	184,759	255,295
Intangible assets	3,250,817	3,379,157
Deferred income tax assets	1,101,228	961,196
Prepayments, deposits and other receivables	42,055	39,572
	<u>6,169,122</u>	<u>6,190,537</u>
Current assets		
Inventories	5,548,287	6,731,543
Financial assets at fair value through profit or loss	55,432	–
Trade receivables	9,750,746	10,378,603
Prepayments, deposits and other receivables	4,836,057	3,335,650
Pledged bank deposits	1,382,474	1,584,825
Cash and cash equivalents	2,579,138	5,019,181
	<u>24,152,134</u>	<u>27,049,802</u>
Total assets	<u>30,321,256</u>	<u>33,240,339</u>
EQUITY		
Equity attributable to the equity holders of the Company		
Share Capital	417,819	417,819
Reserves	7,587,969	7,891,235
Total equity	<u>8,005,788</u>	<u>8,309,054</u>

		30 June	31 December
		2022	2021
	<i>Notes</i>	EUR	EUR
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		68,716	122,537
Retirement benefits obligation		367,948	367,948
Other payables		1,609,322	1,768,642
		<u>2,045,986</u>	<u>2,259,127</u>
Current liabilities			
Trade payables	8	5,287,075	5,113,582
Contract liabilities		55,001	118,849
Deferred income tax liabilities		7,091	–
Accruals, provision and other payables		2,880,959	4,519,228
Loans from related parties	9	2,177,623	2,049,092
Borrowings		9,659,017	10,662,116
Income tax payable		84,059	73,810
Lease liabilities		118,657	135,481
		<u>20,269,482</u>	<u>22,672,158</u>
Total liabilities		<u>22,315,468</u>	<u>24,931,285</u>
Total equity and liabilities		<u>30,321,256</u>	<u>33,240,339</u>

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 six months ended 30 June 2022 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 statements should be read in conjunction with the consolidated financial statements of the Group in the annual report for the year ended 31 December 2021 (“**2021 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 2021 Annual Report, except for the adoption of new and revised HKFRSs which are effective for accounting periods beginning on or after 1st January 2022.

3 REVENUE AND SEGMENT INFORMATION

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

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

(a) Revenue by product type

The Group is principally engaged in designing, developing, and the selling of home and office telecommunication products. Revenue recognised during the respective period analysed by type of products is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2022 <i>EUR</i> (Unaudited)	2021 <i>EUR</i> (Unaudited)	2022 <i>EUR</i> (Unaudited)	2021 <i>EUR</i> (Unaudited)
Revenue				
Home telephone	6,070,008	6,254,685	11,275,345	12,215,603
Senior products	964,200	1,286,300	2,332,403	3,230,416
Office telephone	529,624	858,351	1,426,756	1,605,463
Others	173,405	14,928	192,490	19,181
	<u>7,737,237</u>	<u>8,414,264</u>	<u>15,226,994</u>	<u>17,070,663</u>

(b) Revenue by location

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

	Three months ended 30 June		Six months ended 30 June	
	2022 <i>EUR</i> (Unaudited)	2021 <i>EUR</i> (Unaudited)	2022 <i>EUR</i> (Unaudited)	2021 <i>EUR</i> (Unaudited)
France	4,277,237	4,664,156	8,120,694	9,502,887
Other European countries (<i>Note i</i>)	1,379,377	2,029,822	3,313,156	4,469,898
APAC/Russia/MEA (<i>Note ii</i>)	616,259	688,031	1,604,603	1,535,635
Latin America (<i>Note iii</i>)	1,464,364	1,032,255	2,188,541	1,562,243
	<u>7,737,237</u>	<u>8,414,264</u>	<u>15,226,994</u>	<u>17,070,663</u>

Notes:

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

4 INCOME TAX (CREDIT)/EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 June 2022 (2021: 16.5%).

Corporate income tax on profits from a subsidiary operating in Mainland China has been calculated at 25% for the six months ended 30 June 2022 (2021: 25%).

Corporate income tax on profits from a subsidiary operating in France has been calculated at 25% in accordance with the relevant France tax laws and regulations for the six months ended 30 June 2022 (2021: 26.5%).

Income tax (credit)/expenses

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax	8,107	31,624	8,107	33,069
Deferred income tax	(127,065)	(17,541)	(132,941)	75,601
	<u>(118,958)</u>	<u>14,083</u>	<u>(124,834)</u>	<u>108,670</u>

5 (LOSS)/EARNINGS PER SHARE

(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 number of ordinary shares in issue during the respective period.

