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ATLINKS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8043)

ANNOUNCEMENT OF QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2023

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 increased from approximately EUR7.5 million for the three months ended 31 March 2022 to approximately EUR8.3 million for the three months ended 31 March 2023, representing an increase of approximately 11.3%. This was mainly due to sales increased in the home telephone segment in France and in Other European countries.

The Group recorded a profit attributable to the equity holders of the Company of approximately EUR0.1 million for the three months ended 31 March 2023, compared to a loss of approximately EUR0.3 million for the three months ended 31 March 2022.

The Directors do not recommend the payment of any dividend in respect of the three months ended 31 March 2023.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2023

The Board is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2023, together with the comparative figures for the corresponding period in 2022 which have been reviewed and approved by the audit committee of the Company (the “**Audit Committee**”), as follows:

	<i>Notes</i>	Three months ended 31 March	
		2023	2022
		EUR	EUR
		(Unaudited)	(Unaudited)
Revenue	3	8,337,295	7,489,757
Cost of sales		(5,606,270)	(5,413,256)
Gross profit		2,731,025	2,076,501
Selling and distribution expenses		(948,982)	(790,330)
Administrative expenses		(1,420,513)	(1,318,968)
		361,530	(32,797)
Other gain/(loss)			
– Exchange difference		16,376	(135,875)
– Fair value changes on financial assets/liabilities at fair value through profit or loss		(64,920)	–
Operating profit/(loss)		312,986	(168,672)
Finance income		1,579	243
Finance costs		(167,345)	(113,969)
Finance costs, net		(165,766)	(113,726)
Profit/(loss) before income tax		147,220	(282,398)
Income tax credit	4	475	5,876
Profit/(loss) for the period		147,695	(276,522)
Attributable to:			
Equity holders of the Company		147,695	(276,522)
Non-controlling interests		–	–
		147,695	(276,522)
Earnings/(Loss) per share			
– Basic and diluted (expressed in Euro cents per share)	5	0.04	(0.07)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2023

	Three months ended 31 March	
	2023	2022
	EUR	EUR
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	147,695	(276,522)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	<u>1,292</u>	<u>122,012</u>
Other comprehensive income for the period	<u>1,292</u>	<u>122,012</u>
Total comprehensive income/(loss) for the period	<u>148,987</u>	<u>(154,510)</u>
Attributable to:		
Equity holders of the Company	148,987	(154,510)
Non-controlling interests	<u>-</u>	<u>-</u>
	<u>148,987</u>	<u>(154,510)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023

	Share capital EUR	Merger reserve EUR	Share premium EUR	Other reserve EUR	Retained earnings/ (accumulated losses) EUR	Total EUR
Balances at 1 January 2022 (Audited)	<u>417,819</u>	<u>4,386,123</u>	<u>3,557,226</u>	<u>232,104</u>	<u>(284,218)</u>	<u>8,309,054</u>
Comprehensive loss						
Loss for the period	–	–	–	–	(276,522)	(276,522)
Other comprehensive income						
Currency translation difference	<u>–</u>	<u>–</u>	<u>–</u>	<u>122,012</u>	<u>–</u>	<u>122,012</u>
Other comprehensive income	<u>–</u>	<u>–</u>	<u>–</u>	<u>122,012</u>	<u>–</u>	<u>122,012</u>
Total comprehensive income/(loss) for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>122,012</u>	<u>(276,522)</u>	<u>(154,510)</u>
Balances at 31 March 2022 (Unaudited)	<u><u>417,819</u></u>	<u><u>4,386,123</u></u>	<u><u>3,557,226</u></u>	<u><u>354,116</u></u>	<u><u>(560,740)</u></u>	<u><u>8,154,544</u></u>
Balances at 1 January 2023 (Audited)	<u>417,819</u>	<u>4,386,123</u>	<u>3,557,226</u>	<u>591,797</u>	<u>(1,174,114)</u>	<u>7,778,851</u>
Comprehensive income						
Profit for the period	–	–	–	–	147,695	147,695
Other comprehensive income						
Currency translation difference	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,292</u>	<u>–</u>	<u>1,292</u>
Other comprehensive income	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,292</u>	<u>–</u>	<u>1,292</u>
Total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,292</u>	<u>147,695</u>	<u>148,987</u>
Balances at 31 March 2023 (Unaudited)	<u><u>417,819</u></u>	<u><u>4,386,123</u></u>	<u><u>3,557,226</u></u>	<u><u>593,089</u></u>	<u><u>(1,026,419)</u></u>	<u><u>7,927,838</u></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 three months ended 31 March 2023 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 2022 (“**2022 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 2022 Annual Report, except for the adoption of new and revised HKFRSs which are effective for accounting periods beginning on or after 1st January 2023.

