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## **ATLINKS GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8043)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 EUR34.1 million for the year ended 31 December 2021 to approximately EUR30.0 million for the year ended 31 December 2022, representing a decrease of approximately 12.1%. The decline in revenue was mainly caused by the shortage of certain critical components required for our home telephones and senior products, and a longer transit time for products heading to Europe, which resulted in lower sales in France and other European countries.

The Group's gross profit margin decreased from approximately 31.1% for the year ended 31 December 2021 to approximately 26.6% for the year ended 31 December 2022.

The Group recorded a loss attributable to the equity holders of the Company of approximately EUR0.9 million for the year ended 31 December 2022, compared to a profit of approximately EUR0.2 million for the year ended 31 December 2021.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2022.

## 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 2022 together with the comparative figures for the year ended 31 December 2021.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022 (Expressed in EURO)

	Note	2022 EUR	2021 EUR
<b>Revenue</b>	3	<b>29,961,316</b>	34,068,881
Cost of sales	5	<u>(21,986,902)</u>	<u>(23,464,230)</u>
<b>Gross profit</b>		<u>7,974,414</u>	<u>10,604,651</u>
Selling and distribution expenses	5	(3,703,055)	(4,144,639)
Administrative expenses	5	<u>(5,456,113)</u>	<u>(5,336,712)</u>
		(1,184,754)	1,123,300
<b>Other net gain/(loss)</b>	4		
– Exchange difference		537,227	(476,024)
– Fair value changes on financial liabilities at fair value through profit or loss		<u>(26,498)</u>	<u>75,538</u>
<b>Other net gain/(loss)</b>		<u>510,729</u>	<u>(400,486)</u>
<b>Operating (loss)/profit</b>		<b>(674,025)</b>	722,814
Finance income		3,664	120
Finance costs		<u>(552,474)</u>	<u>(405,875)</u>
Finance costs, net		(548,810)	(405,755)
<b>(Loss)/profit before income tax</b>		<b>(1,222,835)</b>	317,059
Income tax credit/(expense)	6	<u>332,939</u>	<u>(111,876)</u>
<b>(Loss)/profit for the year</b>		<b>(889,896)</b>	205,183
<b>(Loss)/profit for the year attributable to equity holders of the company</b>		<u><b>(889,896)</b></u>	<u>205,183</u>
<b>(Loss)/earnings per share</b>			
– Basic and diluted (expressed in Euro cents per share)	7	<u><b>(0.22)</b></u>	<u>0.05</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022 (Expressed in EURO)

	<b>2022</b>	2021
	<b>EUR</b>	EUR
<b>(Loss)/profit for the year</b>	<b>(889,896)</b>	205,183
<b>Other comprehensive income/(loss)</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	<b>293,553</b>	360,055
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of defined benefit retirement plans, net of tax	<u><b>66,140</b></u>	<u>(44,192)</u>
Other comprehensive income for the year	<u><b>359,693</b></u>	<u>315,863</u>
<b>Total comprehensive (loss)/income for the year</b>	<u><b>(530,203)</b></u>	<u>521,046</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022 (Expressed in EURO)

	Note	2022 EUR	2021 EUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,420,327	1,555,317
Right-of-use assets		126,338	255,295
Intangible assets		3,139,624	3,379,157
Deferred income tax assets		1,301,057	961,196
Prepayments, deposits and other receivables		42,309	39,572
		<u>6,029,655</u>	<u>6,190,537</u>
<b>Current assets</b>			
Inventories		9,326,738	6,731,543
Trade receivables	8	9,119,105	10,378,603
Prepayments, deposits and other receivables		4,367,535	3,335,650
Income tax recoverable		84,949	–
Pledged bank deposits		1,937,523	1,584,825
Cash and cash equivalents		2,464,451	5,019,181
		<u>27,300,301</u>	<u>27,049,802</u>
<b>Total assets</b>		<u><b>33,329,956</b></u>	<u><b>33,240,339</b></u>
<b>EQUITY</b>			
Equity attributable to the equity holders of the Company			
Share capital	10	417,819	417,819
Reserves		7,361,032	7,891,235
<b>Total equity</b>		<u><b>7,778,851</b></u>	<u><b>8,309,054</b></u>

