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ATLINKS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8043

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 EUR18.2 million for the six months ended 30 June 2017 to approximately EUR17.3 million for the six months ended 30 June 2018, representing a decrease of approximately 5.3%.

The Group recorded a loss attributable to the equity holders of the Company of approximately EUR0.1 million for the six months ended 30 June 2018, compared to a loss of approximately EUR0.3 million for the six months ended 30 June 2017.

The Directors do not recommend the payment of any dividends in respect of the six months ended 30 June 2018.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2018

The Board is pleased to announce the unaudited consolidated results of the Group for the three months and six months ended 30 June 2018, together with the comparative figures for the corresponding period in 2017 which have been reviewed and approved by the audit committee of the Company (the “Audit Committee”), as follows:

		Three months ended 30 June		Six months ended 30 June	
		2018	2017	2018	2017
	Notes	EUR (Unaudited)	EUR (Unaudited)	EUR (Unaudited)	EUR (Audited)
Revenue	4	9,198,491	10,624,061	17,269,811	18,235,706
Cost of sales		<u>(6,580,885)</u>	<u>(7,905,939)</u>	<u>(12,481,099)</u>	<u>(13,360,987)</u>
Gross profit		2,617,606	2,718,122	4,788,712	4,874,719
Other income		24,581	64,988	38,462	70,133
Other gain					
– Exchange difference		(119,241)	259,487	131,083	481,297
– Fair value changes on derivative financial instruments		339,474	(393,371)	348,871	(583,041)
Selling and distribution expenses		(779,083)	(676,552)	(1,682,771)	(1,452,539)
Administrative expenses					
– Legal and professional fee for listing preparation		–	(490,119)	(189,789)	(490,119)
– Others		(1,685,386)	<u>(1,551,704)</u>	(3,261,313)	<u>(3,200,420)</u>
Operating profit/(loss)		397,951	(69,149)	173,255	(299,970)
Finance income		17,856	298	18,566	558
Finance costs		(57,080)	<u>(116,173)</u>	(154,623)	<u>(201,500)</u>
Finance costs, net		(39,224)	<u>(115,875)</u>	(136,057)	<u>(200,942)</u>
Profit/(loss) before income tax		358,727	(185,024)	37,198	(500,912)
Income tax expenses	5	(162,399)	<u>58,076</u>	(142,462)	<u>153,675</u>
Profit/(loss) for the period		196,328	<u>(126,948)</u>	(105,264)	<u>(347,237)</u>

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30 June 2018

	<i>Notes</i>	Three months ended 30 June		Six months ended 30 June	
		2018 <i>EUR</i> <i>(Unaudited)</i>	2017 <i>EUR</i> <i>(Unaudited)</i>	2018 <i>EUR</i> <i>(Unaudited)</i>	2017 <i>EUR</i> <i>(Audited)</i>
Attributable to:					
Equity holders of the Company		197,702	(120,419)	(100,769)	(330,132)
Non-controlling interests		(1,374)	(6,529)	(4,495)	(17,105)
		<u>196,328</u>	<u>(126,948)</u>	<u>(105,264)</u>	<u>(347,237)</u>
Earnings/(loss) per share					
– Basic and diluted (expressed in Euro cents per share)	6	<u>0.05</u>	<u>(0.04)</u>	<u>(0.03)</u>	<u>(0.11)</u>
Profit/(loss) for the period		196,328	(126,948)	(105,264)	(347,237)
Other comprehensive income/(loss)					
<i>Items that may be reclassified to profit or loss:</i>					
Currency translation differences		265,636	(18,084)	(38,394)	(333,418)
<i>Items that may not be reclassified to profit or loss:</i>					
Remeasurement of defined benefit retirement plans, net of tax		<u>4,329</u>	<u>12,766</u>	<u>–</u>	<u>8,918</u>
Other comprehensive income/(loss) for the period		<u>269,965</u>	<u>(5,318)</u>	<u>(38,394)</u>	<u>(324,500)</u>
Total comprehensive income/(loss) for the period		<u>466,293</u>	<u>(132,266)</u>	<u>(143,658)</u>	<u>(671,737)</u>
Attributable to:					
Equity holders of the Company		467,667	(121,647)	(139,163)	(650,542)
Non-controlling interests		(1,374)	(10,619)	(4,495)	(21,195)
		<u>466,293</u>	<u>(132,266)</u>	<u>(143,658)</u>	<u>(671,737)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		30 June 2018 EUR (Unaudited)	31 December 2017 EUR (Audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	7	514,596	177,649
Intangible assets	8	4,003,135	3,822,194
Deferred income tax assets		768,551	835,062
		<u>5,286,282</u>	<u>4,834,905</u>
Current assets			
Inventories	9	6,602,373	4,956,822
Deferred income tax assets		—	32,450
Derivative financial instruments		262,916	—
Trade receivables	10	8,924,259	10,195,955
Prepayments, deposits and other receivables		957,382	1,562,133
Pledged bank deposits		1,736,302	2,062,879
Cash and cash equivalents		5,740,615	4,813,033
		<u>24,223,847</u>	<u>23,623,272</u>
Total assets		<u>29,510,129</u>	<u>28,458,177</u>
EQUITY			
Equity attributable to the equity holders of the Company			
Share Capital	11	417,819	11
Reserves		9,577,685	6,159,622
		<u>9,995,504</u>	<u>6,159,633</u>
Non-controlling interests		<u>42,367</u>	<u>46,862</u>
Total equity		<u>10,037,871</u>	<u>6,206,495</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