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (Euro)	(310,516)	304,251	(587,038)	510,976
Number of shares in issue (thousands)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Basic earnings per share (expressed in Euro cents per share)	<u>(0.08)</u>	<u>0.08</u>	<u>(0.15)</u>	<u>0.13</u>

(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 TRADE RECEIVABLES

	30 June 2022 EUR (Unaudited)	31 December 2021 EUR (Audited)
Trade receivables	10,106,664	10,734,521
Loss allowance	(355,918)	(355,918)
	<u>9,750,746</u>	<u>10,378,603</u>

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

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

	30 June 2022 EUR (Unaudited)	31 December 2021 EUR (Audited)
0 – 30 days	3,840,472	3,914,263
31 – 60 days	2,560,644	2,928,006
61 – 90 days	1,264,084	1,538,225
Over 90 days	2,085,546	1,998,109
	<u>9,750,746</u>	<u>10,378,603</u>

As at 30 June 2022 and 31 December 2021, the Group had factored trade receivables of EUR3,823,918 and EUR5,906,746 respectively to banks for cash under certain receivables purchase agreements. As the Group still retained the risks associated with the default and delay in payment by the customers, the financial asset derecognition conditions as stipulated in HKFRS 9 have not been fulfilled. Accordingly, the proceeds from the factoring of trade receivables have been accounted for as the Group's liabilities and included in borrowings as "Factoring loans".

7 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares EUR
Authorised:			
Ordinary share of HK\$0.01 each			
At 31 December 2021 and 30 June 2022	<u>4,000,000,000</u>	<u>40,000,000</u>	<u>4,315,579</u>
Issued and fully paid:			
At 31 December 2021 and 30 June 2022	<u>400,000,000</u>	<u>4,000,000</u>	<u>417,819</u>

8 TRADE PAYABLES

	30 June 2022 <i>EUR</i> (Unaudited)	31 December 2021 <i>EUR</i> (Audited)
Trade payables	<u>5,287,075</u>	<u>5,113,582</u>

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

	30 June 2022 <i>EUR</i> (Unaudited)	31 December 2021 <i>EUR</i> (Audited)
0 – 30 days	1,385,929	1,418,043
31 – 60 days	1,245,197	1,521,628
61 – 90 days	1,536,329	1,545,530
Over 90 days	<u>1,119,620</u>	<u>628,381</u>
	<u>5,287,075</u>	<u>5,113,582</u>

9 RELATED PARTY TRANSACTIONS

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

(a) Significant related party transactions

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

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Purchases from Kan Tsang New Technology Development Limited (“ Kan Tsang ”) (<i>Note a</i>)	593,777	–	912,549	–
Inspection fee charged from Kan Tsang	56,534	28,829	56,534	63,223
Interest expense on loans from shareholders/key management personnel				
– Mr. Tong Chi Hoi	7,930	9,657	16,200	19,218
– Ms. Chu Lam Fong	7,930	9,657	16,200	19,218
– Mr. Didier Paul Henri Goujard	1,983	2,415	4,050	4,805
	<u>668,154</u>	<u>50,558</u>	<u>1,005,533</u>	<u>106,464</u>

(b) Balances with related parties

	30 June	31 December
	2022	2021
	EUR	EUR
	(Unaudited)	(Audited)
Loans from related parties (<i>Note b</i>)		
– Mr. Tong Chi Hoi	967,833	910,707
– Ms. Chu Lam Fong	967,833	910,707
– Mr. Didier Paul Henri Goujard	241,957	227,678
Inspection fee prepaid to Kan Tsang (<i>Note c</i>)	(59,942)	(52,570)
Trade payable – Kan Tsang	888,277	–
	<u>3,005,958</u>	<u>1,996,522</u>

Notes:

- (a) On 29 November 2021, Atlinks Asia Limited, an indirect wholly owned subsidiary of the Company and Kan Tsang entered into a framework agreement, pursuant to which Atlinks Asia Limited agreed to enter into agreements for purchase and Kan Tsang agreed to manufacture and sell certain cordless phone products to the Group for a term of 3 years commencing from 1 January 2022 and ending on 31 December 2024. For details, please refer to the circular of the Company dated 22 December 2021.
- (b) The loans from Mr. Tong Chi Hoi, Ms. Chu Lam Fong and Mr. Didier Paul Henri Goujard are unsecured, interest bearing at 3.5% per annum. On 27 June 2022, the loan has been renewed and extended to 30 September 2022 and the interest bearing at 3.5% per annum and dominated in HK\$. The loans will be reviewed quarterly for extension.
- (c) Payable/Prepayment was presented in the unaudited condensed consolidated statement of financial position within “prepayments, deposits and other receivables” or “accruals, provision and other payables”. The payables bear no interest with repayment date due within one year.

10 CAPITAL COMMITMENTS

As at 30 June 2022 and 31 December 2021, the Group had no commitment for capital expenditure.

11 DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2022 (2021: EUR175,401).

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2022, together with the unaudited comparative figures for the corresponding periods in 2021.