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 31 March	
	2023	2022
	EUR	EUR
	(Unaudited)	(Unaudited)
Revenue		
Home telephone	6,459,216	5,205,337
Senior products	1,071,419	1,368,203
Office telephone	770,418	897,132
Others	36,242	19,085
	8,337,295	7,489,757

(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 31 March	
	2023	2022
	EUR	EUR
	(Unaudited)	(Unaudited)
France	4,279,066	3,843,457
Other European countries (<i>Note i</i>)	2,402,853	1,933,779
APAC/MEA (<i>Note ii</i>)	1,196,165	988,344
Latin America (<i>Note iii</i>)	459,211	724,177
	8,337,295	7,489,757

Notes:

- i. Other European countries include but are not limited to Germany, UK, Benelux, Spain, Italy, Portugal 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.

4 INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the three months ended 31 March 2023 (2022: 16.5%).

Corporate income tax on profits from a subsidiary operating in Mainland China has been calculated at 25% for the three months ended 31 March 2023 (2022: 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 three months ended 31 March 2023 (2022: 25%).

Income tax credit

	Three months ended 31 March	
	2023	2022
	EUR	EUR
	(Unaudited)	(Unaudited)
Current income tax	–	–
Deferred income tax	(475)	(5,876)
	<u>(475)</u>	<u>(5,876)</u>
	<u><u>(475)</u></u>	<u><u>(5,876)</u></u>

5 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

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

	Three months ended 31 March	
	2023	2022
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to equity holders of the Company (Euro)	147,695	(276,522)
Number of shares in issue (thousands)	<u>400,000</u>	<u>400,000</u>
Basic earnings/(loss) per share (expressed in Euro cents per share)	<u><u>0.04</u></u>	<u><u>(0.07)</u></u>

(b) Diluted earnings/(loss) per share

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

6 DIVIDEND

No dividend has been paid or declared by the Company during the three months ended 31 March 2023 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2023, together with the unaudited comparative figures for the corresponding period in 2022.

BUSINESS REVIEW

The Group’s revenue increased from approximately EUR7.5 million for the three months ended 31 March 2022 to approximately EUR8.3 million for the three months ended 31 March 2023, representing an increase of approximately 11.3%. This was mainly due to sales increased in the home telephone segment in France and in other European countries.

The following table shows the breakdown of our revenue by product categories for the three months ended 31 March 2022 and 2023.

	For the three months ended 31 March			
	2023 (Unaudited)		2022 (Unaudited)	
	<i>EUR’000</i>	<i>% of total revenue</i>	<i>EUR’000</i>	<i>% of total revenue</i>
Home telephone	6,459	77.5%	5,206	69.5%
Senior products	1,072	12.9%	1,368	18.3%
Office telephone	770	9.2%	897	12.0%
Others (<i>Note</i>)	36	0.4%	19	0.2%
Total	8,337	100.0%	7,490	100.0%

Note: Others include IP devices and other miscellaneous products.

Sales of home telephone segment for the three months ended 31 March 2023 has increased approximately 24.1% as compared to the corresponding period in 2022, with sales of approximately EUR6.5 million.