	<i>Note</i>	<b>2022</b> <i>EUR</i>	2021 <i>EUR</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>7,986</b>	122,537
Retirement benefits obligation		<b>314,650</b>	367,948
Other payables		<b>1,446,336</b>	1,768,642
		<b>1,768,972</b>	2,259,127
<b>Current liabilities</b>			
Trade payables	<i>9</i>	<b>7,354,293</b>	5,113,582
Contract liabilities		<b>42,294</b>	118,849
Accruals, provision and other payables		<b>3,735,583</b>	4,519,228
Financial liabilities at fair value through profit or loss		<b>26,498</b>	–
Loans from related parties		<b>2,768,735</b>	2,049,092
Borrowings		<b>9,733,579</b>	10,662,116
Income tax payable		–	73,810
Lease liabilities		<b>121,151</b>	135,481
		<b>23,782,133</b>	22,672,158
<b>Total liabilities</b>		<b>25,551,105</b>	24,931,285
<b>Total equity and liabilities</b>		<b>33,329,956</b>	33,240,339

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

## 2. APPLICATION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### (i) New and amended standards adopted by the Group

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 16, Property, plant and equipment: Proceeds before intended use
- Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

**(ii) New standards and interpretations not yet adopted**

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
HKFRS 17, <i>Insurance contracts</i>	1 January 2023
Amendments to HKAS 1, <i>Presentation of financial statements</i> and HKFRS Practice Statement 2, <i>Making materiality judgements: Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i>	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants</i>	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

**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:

	<b>2022</b>	2021
	<b>EUR</b>	EUR
Revenue from contracts from customers recognised at a point in time		
Home telephone	<b>22,054,430</b>	24,731,104
Senior products	<b>4,947,363</b>	6,174,503
Office telephone	<b>2,727,808</b>	3,081,441
Others ( <i>Note</i> )	<b>231,715</b>	81,833
	<b>29,961,316</b>	34,068,881

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

**(b) Revenue by location**

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

	<b>2022</b>	2021
	<b>EUR</b>	EUR
France	<b>14,406,044</b>	18,599,163
Other European countries ( <i>Note i</i> )	<b>7,226,727</b>	8,873,177
APAC/MEA ( <i>Note ii</i> )	<b>3,812,161</b>	3,674,897
Latin America ( <i>Note iii</i> )	<b>4,516,384</b>	2,921,644
	<b>29,961,316</b>	34,068,881

*Notes:*

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

Revenue from customer contributing over 10% of the total revenue of the Group is as follows:

	<b>2022</b>	2021
	<b>EUR</b>	EUR
Customer A	<b>–</b>	<b>3,923,495</b>

- 1 Customer A did not contribute over 10% of the total revenue for the year ended 31 December 2022. No customer contributes over 10% of the total revenue of the Group for the year ended 31 December 2022.

#### 4. OTHER NET GAIN/(LOSS)

	<b>2022</b>	2021
	<b>EUR</b>	EUR
Net foreign exchange gain/(loss)	<b>537,227</b>	(476,024)
Net (loss)/gain on financial assets/liabilities at fair value through profit or loss	<b>(26,498)</b>	75,538
	<b>510,729</b>	(400,486)

#### 5. EXPENSES BY NATURE

The following expenses/(income) are included in cost of sales, selling and distribution expenses and administrative expenses:

	<b>2022</b>	2021
	<b>EUR</b>	EUR
Expenses related to short-term leases	<b>49,173</b>	63,435
Employee benefit expenses other than directors' emoluments	<b>2,776,496</b>	2,896,086
Legal and professional fees	<b>365,228</b>	246,470
Auditor's remuneration	<b>97,776</b>	87,595
Advertising and marketing expense	<b>670,850</b>	722,206
Directors' emoluments	<b>805,157</b>	870,339
Cost of inventories	<b>20,857,133</b>	22,574,486
Freight and transportation	<b>1,249,415</b>	1,663,340
Depreciation of property, plant and equipment	<b>390,448</b>	311,652
Depreciation of right-of-use assets	<b>141,066</b>	240,232
Reversal of loss allowance on trade receivables	<b>(17,019)</b>	–
Provision for impairment of inventories	–	9,127
Removal and decoration expense	<b>557</b>	2,917
Provision for product warranty	–	69,754
Commission fee	<b>674,223</b>	560,769
Storage fee	<b>446,322</b>	482,668
Amortisation of intangible assets	<b>320,122</b>	317,781
Bank charge	<b>104,994</b>	93,775
Account receivables insurance premium	<b>110,008</b>	114,055
Design and engineering expenses	<b>494,635</b>	274,285
Office supplies	<b>47,950</b>	68,531
Inspection fee	<b>339,817</b>	227,077
Others	<b>1,221,719</b>	1,049,001
Total cost of sales, selling and distribution expenses and administrative expense	<b>31,146,070</b>	32,945,581

## 6. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31 December 2022 (2021: 16.5%).

Corporate income tax is charged on a subsidiary operating in Mainland China at 25% for the year ended 31 December 2022 (2021: 25%).