BUSINESS REVIEW

The Group’s revenues decreased from approximately EUR17.1 million for the six months ended 30 June 2021 to approximately EUR15.2 million for the six months ended 30 June 2022, representing a decrease of approximately 10.8%. This was mainly due to a decrease in sales 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 each of the three and six months ended 30 June 2021 and 2022:

	For the three months ended 30 June			
	2022 (Unaudited)		2021 (Unaudited)	
	<i>EUR’000</i>	<i>% of total revenue</i>	<i>EUR’000</i>	<i>% of total revenue</i>
Home telephone	6,070	78.5%	6,255	74.3%
Senior products	964	12.5%	1,286	15.3%
Office telephone	530	6.8%	859	10.2%
Others (<i>Note</i>)	173	2.2%	15	0.2%
Total	7,737	100.0%	8,415	100.0%

	For the six months ended 30 June			
	2022 (Unaudited)		2021 (Unaudited)	
	<i>EUR’000</i>	<i>% of total revenue</i>	<i>EUR’000</i>	<i>% of total revenue</i>
Home telephone	11,276	74.0%	12,216	71.6%
Senior products	2,332	15.3%	3,230	18.9%
Office telephone	1,427	9.4%	1,606	9.4%
Others (<i>Note</i>)	192	1.3%	19	0.1%
Total	15,227	100.0%	17,071	100.0%

Note: Others include IP devices and other miscellaneous products.

Sales of home telephone segment for the six months ended 30 June 2022 were approximately EUR11.3 million, representing a decrease of approximately 7.7% as compared to the corresponding period in 2021.

Sales of the senior products category for the six months ended 30 June 2022 has dropped by approximately EUR0.9 million or 27.8%.

Sales of office telephone for the six months ended 30 June 2022 has dropped by approximately EUR0.2 million or 11.1%.

The decrease in revenue for home telephones, senior products and office telephone was mainly caused by the shortage of some critical components and a longer transit time to 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 30 June			
	2022 (Unaudited)		2021 (Unaudited)	
	<i>EUR'000</i>	<i>% of total revenue</i>	<i>EUR'000</i>	<i>% of total revenue</i>
France	4,278	55.3%	4,665	55.4%
Other European countries (<i>Note 2</i>)	1,379	17.8%	2,030	24.1%
APAC/Russia/MEA (<i>Note 3</i>)	616	8.0%	688	8.2%
Latin America (<i>Note 4</i>)	1,464	18.9%	1,032	12.3%
Total	7,737	100.0%	8,415	100.0%

	For the six months ended 30 June			
	2022 (Unaudited)		2021 (Unaudited)	
	<i>EUR'000</i>	<i>% of total revenue</i>	<i>EUR'000</i>	<i>% of total revenue</i>
France	8,121	53.3%	9,503	55.7%
Other European countries (<i>Note 2</i>)	3,313	21.8%	4,470	26.2%
APAC/Russia/MEA (<i>Note 3</i>)	1,605	10.5%	1,536	9.0%
Latin America (<i>Note 4</i>)	2,188	14.4%	1,562	9.1%
Total	15,227	100.0%	17,071	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, UK, Benelux, Spain, Italy, Portugal 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 six months ended 30 June 2022 has dropped by approximately 14.5% to approximately EUR8.1 million as compared to the corresponding period in 2021. This represented approximately 53.3% of our total revenue for six months ended 30 June 2022.

Sales to other European countries for the six months ended 30 June 2022 has dropped by approximately 25.9% to approximately EUR3.3 million as compared to the corresponding period in 2021.

Our sales to the Asia Pacific Region, Russia and the Middle East area was relatively stable at approximately EUR1.6 million for the six months ended 30 June 2022 as compared to approximately EUR1.5 million for the corresponding period in 2021.

Our sales to Latin America has grown 40.1% to approximately EUR2.2 million as compared to the corresponding period in 2021.

OUTLOOK

Our H1 results were heavily impacted by material shortages and cost pressure. Our team has put in place various measures to mitigate these issues such as product re-engineering. Once these measures start to take effect, we anticipate this situation will improve for Atlinks in the Q4 of 2022.

Our goal in 2022 is to gain market share in the home telephone business through the introduction of reengineered products, products with enriched features to cover more price points on the shelf and to expand geographically. In the senior products market, we will continue to expand our product range aimed at the visually and hearing impaired, provide ancillary services for our mobile devices, and further strengthen the Swissvoice and Amplicomms brands.

We look at this complex business environment as an opportunity for Atlinks. Customers demand has been robust, and we have strong order book on hand. Together with our strong distribution network, a good engineering team, and the measures that have been put in place, we are confident that Atlinks will emerge stronger, ready for more growth!