As at 30 June 2018

		30 June 2018	31 December 2017
	<i>Notes</i>	EUR	EUR
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		–	60
Retirement benefits obligation		333,558	360,841
Other payables		2,787,980	2,920,802
		3,121,538	3,281,703
Current liabilities			
Trade payables	12	5,163,219	4,403,512
Accruals, provision and other payables		4,054,129	5,223,699
Loans from related parties		–	998,247
Derivative financial instruments		–	85,955
Income tax payable		80,438	97,273
Borrowings	13	7,052,934	8,161,293
		16,350,720	18,969,979
Total liabilities		19,472,258	22,251,682
Total equity and liabilities		29,510,129	28,458,177

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

Attributable to equity holders of Atlinks Group Limited

	Share capital EUR	Merger reserve EUR	Other reserve EUR	Retained earnings EUR	Total EUR	Non- controlling interest (Note 1) EUR	Total EUR
Balances at 1 January 2017 (Audited)	–	4,386,134	864,481	2,758,934	8,009,549	71,427	8,080,976
Comprehensive loss							
Loss for the period	–	–	–	(330,132)	(330,132)	(17,105)	(347,237)
Other comprehensive loss							
Currency translation difference	–	–	(329,328)	–	(329,328)	(4,090)	(333,418)
Remeasurement of defined benefit retirement plans, net of tax	–	–	8,918	–	8,918	–	8,918
Other comprehensive loss	–	–	(320,410)	–	(320,410)	(4,090)	(324,500)
Total comprehensive loss for the period	–	–	(320,410)	(330,132)	(650,542)	(21,195)	(671,737)
Balances at 30 June 2017 (Audited)	–	4,386,134	544,071	2,428,802	7,359,007	50,232	7,409,239
Balances at 1 January 2018 (Audited)	11	4,386,123	183,070	1,590,429	6,159,633	46,862	6,206,495
Comprehensive loss							
Loss for the period	–	–	–	(100,769)	(100,769)	(4,495)	(105,264)
Other comprehensive loss							
Currency translation difference	–	–	(38,394)	–	(38,394)	–	(38,394)
Other comprehensive loss	–	–	(38,394)	–	(38,394)	–	(38,394)
Total comprehensive loss for the period	–	–	(38,394)	(100,769)	(139,163)	(4,495)	(143,658)
Transactions with owners							
Issuance of shares	417,808	4,734,254	–	–	5,152,062	–	5,152,062
Shares issuance cost	–	(1,177,028)	–	–	(1,177,028)	–	(1,177,028)
Balances at 30 June 2018 (Unaudited)	417,819	7,943,349	144,676	1,489,660	9,995,504	42,367	10,037,871

The above consolidated statement of change in equity should be read in conjunction with the accompanying notes.