Corporate income tax is charged on a subsidiary operating in France at 25% in accordance with the relevant French tax laws and regulations for the year ended 31 December 2022 (2021: 28%).

### (a) Income tax (credit)/expense

	<b>2022</b>	2021
	<b>EUR</b>	EUR
Current income tax:		
Current tax on profits for the year	<b>39,351</b>	98,242
Over provision in prior year	<b>(22,905)</b>	–
	<u><b>16,446</b></u>	<u>98,242</u>
Deferred income tax (credit)/expense	<u><b>(349,385)</b></u>	<u>13,634</u>
	<u><b>(332,939)</b></u>	<u>111,876</u>

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

	<b>2022</b>	2021
	<b>EUR</b>	EUR
(Loss)/profit before income tax	<u>(1,222,835)</u>	<u>317,059</u>
Calculated at a taxation rate of 16.5% (2021:16.5%)	(201,768)	52,315
Expenses not deductible for tax purpose	123,805	154,645
Income not subject to tax	(27,778)	(14,528)
Effect of different tax rates in other jurisdictions	(297,295)	(67,734)
Utilisation of tax loss not recognised	(9,263)	(12,822)
Remeasurement of deferred tax by change in tax rate in France ( <i>Note</i> )	102,265	–
Over provision in prior years	<u>(22,905)</u>	<u>–</u>
Income tax (credit)/expense	<u><b>(332,939)</b></u>	<u><b>111,876</b></u>

*Note:* For the year ended 31 December 2022, the applicable statutory Corporate Income Tax rate in France is 25% (2021: 28%), according to the French Tax Department's promulgation on 5 October 2020, the applicable statutory Corporate Income Tax rate is stipulated at a rate of 25%, effective from 1 January 2022, hence deferred tax assets arising from subsidiary in France were re-measured at the applicable statutory Corporate Income Tax rate.

No deferred tax assets have been recognised in respect of the tax losses of EUR286,704 (2021: EUR342,843) due to the unpredictability of future profits streams in the Group's PRC operations.

## 7. (LOSS)/EARNINGS PER SHARE

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

Basic (loss)/earnings per share for the years ended 31 December 2022 and 2021 are calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during year.

	<b>2022</b>	2021
	<b>EUR</b>	EUR
(Loss)/profit attributable to equity holders of the Company (EUR)	(889,896)	205,183
Weighted average number of shares in issue (thousands)	<u>400,000</u>	<u>400,000</u>
Basic (loss)/earnings per share (expressed in Euro cents)	<u><b>(0.22)</b></u>	<u><b>0.05</b></u>

### (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 potential dilutive ordinary shares during the respective years.

## 8. TRADE RECEIVABLES

	<b>2022</b> <i>EUR</i>	2021 <i>EUR</i>
Trade receivables	<b>9,458,004</b>	10,734,521
Loss allowance	<b>(338,899)</b>	(355,918)
	<b>9,119,105</b>	10,378,603

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

As at 31 December 2022 and 2021, the ageing analysis of trade receivables, net of loss allowance made, based on invoice date, is as follows:

	<b>2022</b> <i>EUR</i>	2021 <i>EUR</i>
1 to 30 days	<b>3,724,135</b>	3,914,263
31 to 60 days	<b>2,124,579</b>	2,928,006
61 to 90 days	<b>1,241,560</b>	1,538,225
More than 90 days	<b>2,028,831</b>	1,998,109
	<b>9,119,105</b>	10,378,603

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 ageing from billing.

Credit losses are recognised in consolidated income statement within “administrative expenses”.

As at 31 December 2022 and 2021, the Group had factored trade receivables of EUR4,731,267 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”.

## 9. TRADE PAYABLES

	<b>2022</b>	2021
	<i>EUR</i>	<i>EUR</i>
Trade payables	<b><u>7,354,293</u></b>	<u>5,113,582</u>

At 31 December 2022 and 2021, the ageing analysis of the trade payables based on invoice date were as follows:

	<b>2022</b>	2021
	<i>EUR</i>	<i>EUR</i>
0-30 days	<b>2,395,216</b>	1,418,043
31-60 days	<b>1,354,602</b>	1,521,628
61-90 days	<b>1,160,168</b>	1,545,530
Over 90 days	<b><u>2,444,307</u></b>	<u>628,381</u>
	<b><u>7,354,293</u></b>	<u>5,113,582</u>

## 10. SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares <i>HK\$</i></b>	<b>Equivalent nominal value of ordinary shares <i>EUR</i></b>
Authorised:			
Ordinary share of HK\$0.01 each			
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	<b><u>4,000,000,000</u></b>	<b><u>40,000,000</u></b>	<b><u>4,315,579</u></b>
Issued and fully paid:			
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	<b><u>400,000,000</u></b>	<b><u>4,000,000</u></b>	<b><u>417,819</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS ACTIVITIES

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

We derive our revenues principally from developing and selling home and business telecommunications products under the trademarks bearing the brand “Alcatel” (“**Licensed Marks**”) and elderly products under the Swissvoice and Amplicomms brand, we also supply products under customer brand names for the European, Latin American and Asian markets.

