ATLINKS GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8043)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

*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.*

FINANCIAL HIGHLIGHTS

The Group's revenue decreased from approximately EUR40.6 million for the year ended 31 December 2016 to approximately EUR35.8 million for the year ended 31 December 2017, representing a decrease of approximately 11.6%. Such decrease was mainly due to the decrease in revenue generated in Latin America as a result of the massive earthquakes in Mexico in September 2017.

The Group recorded a loss attributable to the equity holder of the Company of approximately EUR1.2 million for the year ended 31 December 2017, compared to a profit of approximately EUR1.4 million for the year ended 31 December 2016 primarily due to the decrease in the Group's revenue and gross profit, the increase in recognition of the non-operating fair value changes on derivative financial instruments, as well as the non-recurring listing expenses recognised during the year ended 31 December 2017.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2017.

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce its audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2017 together with comparative figures for the corresponding year in 2016.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

	Notes	2017 EUR	2016 EUR
Revenue	3	**35,841,693**	40,560,338
Cost of sales	6	**(25,581,704)**	(29,041,082)
Gross profit		**10,259,989**	11,519,256
Other income	4	**224,166**	204,299
Other gain/(loss)	5		
– Exchange difference		**260,223**	(216,051)
– Fair value changes on derivative financial instruments		**(455,950)**	331,217
Selling and distribution expenses	6	**(3,245,235)**	(3,240,554)
Administrative expenses	6		
– Legal and professional fee for listing preparation		**(1,537,703)**	–
– Others		**(5,958,514)**	(6,422,833)
Operating (loss)/profit		**(453,024)**	2,175,334
Finance income		**1,472**	1,067
Finance costs		**(412,679)**	(323,736)
Finance costs, net		**(411,207)**	(322,669)
(Loss)/profit before income tax		**(864,231)**	1,852,665
Income tax expenses	7	**(321,309)**	(467,252)
(Loss)/profit for the year		**(1,185,540)**	1,385,413
Attributable to:			
Equity holders of the Company		**(1,168,505)**	1,403,042
Non-controlling interests		**(17,035)**	(17,629)
		(1,185,540)	1,385,413
(Loss)/earnings per share			
– Basic and diluted (expressed in Euro cents per share)	8	**(0.39)**	0.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017	2016
	EUR	*EUR*
(Loss)/profit for the year	**(1,185,540)**	1,385,413
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss:		
Currency translation differences	**(686,513)**	158,832
Items that may not be reclassified to profit or loss:		
Remeasurement of defined benefit retirement plans, net of tax	**(2,428)**	(5,517)
Other comprehensive (loss)/income for the year	**(688,941)**	153,315
Total comprehensive (loss)/income for the year	**(1,874,481)**	1,538,728
Attributable to:		
Equity holders of the Company	**(1,849,916)**	1,557,264
Non-controlling interests	**(24,565)**	(18,536)
	(1,874,481)	1,538,728

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 EUR	2016 EUR
ASSETS			
Non-current assets			
Property, plant and equipment		**177,649**	219,473
Intangible assets		**3,822,194**	4,200,073
Deferred income tax assets		**835,062**	1,175,364
Prepayments, deposits and other receivables		–	69,239
		4,834,905	5,664,149
Current assets			
Inventories		**4,956,822**	6,961,808
Deferred income tax assets		**32,450**	27,611
Derivative financial instruments		–	369,995
Trade receivables	*10*	**10,195,955**	10,906,130
Prepayments, deposits and other receivables		**1,562,133**	916,556
Current income tax recoverable		–	36,009
Pledged bank deposits		**2,062,879**	2,328,125
Cash and cash equivalents		**4,813,033**	5,992,129
		23,623,272	27,538,363
Total assets		**28,458,177**	33,202,512
EQUITY			
Equity attributable to the equity holders of the Company			
Share Capital	*12*	**11**	–
Reserves		**6,159,622**	8,009,549
		6,159,633	8,009,549
Non-controlling interests		**46,862**	71,427
Total equity		**6,206,495**	8,080,976