Note 1: Non-controlling interest represents the 49% ordinary share interest held by Hong Kong Sipall Limited, an independent third party, which invested in Atlinks Enterprise Limited during 2016.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	EUR	EUR
	(Unaudited)	(Audited)
Cash flows from operating activities		
Cash used in operations	(295,878)	(1,061,724)
Interest received	18,566	558
Income tax paid	(60,396)	(86,834)
	<u>(337,708)</u>	<u>(1,148,000)</u>
Net cash outflow from operating activities	(337,708)	(1,148,000)
Cash flows from investing activities		
Purchase of property, plant and equipment	(436,698)	(7,509)
Purchase of intangible assets	(300,000)	—
	<u>(736,698)</u>	<u>(7,509)</u>
Net cash outflow from investing activities	(736,698)	(7,509)
Cash flows from financing activities		
Proceeds from bank borrowings	16,944,348	21,150,584
Repayment of bank borrowings	(18,052,707)	(22,760,787)
Interest paid	(154,623)	(201,500)
Legal and professional fee paid for listing preparation	(1,239,306)	(157,211)
Pledged bank deposit for bank loans	326,577	181,924
Contribution from minority interest	(4,495)	—
Repayment of loan from related parties	(998,247)	(4,107)
Proceeds from issuance of shares	5,152,062	—
	<u>1,973,609</u>	<u>(1,791,097)</u>
Net cash inflow/(outflow) from financing activities	1,973,609	(1,791,097)
Net increase/(decrease) in cash and cash equivalents	899,203	(2,946,606)
Cash and cash equivalents at beginning of the period	4,813,033	5,992,129
Effects of exchange rate changes on cash and cash equivalents	28,379	(170,215)
	<u>5,740,615</u>	<u>2,875,308</u>
Cash and cash equivalents at end of the period	<u>5,740,615</u>	<u>2,875,308</u>

NOTES TO THE UNAUDITED CONDENSED 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.

The shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited on 19 January 2018 (the “Listing Date”).

This condensed consolidated interim financial information is presented in EURO, unless otherwise stated. This condensed consolidated interim financial information was approved for issued by the Board of Directors on 9 August 2018.

This condensed consolidated interim financial information has not been audited, but has been reviewed by the Company’s Audit Committee.

2 Basis of preparation

This condensed consolidated interim financial information of the Group for the six months ended 30 June 2018 has been prepared in accordance of with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of the Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”). The condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Group in the annual report for the year ended 31 December 2017 (“2017 Annual report”). The accounting policies used in the preparation of this condensed consolidated interim financial information are consistent with those followed in the preparation of the 2017 Annual Report, except for the adoption of new and revised HKFRSs which are effective for accounting periods beginning on or after 1st January 2018. Apart from the changes in accounting policies as set out in Note 3 below, the adoption of those new and revised HKFRSs has no material impact on the Group’s results and financial position for the current or priors periods and does not result in any significant change in the accounting policies of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

3 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 “Financial Instruments” (“HKFRS 9”) and HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”) on the Group’s condensed consolidated interim financial information.

Certain of the Group’s accounting policies have been changed to comply with the adoption of HKFRS 9 and HKFRS 15. HKFRS 9 replaces the provisions of HKAS 39 “Financial Instruments” (“HKAS 39”) that relate to the recognition, classification and measurement of financial assets and liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 15 replaces the provisions of HKAS 18 “Revenue” (“HKAS 18”) and HKAS 11 “Construction Contracts” (“HKAS 11”) that relate to the recognition, classification and measurement of revenue and costs.

As a result of the changes in the Group’s accounting policies, HKFRS 9 and HKFRS 15 was generally adopted without restatement any comparative information. The adoption of HKFRS 9 and HKFRS 15 in the current period does not result in any material impact on the amounts reported in the condensed consolidated interim financial information.