### BUSINESS REVIEW

The Group’s revenue decreased from approximately EUR34.1 million for the year ended 31 December 2021 to approximately EUR30.0 million for the year ended 31 December 2022, representing a decrease of approximately 12.1%. The decline in revenue was mainly caused by the shortage of certain critical components required for our home telephones and senior products, and a longer transit time for products heading to Europe, which resulted in lower sales in France and other European countries.

The Group’s gross profit margin decreased from approximately 31.1% for the year ended 31 December 2021 to approximately 26.6% for the year ended 31 December 2022.

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

	Year ended 31 December			
	2022		2021	
	<i>EUR’000</i>	<i>% of total revenue</i>	<i>EUR’000</i>	<i>% of total revenue</i>
Home telephone	22,054	73.6%	24,732	72.6%
Senior products	4,947	16.5%	6,174	18.1%
Office telephone	2,728	9.1%	3,081	9.1%
Others ( <i>Note</i> )	232	0.8%	82	0.2%
Total	<b>29,961</b>	<b>100.0%</b>	<b>34,069</b>	<b>100.0%</b>

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

Sales of the home telephone segment for the year ended 31 December 2022 were approximately EUR22.1 million, representing a decrease of approximately 10.8% as compared to the corresponding period in 2021.

Sales of the senior products category for the year ended 31 December 2022 has dropped by approximately EUR1.2 million or 19.9% as compared to that of the previous year.

The decrease in revenue for home telephone and senior products were mainly caused by the shortage of some critical components and a longer transit time to Europe.

Sales of office telephone was stable at approximately EUR2.7 million for the year ended 31 December 2022 as compared to that of the previous year. This was mainly driven by the consistent demand for business phones.

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			
	2022		2021	
	<i>EUR'000</i>	<i>% of total revenue</i>	<i>EUR'000</i>	<i>% of total revenue</i>
France	<b>14,406</b>	<b>48.1%</b>	18,600	54.6%
Other European countries ( <i>Note 2</i> )	<b>7,227</b>	<b>24.1%</b>	8,873	26.0%
APAC/MEA ( <i>Note 3</i> )	<b>3,812</b>	<b>12.7%</b>	3,675	10.8%
Latin America ( <i>Note 4</i> )	<b>4,516</b>	<b>15.1%</b>	2,921	8.6%
Total	<b>29,961</b>	<b>100.0%</b>	34,069	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/MEA include but are not limited to Asia Pacific Region and Middle East area.
4. Latin America includes Argentina, Chile, Mexico, Peru and others.

Sales to France for the year ended 31 December 2022 has dropped by approximately 22.5% to approximately EUR14.4 million as compared to the corresponding period in 2021. This represented approximately 48.1% of our total revenue for the year ended 31 December 2022.

Sales to other European countries for the year ended 31 December 2022 have dropped by approximately 18.6% to approximately EUR7.2 million as compared to the corresponding period in 2021.

The decrease in revenue for sales to France and other European countries were mainly caused by the shortage of some critical components, container availability and a longer transit time.

Our sales to Asia Pacific Region and Middle East area was stable at approximately EUR3.8 million for the year ended 31 December 2022 as compared to the corresponding period in 2021.

Our sales to Latin America for the year ended 31 December 2022 have grown by approximately 54.6% to approximately EUR4.5 million as compared to the corresponding period in 2021.

## **OUTLOOK**

Revenue in 2022 has dropped compared to 2021. This decline was mainly driven by the shortage of some critical components. With the launch of our new alternate product solution in Q4 2022, we foresee that this component shortage issue will be resolved. We will be able to fulfill most of the customer's backlog orders if not all by end of Q1 2023.

Profit margin for 2022 has declined compared to 2021, mainly due to the material and logistic cost increase. The logistic cost has been dropping since Oct 2022. We expect the cost of logistic to return to normal (similar to the cost before the COVID-19) in Q1 2023 and stay that way throughout 2023. With the launch of the new alternate product solution, we have already observed an improvement in the gross profit margin. This solution will be implemented across our product range in Q1 2023. We expect to see a gradual improvement in gross profit margin in the first half of 2023 and have a full recovery in the 2nd half 2023. Our team has put in great effort to develop this alternate product solution. This achievement will enable us to avoid reliance on a single supplier for certain critical components, and assist improve our gross profit margin.