Sales of the senior products category dropped by approximately EUR0.3 million or 21.6%.

Sales of the office telephone was approximately EUR0.8 million which represents approximately 9.2% of our total revenue for the three months ended 31 March 2023.

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

	For the three months ended 31 March			
	2023 (Unaudited)		2022 (Unaudited)	
	<i>EUR’000</i>	<i>% of total revenue</i>	<i>EUR’000</i>	<i>% of total revenue</i>
France	4,279	51.4%	3,844	51.3%
Other European countries (<i>Note 2</i>)	2,403	28.8%	1,934	25.8%
APAC/MEA (<i>Note 3</i>)	1,196	14.3%	988	13.2%
Latin America (<i>Note 4</i>)	459	5.5%	724	9.7%
Total	<u>8,337</u>	<u>100.0%</u>	<u>7,490</u>	<u>100.0%</u>

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 three months ended 31 March 2023 has risen by approximately 11.3% to approximately EUR4.3 million as compared to the corresponding period in 2022. This represented approximately 51.4% of our total revenue for the three months ended 31 March 2023.

Sales to other European countries for the three months ended 31 March 2023 has risen by approximately 24.3% to approximately EUR2.4 million as compared to the corresponding period in 2022.

Our sales to the Asia Pacific Region and the Middle East area, added together with sales to Latin America was relatively stable at approximately EUR1.7 million for the three months ended 31 March 2022 and 2023.

OUTLOOK

Q1 2023 revenue recorded a growth of 11.3% compared to the same period in 2022. This figure is in line with our budget but comes in lower than our expectations. We believe political uncertainty and high inflation in Europe has softened market demand which makes it difficult to gauge our Group revenue this year. That said, our energetic and competent team is working hard to aim and achieve the 2023 target.

Gross margin has improved from 27.7% in Q1 2022 to 32.8% in Q1 2023, depending on the product mix, we expect to achieve a similar profit margin throughout 2023.

Last year, we spent significant engineering resources on the development of an alternative product solution to mitigate our component shortage issues. We have now resumed our product roadmap development. Our goal remains the same, that is to gain market share in the home telephone business 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 continue to look at this complex business environment as an opportunity for Atlinks. Customer demand has been robust. Together with our strong distribution network, and a good engineering team, we are confident of achieving a solid result in 2023.

FINANCIAL REVIEW

Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised of cost of inventories, depreciation and amortisation. The cost of sales increased by approximately 3.6% from approximately EUR5.4 million for the three months ended 31 March 2022 to approximately EUR5.6 million for the three months ended 31 March 2023, which is in line with increase in revenue.

The gross profit margin increased from approximately 27.7% for the three months ended 31 March 2022 to approximately 32.8% for the three months ended 31 March 2023 which is mainly driven by the decrease in costs of materials when comparing the three months ended 31 March 2023 to the corresponding period in 2022.

Selling and Distribution Expenses

The selling and distribution expenses increased from approximately EUR0.8 million for the three months ended 31 March 2022 to approximately EUR0.9 million for the three months ended 31 March 2023, which mainly resulted from the increase of marketing expenses.

Administrative Expenses

The administrative expenses was relatively stable at approximately EUR1.3 million for the three months ended 31 March 2022 and approximately EUR1.4 million for the three months ended 31 March 2023, respectively.

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

The Group recorded a profit of approximately EUR0.1 million for the three months ended 31 March 2023, compared to a loss of approximately EUR0.3 million for the three months ended 31 March 2022.

Dividend

The Board does not recommend the payment of a dividend for the three months ended 31 March 2023.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares for the three months ended 31 March 2023.

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 three months ended 31 March 2023. As at 31 March 2023, the Company has no outstanding share option under the Share Option Scheme.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

There is no contract of significance to which the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries was a party and in which the Directors had a material interest, whether directly or indirectly, subsisted during or at the end of the three months ended 31 March 2023.

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 three months ended 31 March 2023 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 three months ended 31 March 2023 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, 12 May 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 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.