	Notes	**2017**	2016
		EUR	*EUR*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**60**	4,266
Retirement benefits obligation		**360,841**	334,954
Other payables		**2,920,802**	3,177,554
		3,281,703	3,516,774
Current liabilities			
Trade payables	*11*	**4,403,512**	6,954,479
Deferred income tax liabilities		–	133,123
Accruals, provision and other payables		**5,223,699**	5,670,533
Loans from related parties		**998,247**	989,374
Derivative financial instruments		**85,955**	–
Income tax payable		**97,273**	175,715
Borrowings		**8,161,293**	7,681,538
		18,969,979	21,604,762
Total liabilities		**22,251,682**	25,121,536
Total equity and liabilities		**28,458,177**	33,202,512

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Atlinks Group Limited (the "**Company**") was incorporated in the Cayman Islands on 3 August 2017 as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered address of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Island.

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 two brands, namely Alcatel and Swissvoice.

Pursuant to the Group reorganisation as set out in the section headed "History and Development" in the Company's listing prospectus dated 30 December 2017 (the "**Prospectus**"), which was completed on 21 December 2017 (the "**Reorganisation**"), the Company became the holding company of its subsidiaries now comprising the Group. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited on 19 January 2018 (the "**Listing Date**"). The consolidated financial statements of the Group has been prepared as if the Group had been in existence throughout both years presented, or since the respective dates of incorporation or establishment of the Group companies, rather than from the date when the Company became the holding company pursuant to the Reorganisation.

The consolidated financial statements are presented in EURO unless otherwise stated.

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

(i) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017.

IAS 7 Amendments	Disclosure initiative
IAS 12 Amendments	Recognition of deferred tax assets for unrealised losses
IFRS 12 Amendments	Annual Improvements 2014-2016 Cycle

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. Most of the amendments will also not affect the current or future periods. The amendments to IAS 7 require disclosure of changes in liabilities arising from financing activities.

(ii) New standards and amendments to existing standards not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Company.

		Effective for annual periods beginning on
IFRS 1 and IAS 28 Amendments	Annual improvements 2014-2016 Cycle	1 January 2018
IFRS 2 Amendments	Classification and measurement of share-based payment transactions	1 January 2018
IFRS 4 Amendments	Applying IFRS 9 financial instruments with IFRS 4 insurance contracts	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 15 Amendments	Clarifications to IFRS 15	1 January 2018
IAS 40 Amendments	Transfer of investment properties	1 January 2018
IFRIC-Int 22	Foreign currency transactions and advance consideration	1 January 2018
IFRS 9 Amendments	Prepayment Features with Negative Compensation	1 January 2019
IFRS 16	Leases	1 January 2019
IFRIC-Int 23	Uncertainty over income tax treatments	1 January 2019
IFRS 10 and IAS 28 Amendments	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

(i) HKFRS 9 "Financial instrument"

HKFRS 9 "Financial instruments" replaces the whole of HKAS 39. HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("**FVOCI**") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value on equity instruments in other comprehensive income, provided the instrument is not held for trading. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in other comprehensive income, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in other comprehensive income to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

HKFRS 9 also introduces a new model for the recognition of impairment losses-the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. The new model applies to debt instruments measured at FVOCI, financial assets classified at amortised cost, contract assets under HKFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The HKFRS 9 ECL model contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. For trade receivables, contract assets and lease receivables, a simplified approach can be selected by the Group to measure the lifetime expected credit losses. Despite that the new impairment model may result in an earlier recognition of credit losses, based on management's current assessment, the adoption of the new model is unlikely to have significant impact on the Group's financial performance and position. The Group has commenced a preliminary assessment of the potential impact of the application of the new model for the recognition of impairment losses. Up to this stage, the implementation of the new ECL model is not expected to result in any significant impact on the Group's financial position and results of operations except that it may result in an earlier recognition of credit losses.