In 2022, we spent significant resources in the development of this new product solution. Now, it is time to resume our product roadmap development! Our goal remains the same, that 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. Customer demand has been robust, and we have a 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 amortization. Cost of sales decreased by approximately 6.3% from approximately EUR23.5 million for the year ended 31 December 2021 to approximately EUR22.0 million for the year ended 31 December 2022.

The Group's gross profit margin decreased from approximately 31.1% for the year ended 31 December 2021 to approximately 26.6% for the year ended 31 December 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 year ended 31 December 2022 to the corresponding period in 2021.

### **Selling and Distribution Expenses**

Sales and distribution expenses decreased from approximately EUR4.1 million for the year ended 31 December 2021 to approximately EUR3.7 million for the year ended 31 December 2022, which mainly resulted from the decrease in marketing expenses.

### **Administrative Expenses**

Administrative expenses was relatively stable at approximately EUR5.3 million for the year ended 31 December 2021 and approximately EUR5.5 million for the year ended 31 December 2022, respectively.

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

As a result of the above, the Group recorded a loss of approximately EUR0.9 million for the year ended 31 December 2022, compared to a profit of approximately EUR0.2 million for the year ended 31 December 2021.

### **Dividend**

The Board does not recommend the payment of a dividend for the year ended 31 December 2022 (2021: EUR175,401).

### **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 2022 nor material acquisitions and disposals of subsidiaries during the year ended 31 December 2022. There is no plan for material investment or capital assets as at 31 December 2022.

## **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 currencies giving rise to this risk are primarily Renminbi (“**RMB**”) and 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 RMB and 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 2022, the Group had outstanding foreign exchange forward contracts in respect of EUR against RMB of notional principal amounts of approximately RMB70.4 million (as at 31 December 2021: Nil) and had no outstanding foreign exchange forward contracts in respect of EUR against USD (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 31 December 2022, the Group had a total of 46 staff (2021: 46). Total staff costs (including Directors' emoluments) were approximately EUR3.6 million for the year ended 31 December 2022 (2021: approximately EUR3.8 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 overall business performance and 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 2022, the Group's cash and cash equivalents amounted to approximately EUR2.5 million, representing a decrease of approximately EUR2.5 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 31 December 2022, we had various bank borrowings and overdrafts of approximately EUR9.7 million (as at 31 December 2021: approximately EUR10.7 million), including factoring loan for trade receivable, representing a decrease of approximately EUR1.0 million as compared to that as at 31 December 2021.

Net current assets has decreased from approximately EUR4.3 million for the year ended 31 December 2021 to approximately EUR3.5 million for the year ended 31 December 2022 respectively.

The Group requires cash primarily for working capital. As of 31 December 2022, the Group had approximately EUR2.5 million in cash and bank balances (as at 31 December 2021: approximately EUR5.0 million), representing a decrease of approximately EUR2.5 million as compared to that as at 31 December 2021.

## **Net Gearing Ratio**

As at 31 December 2022, the net gearing ratio of the Group was approximately 56% (as at 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 and an increase in shareholders loan to support the Group's working capital.

## **Contingent Liabilities**

As at 31 December 2022, the Company had no significant contingent liabilities (as at 31 December 2021: 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 EUR4,731,267 (2021: EUR5,906,746);
- (ii) pledged bank deposits with an aggregate amount of approximately EUR1,937,523 (2021: EUR1,584,825);
- (iii) a corporate guarantee from the Company with an aggregate amount of approximately EUR5,188,679 (2021: EUR4,838,252).

## **Capital Commitments**

As at 31 December 2022, the Company had no capital commitment (as at 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 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.

The Company has complied with the principles and applicable code provisions of the CG Code during the year ended 31 December 2022.

### **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 2022.

## **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, 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.

## **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 2022 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 10 May 2023. A notice convening the Annual General Meeting will be published on the websites of the Stock Exchange and the Company on 24 March 2023 and dispatched to the shareholders on 24 March 2023.

## **CLOSURE OF THE REGISTER OF MEMBER**

The register of members of the Company will be closed from Friday, 5 May 2023 to Wednesday, 10 May 2023, 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.

In order to qualify for attending and voting at the annual general meeting of the Company or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 4 May 2023.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG 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 the GEM Listing Rules. 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 Director 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 2022.

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

Hong Kong, 13 March 2023

*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](http://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](http://www.atlinks.com).*