4 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 during the respective period analysed by type of products is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	EUR	EUR	EUR	EUR
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue				
Home telephone	7,573,346	8,825,339	14,301,839	15,453,315
Office telephone	899,456	1,375,196	1,646,144	2,165,053
Others	725,689	423,526	1,321,828	617,338
	<u>9,198,491</u>	<u>10,624,061</u>	<u>17,269,811</u>	<u>18,235,706</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

4 Revenue and segment information (continued)

(b) Revenue by location

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

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	EUR	EUR	EUR	EUR
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
France	4,607,094	4,386,847	9,013,050	8,797,281
Latin America (Note i)	1,461,681	2,801,629	2,745,211	3,624,283
Other European countries (Note ii)	1,880,882	1,864,202	3,748,918	3,444,293
Others (Note iii)	1,248,834	1,571,383	1,762,632	2,369,849
	<u>9,198,491</u>	<u>10,624,061</u>	<u>17,269,811</u>	<u>18,235,706</u>

Notes:

- Latin America includes Argentina, Chile, Mexico, Peru and others.
- Other European countries include but is not limited to Germany, Greece, Italy, Portugal, Spain and Switzerland but excludes France.
- Others includes but is not limited to Asia Pacific Region, Russia and Middle East area.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

5 Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 June 2018 and 2017.

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 six months ended 30 June 2018 and 2017.

Corporate income tax on profits from a subsidiary operating in France has been calculated at 28% for the six months ended 30 June 2018 according to the France Tax Department's promulgation on 27 September 2017, 33.33% for the six months ended 30 June 2017.

Income tax expenses

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	EUR	EUR	EUR	EUR
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Current income tax	23,601	18,858	43,561	76,553
Deferred income tax	138,798	(76,934)	98,901	(230,228)
	<u>162,399</u>	<u>(58,076)</u>	<u>142,462</u>	<u>(153,675)</u>

6 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

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

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) attributable to equity holders of the Company (Euro)	197,702	(120,419)	(100,769)	(330,132)
Weighted average number of shares in issue (thousands)	<u>400,000</u>	<u>300,000</u>	<u>390,055</u>	<u>300,000</u>
Basic earnings/(loss) per share (expressed in Euro cents per share)	<u>0.05</u>	<u>(0.04)</u>	<u>(0.03)</u>	<u>(0.11)</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

6 Earnings/(loss) per share (continued)

(b) Diluted earnings/(loss) per share

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

7 Property, plant and equipment

	Furniture and office equipment EUR	Leasehold improvements EUR	Tooling EUR	Testing equipment EUR	Construction in progress EUR	Total EUR
Period ended 30 June 2017 (Audited)						
Opening net book amount	47,391	3,272	32,435	40,000	96,375	219,473
Additions	7,509	–	–	–	–	7,509
Currency translation differences	(629)	–	(1,908)	–	(6,389)	(8,926)
Depreciation charge	(20,588)	(409)	(6,405)	(5,000)	–	(32,402)
Closing net book amount	<u>33,683</u>	<u>2,863</u>	<u>24,122</u>	<u>35,000</u>	<u>89,986</u>	<u>185,654</u>
At 30 June 2017 (Audited)						
Cost	327,094	208,718	2,165,304	448,257	89,986	3,239,359
Accumulated depreciation	(293,411)	(205,855)	(2,141,182)	(413,257)	–	(3,053,705)
Net book amount	<u>33,683</u>	<u>2,863</u>	<u>24,122</u>	<u>35,000</u>	<u>89,986</u>	<u>185,654</u>
Period ended 30 June 2018 (Unaudited)						
Opening net book amount	42,519	2,454	17,553	30,000	85,123	177,649
Additions	135,846	–	291,881	8,971	–	436,698
Reclassify	–	–	85,123	–	(85,123)	–
Currency translation differences	(34,016)	(273)	(763)	(3,017)	–	(38,069)
Depreciation charge	(12,219)	–	(49,164)	(299)	–	(61,682)
Closing net book amount	<u>132,130</u>	<u>2,181</u>	<u>344,630</u>	<u>35,655</u>	<u>–</u>	<u>514,596</u>
At 30 June 2018 (Unaudited)						
Cost	492,046	201,885	2,340,141	451,701	85,123	3,570,896
Reclassify	–	–	85,123	–	(85,123)	–
Accumulated depreciation	(359,916)	(199,704)	(2,079,449)	(416,046)	(1,185)	(3,056,300)
Reclassify	–	–	(1,185)	–	1,185	–
Net book amount	<u>132,130</u>	<u>2,181</u>	<u>344,630</u>	<u>35,655</u>	<u>–</u>	<u>514,596</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