(ii) HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 "Revenue from contracts with customers" replaces the previous revenue standards HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identity the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied. The core principal is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset-liability" approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group has performed a preliminary assessment of the potential impact of the application of HKFRS 15 and identified the key areas which might be accounted for differently under this new standard, including but not limited to the identification of separate performance obligations in the contracts with customers and the allocation of transaction price, if applicable, which may affect the timing of revenue recognition. Up to this stage, the implementation of HKFRS 15 is not expected to result in any significant impact on the Group's financial position and results of operations.

(iii) HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance lease are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will both be presented as financing cash flows.

In contrast to lessees accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

The total operating lease commitment of the Group in respect of rented premises as at 31 December 2017 and 2016 amounted to EUR579,538 and EUR576,190 respectively. The directors of the Company do not expect the adoption of HKFRS 16 as compared with HKAS 17 would result in significant impact on the Group's result but expected that the above operating lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

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:

	2017	2016
	EUR	*EUR*
Revenue		
Home telephone	**30,185,041**	34,599,739
Office telephone	**4,426,102**	4,886,991
Others	**1,230,550**	1,073,608
	35,841,693	40,560,338

(b) Revenue by location

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

	2017	2016
	EUR	*EUR*
France	**19,653,358**	21,222,574
Latin America (Note i)	**5,439,695**	9,350,337
Other European countries (Note ii)	**6,289,202**	6,527,301
Others (Note iii)	**4,459,438**	3,460,126
	35,841,693	40,560,338

Notes:

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

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

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

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

	2017	2016
	EUR	*EUR*
Customer A	**N/A**[1]	4,543,311
Customer B	**4,454,446**	4,180,706

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME

	2017	2016
	EUR	*EUR*
Compensation from distributors for missing sale target	**56,587**	153,072
Others	**167,579**	51,227
	224,166	204,299

5. OTHER (LOSS)/GAIN

	2017	2016
	EUR	*EUR*
Net foreign exchange gain/(loss)	**260,223**	(216,051)
Net (loss)/gain on derivative financial instruments	**(455,950)**	331,217
	(195,727)	115,166

6. EXPENSES BY NATURE

	2017	2016
	EUR	*EUR*
Operating lease expenses	**302,053**	309,406
Employee benefit expenses other than directors' emoluments	**3,078,626**	3,525,916
Legal and professional fees	**276,086**	215,493
Auditors' remuneration	**141,931**	30,259
Advertising and marketing expense	**679,598**	625,152
Directors' emoluments	**875,365**	945,755
Cost of inventories	**25,205,807**	28,506,711
Freight and transportation	**800,898**	760,682
Depreciation of property, plant and equipment	**67,711**	133,752
Provision/(reversal) for impairment of trade receivables (Note 10)	**76,524**	(110,582)
(Reversal)/provision for impairment of inventories	**(137,919)**	27,390
Provision for product warranty	**189,526**	79,179
Commission fee	**515,974**	572,714
Storage fee	**499,354**	488,228
Amortisation of intangible assets	**272,921**	270,277
Legal and professional fees for listing preparation	**1,537,703**	–
Others	**1,940,998**	2,324,137
Total cost of sales, selling and distribution expenses and administrative expense	**36,323,156**	38,704,469

7. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the years ended 31 December 2017 (2016: 16.5%).

Corporate income tax on profits from a subsidiary operating in Mainland China has been calculated at 25% in accordance with the relevant People's Republic of China tax laws and regulations for the year ended 31 December 2017 (2016: 25%).

Corporate income tax on profits from a subsidiary operating in France has been calculated at 33.33% in accordance with the relevant France tax laws and regulations for the year ended 31 December 2017 (2016: 33.33%).

Income tax expenses

	2017	2016
	EUR	*EUR*
Current income tax:		
Current tax on profits for the year	**112,521**	243,718
Under provision in prior year	**14,870**	–
	127,391	243,718
Deferred income tax	**(24,242)**	223,534
Under provision in prior year (Note)	**218,160**	–
Deferred income tax expense	**193,918**	223,534
	321,309	467,252

Note: Tax losses of a subsidiary of the Group amounted to EUR661,092 recognised in prior year were disallowed in 2017.