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 4.2% from approximately EUR11.7 million for the six months ended 30 June 2021 to approximately EUR11.2 million for the six months ended 30 June 2022.

Gross profit margin decreased from approximately 31.7% for the six months ended 30 June 2021 to approximately 26.7% for the six months ended 30 June 2022, which is mainly driven by the increase in costs of materials and impacted by the depreciation in the Euro against USD when comparing the six months ended 30 June 2022 to the corresponding period in 2021.

Selling and Distribution Expenses

Selling and distribution expenses decreased from approximately EUR1.9 million for the six months ended 30 June 2021 to approximately EUR1.7 million for the six months ended 30 June 2022, which mainly resulted from the decrease in marketing expenses.

Administrative Expenses

Administrative expenses was relatively stable at approximately EUR2.6 million for the six months ended 30 June 2021 and 2022.

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

As a result of the above, the Group recorded a loss of approximately EUR0.6 million for the six months ended 30 June 2022, compared to a profit of approximately EUR0.5 million for the six months ended 30 June 2021.

Dividend

The Board does not recommend the payment of a dividend for the six months ended 30 June 2022.

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 2022 nor material acquisitions and disposals of subsidiaries during six months ended 30 June 2022 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 2022, the Group had outstanding foreign exchange forward contracts in respect of EUR against USD of notional principal amounts of approximately USD1.0 million (as at 31 December 2021: Nil). 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 2022, the Group had a total of 44 staff (31 December 2021: 46). Total staff costs (including Directors' emoluments) were approximately EUR1.8 million for the six months ended 30 June 2022 as compared to that of approximately EUR2.0 million for the six months ended 30 June 2021. 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.

Since the outbreak of the COVID-19 pandemic, as part of the Group's cost control initiative, the Group has adopted certain employee-related cost-saving measures to reduce its staff costs, including the voluntarily reduction of remuneration of certain members of the Board. During the six months ended 30 June 2022, Ms. Dora Ho initiated a reduction in salary and allowances from approximately EUR216,682 to EUR179,907 per annum, with effect from 1 April 2022.

Liquidity and Financial Resources

As at 30 June 2022, the Group's cash and cash equivalents amounted to approximately EUR2.6 million, representing a decrease of approximately EUR2.4 million as compared to that of approximately EUR5.0 million as at 31 December 2021. Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. As of 30 June 2022, we had various bank borrowings and overdrafts of approximately EUR9.7 million, including factoring loan for trade receivables (31 December 2021: approximately EUR10.7 million).

Net current assets has remained relatively stable at approximately EUR4.4 million for the year ended 31 December 2021 and approximately EUR3.9 million for the six months ended 30 June 2022 respectively.

The Group requires cash primarily for working capital. As of 30 June 2022, the Group had approximately EUR2.6 million in cash and bank balances (31 December 2021: approximately EUR5.0 million), representing a decrease of approximately EUR2.4 million as compared to that as at 31 December 2021.

Net Gearing Ratio

As at 30 June 2022, the net gearing ratio of the Group was approximately 54% (31 December 2021: approximately 48%). The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (borrowings as shown in the consolidated statement of financial position) less cash and bank balances. Total capital is calculated as "equity" as shown in consolidated statement of financial position plus net debt. The increase of the net gearing ratio was mainly attributable to an increase for bank borrowing to support the Group's working capital.

Contingent Liabilities

As at 30 June 2022, the Company had no significant contingent liabilities (31 December 2021: Nil).

Capital Structure

There has been no change in the Company's capital structure for the six months ended 30 June 2022. 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 2022, the Group's banking facilities were secured by:

- (i) property, plant and equipment with an aggregate amount of approximately EUR807,500 (31 December 2021: Nil)
- (ii) certain of the Group's trade receivables with an aggregate amount of approximately EUR3,823,918 (31 December 2021: EUR5,906,746);
- (iii) pledged bank deposits with an aggregate amount of approximately EUR1,382,474 (31 December 2021: EUR1,584,825);
- (iv) a corporate guarantee from the Group with an aggregate amount of approximately EUR5,188,679 (31 December 2021: EUR4,838,252).

Capital Commitments

As at 30 June 2022, the Company had no capital commitment (31 December 2021: Nil).

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 six months ended 30 June 2022.

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.

No share options have been granted/exercised/cancelled/lapsed under the Share Option Scheme during the six months ended 30 June 2022. As at 30 June 2022, 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 2022.

COMPETING BUSINESS

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

CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules. The Board is of the opinion that the Company has complied with the CG Code during the six months ended 30 June 2022 and up to the date of this announcement.

AUDIT COMMITTEE

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

The condensed consolidated financial statements of the Group for the six months ended 30 June 2022 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 2022

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 Stock Exchange’s website at www.hkexnews.hk 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.