8. (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 weighted average number of ordinary shares in issue during the respective years. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation completed on 21 December 2017 and the Capitalisation Issue (as defined in the Prospectus) of ordinary shares which took place on 19 January 2018.

	Year ended 31 December	
	2017	2016
(Loss)/profit attributable to equity holders of the Company (Euro)	**(1,168,505)**	1,403,042
Weighted average number of shares in issue (thousands)	**300,000**	300,000
Basic (loss)/earnings per share (expressed in Euro cents)	**(0.39)**	0.47

(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.

9. DIVIDEND

No dividend has been paid or declared by the Company as at 31 December 2017 (2016: Nil).

10. TRADE RECEIVABLES

	2017	2016
	EUR	*EUR*
Trade receivables	**10,293,504**	10,927,155
Provision for impairment	**(97,549)**	(21,025)
	10,195,955	10,906,130

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

As at 31 December 2017 and 31 December 2016, the ageing analysis of trade receivables, net of provision, based on invoice date is as follows:

	2017	2016
	EUR	*EUR*
1 to 30 days	**3,109,148**	6,824,768
31 to 60 days	**3,492,437**	545,760
61 to 90 days	**1,007,121**	2,813,624
More than 90 days	**2,587,249**	721,978
	10,195,955	10,906,130

As at 31 December 2017 and 2016, trade receivables of EUR3,207,369 and EUR2,712,236 were considered past due but not impaired. These relate to customers for whom there are no significant financial difficulties and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables, net of provision, based on due date is as follows:

	2017	2016
	EUR	*EUR*
Past due by:		
1 to 30 days	**695,086**	2,337,022
31 to 60 days	**336,387**	295,922
61 to 90 days	**54,866**	48,934
More than 90 days	**2,121,030**	30,358
	3,207,369	2,712,236

The maximum exposure to credit risk was the carrying amounts of trade receivables.

Movements on the provision for impairment of trade receivables are as follows:

	EUR
At 1 January 2016	131,607
Reversal of provision for impairment of trade receivables	(110,582)
At 31 December 2016 and 1 January 2017	21,025
Provision for impairment of trade receivables	76,524
At 31 December 2017	97,549

11. TRADE PAYABLES

	2017	2016
	EUR	*EUR*
Trade payables	**4,403,512**	6,954,479

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

	2017	2016
	EUR	*EUR*
0 – 30 days	**3,981,341**	2,591,008
31 – 60 days	**146,237**	2,078,728
61 – 90 days	**28,390**	2,284,743
Over 90 days	**247,544**	–
	4,403,512	6,954,479

12. SHARE CAPITAL

On 3 August 2017, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK$380,000 divided into 38,000,000 shares with par value of HK$0.01 each. On the same date, the Company allotted and issued one nil-paid share to an initial subscriber who is an independent third party, which was then transferred to Eiffel Global Limited ("**Eiffel Global**"), a company incorporated in the British Virgin Islands ("**BVI**") at nil consideration.

On 21 December 2017, the authorised share capital was increased to HK$40,000,000 divided into 4,000,000,000 shares with par value of HK$0.01 each. On the same date, the said one nil-paid share was credited as fully paid and the Company further issued and allotted 9,999 shares to Eiffel Global, credited as fully paid, as part of the Reorganisation.

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

	Number of ordinary shares	**Nominal value of ordinary shares**	**Equivalent nominal value of ordinary shares**
		HK$	*EUR*
Authorised:			
Ordinary share of HK$0.01 each at 3 August 2017 (date of incorporation)	38,000,000	380,000	40,998
Increase in authorised share capital	3,962,000,000	39,620,000	4,274,581
At 31 December 2017	4,000,000,000	40,000,000	4,315,579
Issued and fully paid:			
At 3 August 2017 (date of incorporation)	1	–	–
Issuance of shares arising from Reorganisation	9,999	100	11
At 31 December 2017	10,000	100	11

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ACTIVITIES

The Group is a home and office telecommunications product designing group and it sells its products through telecom operators, large consumer retail chain stores and distributors mainly located in Europe and Latin America.

The Group derives its revenue principally from designing, developing and selling home and office telecommunications products under the trademarks bearing the word "Alcatel" and other customer brand names for the European, Latin American and Asian markets. The Group sells the home and office telephone products that it designs and develops.

BUSINESS REVIEW AND OUTLOOK

The Group's revenue decreased from approximately EUR40.6 million for the year ended 31 December 2016 to approximately EUR35.8 million for the year ended 31 December 2017, representing a decrease of approximately 11.6%. Such decrease was mainly due to the drop of its business in Latin America as a result of the massive earthquakes in Mexico in September 2017.

The following table shows the breakdown of the Group's revenue by product categories.

	Year ended 31 December			
	2017		2016	
	EUR'000	***% of total revenue***	*EUR'000*	*% of total revenue*
Home telephone	**30,185**	**84.3%**	34,600	85.4%
Office telephone	**4,426**	**12.3%**	4,887	12.0%
Others (Note)	**1,231**	**3.4%**	1,073	2.6%
Total	**35,842**	**100.0%**	40,560	100.0%

Note: Others include IP camera. IP baby monitor, smart home solutions and conferencing phones.

The drop of the home telephone segment of approximately EUR4.4 million is mainly due to the drop of the home telephone sales in Latin America. The home telephone segment represents approximately 84.3% of the Group's total revenue.

The Group's sales of office telephones decreased in 2017 due to late introduction of the new range of IP phone under "Swissvoice" brand with color display and competitive price. The management expects these new lineup will boost its office telephone revenue in 2018.

Others represented the sales of IP conference device, IP cameras, monitoring products and smart home products which revenue has grown by approximately 14.7%, mainly attributable to the sales of conference device. This category is expected to grow at a relatively fast rate in 2018 with the launch of the Swissvoice products dedicated to the elderly in the second quarter of 2018.

The Group's gross profit remained relatively stable at approximately 28.6% in 2017 as compared to that of approximately 28.4% in 2016.

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

	Year ended 31 December			
	2017		2016	
	EUR'000	***% of revenue***	*EUR'000*	*% of revenue*
France	**19,653**	**54.9%**	21,223	52.3%
Latin America (Note 2)	**5,440**	**15.2%**	9,350	23.1%
Other European countries (Note 3)	**6,289**	**17.5%**	6,527	16.1%
APAC/Russia/MEA (Note 4)	**4,460**	**12.4%**	3,460	8.5%
Total	**35,842**	**100.0%**	40,560	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 the Group's products by its customers.

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

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

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

The Group's sales to France represented approximately 54.9% of its total revenue for the year ended 31 December 2017 as compared to that of approximately 52.3% for the year ended 31 December 2016. The decrease in revenue was mainly attributable to the general decrease in the sales of home telephone products in European countries.

As mentioned above, due to the general decrease in the sales of home telephone products in European countries, the Group's sales to other European countries also dropped.

The Group's sales to Latin America in 2017 has decreased more than the sales to other regions. Such decrease was mainly due to the impact of the massive earthquakes in Mexico in September 2017.

The Group recorded favourable results from Asia Pacific region, Russia and Middle East area, which is a relatively new market for the Group and it increased its revenue by EUR1.0 million in 2017, representing a 28.9% increase compared to 2016.

OUTLOOK

The Group strategically strives to be one of the leading suppliers with design capability by enhancing its product management capabilities, increasing its market penetration in existing markets, expanding its customer base and exploring new overseas markets. The Group intends to expand its product range including developing telecommunications products targeted at the elderly market as well as the visually and hearing impaired and also providing ancillary services to its telecommunications products, and to develop and further strengthen the Swissvoice brand.

FINANCIAL REVIEW

Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised of cost of inventories and depreciation and amortisation. The cost of sales decreased by approximately 11.9% from approximately EUR29.0 million for the year ended 31 December 2016 to approximately EUR25.6 million for the year ended 31 December 2017, which is in line with the decrease in revenue. The gross profit margin remained stable from approximately 28.4% for the year ended 31 December 2016 to approximately 28.6% for the year ended 31 December 2017.

Selling and Distribution Expenses

The selling and distribution expenses remained stable at approximately EUR3.2 million and EUR3.2 million for the year ended 31 December 2016 and 2017, respectively.

Administrative Expenses

The administrative expenses increased from approximately EUR6.4 million for the year ended 31 December 2016 to approximately EUR7.5 million for the year ended 31 December 2017, which was mainly due to the non-recurring listing expenses recognized during the year ended 31 December 2017.

Loss/profit attributable to the equity holder of the Company

The Group recorded a loss of approximately EUR1.2 million for the year ended 31 December 2017, compared to a profit of approximately EUR1.4 million for the year ended 31 December 2016 primarily due to the decrease in the Group's revenue and gross profit, the increase in recognition of the non-operating fair value changes on derivative financial instruments, as well as the non-recurring listing expenses recognized during the year ended 31 December 2017.

The Group's management considers that the fair value changes on the derivative instrument does not reflect the operating profit of the Group. When comparing operating profit of 2016 and 2017 after removing the fair value changes on the derivative and the non-recurring listing expenses, the operating profit recorded is EUR1.5 million for the year ended 31 December 2017 compared to EUR1.8 million for the year ended 31 December 2016. The decrease of approximately EUR0.3 million is mainly due to the decrease in revenue in 2017 as compared to 2016.

Dividend

The Board does not recommend the payment of a dividend for the year ended 31 December 2017.

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 2017 nor material acquisitions and disposals of subsidiaries during the year ended 31 December 2017. There is no plan for material investment or capital assets as at 31 December 2017.

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 the 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 ("**US$**") 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 forward derivatives contract.

The Group adopts a hedging policy to manage its exposure to foreign exchange risk in relation to USD. Due to its business nature, its goal is to control foreign exchange risk to an acceptable level by ensuring that the Group will only consider hedging operational flows and no hedging position will be taken without an underlying operational flow. As at 31 December 2017, the Group had outstanding foreign exchange forward contracts in respect of EUR against USD of notional principal amounts of approximately USD7.0 million (as at 31 December 2016: approximately USD6.8 million). Management will continue to evaluate the Group's foreign exchange risk management procedures and take actions as appropriate to minimise the Group's exposure whenever necessary.

Employees and remuneration policies

As at 31 December 2017, the Group had a total of 50 staff (2016: 51). Total staff costs (including Directors' emoluments) were approximately EUR4.0 million for the year ended 31 December 2017 (2016: approximately EUR4.5 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience of individual employee. Year-end bonus will be paid to employees as recognition of and reward for their contributions according to individual performance. Other benefits include contributions to statutory mandatory provident fund schemes and social insurance to employees.

Liquidity and financial resources

As at 31 December 2017, the Group's cash and cash equivalents amounted to approximately EUR4.8 million, representing a decrease of approximately EUR1.2 million as compared to that of approximately EUR6.0 million as at 31 December 2016. Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. As at 31 December 2017, the Group had various bank borrowings and overdrafts of approximately EUR8.2 million, including factoring loan for trade receivables (as at 31 December 2016: approximately EUR7.7 million), representing an increase of approximately EUR0.5 million as compared to that as at 31 December 2016.

Net current assets decreased from approximately EUR5.9 million for the year ended 31 December 2016 to approximately EUR4.7 million for the year ended 31 December 2017, which was in line with the revenue in 2016 and 2017.

The Group requires cash primarily for working capital need. As at 31 December 2017, the Group had approximately EUR4.8 million in cash and bank balances (as at 31 December 2016: approximately EUR6.0 million), representing a decrease of approximately EUR1.2 million as compared to that as at 31 December 2016.

Net Gearing Ratio

As at 31 December 2017, the net gearing ratio of the Group was approximately 35% (as at 31 December 2016: approximately 17%). 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 increasing for bank borrowing to support the Group's working capital.

Contingent liabilities

As at 31 December 2017, the Company had no significant contingent liabilities (as at 31 December 2016: Nil).

Capital Structure

The Company's shares were successfully listed on the GEM of the Stock Exchange on 19 January 2018. There has been no change in the Company's capital structure since 19 January 2018. The capital structure of the Group comprises of issued share capital and reserves. The Directors review and manage the Group's capital structure regularly.

Pledge of assets

At the end of the year of 2017, the Group's banking facilities were secured by:

(i) certain of the Group's trade receivables with an aggregate amount of approximately EUR5,711,916 (2016: EUR6,697,653);

(ii) pledged bank deposits with an aggregate amount of approximately EUR2,062,879 (2016: EUR2,328,125);

(iii) a corporate guarantee from the Company with an aggregate amount of approximately EUR4,620,000 (2016: EUR5,225,000).

Capital commitments

As at 31 December 2017, the Company had no capital commitments (as at 31 December 2016: Nil).

USE OF PROCEEDS FROM THE LISTING

As stated in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group intends to use the proceeds for (i) developing its office telephone products; (ii) developing its elderly telecommunications products; (iii) strengthening and enhancing its sales channels; (iv) expanding its staff team; (v) developing its other products including IP cameras and smart home products; (vi) expanding its geographical coverage; and (vii) general working capital.

On 19 January 2018, 100,000,000 ordinary shares of the Company were allotted at HK$0.5 and the net proceeds from Public Offer and Placing (as defined in the Prospectus) received by the Company were approximately HK$23.1 million (after deduction of any related expenses). The Company intends to continue to apply the net proceeds in accordance with the proposed allocations set out below.

Given that the Listing only took place in January 2018, during the year ended 31 December 2017, the net proceeds had not been received or utilised as follows:

	Actual net proceeds allocated	**Amount utilised up to 31 December 2017**	**Balance as at 31 December 2017**
	HK$ Million	*HK$ Million*	*HK$ Million*
Developing the office telephone products	2.9	–	2.9
Developing the elderly telecommunications products	5.3	–	5.3
Strengthening and enhancing our sales channels	3.7	–	3.7
Expanding the staff team	5.8	–	5.8
Developing the other products including IP cameras and smart home products	1.3	–	1.3
Expanding the geographical coverage	3.0	–	3.0
General working capital	1.1	–	1.1
	23.1	–	23.1

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the year.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM of the Stock Exchange (the "**GEM Listing Rules**") throughout the year. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code for the year ended 31 December 2017. The Board of the Company will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

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 2017.

COMPETING INTEREST

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

COMPLIANCE ADVISER'S INTERESTS

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

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

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 latest practicable date 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 11 May 2018. A notice convening the Annual General Meeting will be published on the websites of the Stock Exchange and the Company on 29 March 2018 and dispatched to the shareholders on 29 March 2018.

CLOSURE OF THE REGISTER OF MEMBER

The register of members of the Company will be closed from Monday, 7 May 2018 to Friday, 11 May 2018, both dates inclusive, during which period no transfer of shares of the Company could be registered for determination of entitlement of shareholders of the Company to the attendance at the forthcoming annual general meeting of the Company.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

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

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

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

The Audit Committee has reviewed the results of the Group for the year ended 31 December 2017.

EVENT AFTER THE REPORTING PERIOD

On 19 January 2018, the Company issued a total of 100,000,000 shares by way of Public Offer and Placing at a price of HK$0.5 each and successful listed its share on GEM of the Stock Exchange of Hong Kong Limited. The net proceeds after deducting underwriting fees and related expenses were approximately HK$23.1 million.

Save as the above, the Board is not aware of any significant event subsequent to 31 December 2017 and up to the date of this announcement.

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

Hong Kong, 23 March 2018

As at the date of this announcement, the executive Directors are Mr. Didier Paul Henri GOUJARD, Mr. Jean-Alexis René Robert DUC, Ms. HO Dora and Mr. LONG Shing; the non-executive Directors are Mr. LONG Hak Kan and Mr. LONG Fung; and the independent non-executive Directors are Mr. YIU Chun Kit, Ms. LAM Lai Ting Maria Goretti and Ms. CHAN Cheuk Man Vivian.

This announcement will remain on the GEM's website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.atlinks.com.