8 Intangible assets

	Licensing right EUR	Trademark EUR	Design patent EUR	Domain name and website EUR	Total EUR
Period ended 30 June 2017 (Audited)					
Opening net book amount	2,970,324	1,200,000	9,917	19,833	4,200,074
Amortisation	(135,015)	–	(500)	(1,000)	(136,515)
Currency translation differences	–	(22,037)	(178)	(355)	(22,570)
Closing net book amount	<u>2,835,309</u>	<u>1,177,963</u>	<u>9,239</u>	<u>18,478</u>	<u>4,040,989</u>
At 30 June 2017 (Audited)					
Cost	4,860,530	1,200,000	10,000	20,000	6,090,530
Accumulated amortisation	<u>(2,025,221)</u>	<u>(22,037)</u>	<u>(761)</u>	<u>(1,522)</u>	<u>(2,049,541)</u>
Net book amount	<u>2,835,309</u>	<u>1,177,963</u>	<u>9,239</u>	<u>18,478</u>	<u>4,040,989</u>
Period ended 30 June 2018 (Unaudited)					
Opening net book amount	2,700,295	1,097,436	8,154	16,309	3,822,194
Addition	–	300,000	–	–	300,000
Amortisation	(135,015)	–	(500)	(1,000)	(136,515)
Currency translation differences	–	13,696	1,254	2,506	17,456
Closing net book amount	<u>2,565,280</u>	<u>1,411,132</u>	<u>8,908</u>	<u>17,815</u>	<u>4,003,135</u>
At 30 June 2018 (Unaudited)					
Cost	4,860,530	1,500,000	10,000	20,000	6,390,530
Accumulated amortisation	<u>(2,295,250)</u>	<u>(88,868)</u>	<u>(1,092)</u>	<u>(2,185)</u>	<u>(2,387,395)</u>
Net book amount	<u>2,565,280</u>	<u>1,411,132</u>	<u>8,908</u>	<u>17,815</u>	<u>4,003,135</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

9 Inventories

	30 June 2018 EUR (Unaudited)	31 December 2017 EUR (Audited)
Finished goods	6,839,987	5,216,318
Provision for impairment	(237,614)	(259,496)
	<u>6,602,373</u>	<u>4,956,822</u>

As at 30 June 2018, the Group's inventory level has remained relatively stable at approximately EUR6.6 million as compared to that of approximately EUR5.9 million as at 30 June 2017.

10 Trade receivables

	30 June 2018 EUR (Unaudited)	31 December 2017 EUR (Audited)
Trade receivables	9,021,808	10,293,504
Provision for impairment	(97,549)	(97,549)
	<u>8,924,259</u>	<u>10,195,955</u>

The credit terms granted by the Group generally range between 30 to 120 days.

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

	30 June 2018 EUR (Unaudited)	31 December 2017 EUR (Audited)
1 to 30 days	6,221,967	3,109,148
31 to 60 days	1,045,003	3,492,437
61 to 90 days	114,337	1,007,121
More than 90 days	1,542,952	2,587,249
	<u>8,924,259</u>	<u>10,195,955</u>

As at 30 June 2018 and 31 December 2017, the Company had factored trade receivables of EUR4,547,378 and EUR5,711,916 respectively to banks for cash under certain receivables purchase agreements. As the Company still retained the risks associated with the default and delay in payment by the customers, the financial asset derecognition conditions as stipulated in HKAS 39 have not been fulfilled. Accordingly, the proceeds from the factoring of trade receivables have been accounted for as the Company's liabilities and included in borrowings as "Factoring loans".

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

11 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.

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

	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares 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	<u>3,962,000,000</u>	<u>39,620,000</u>	<u>4,274,581</u>
At 30 June 2018	<u><u>4,000,000,000</u></u>	<u><u>40,000,000</u></u>	<u><u>4,315,579</u></u>
Issued and fully paid:			
At 3 August 2017 (date of incorporation)	1	–	–
Issuance of shares arising from Reorganisation	9,999	100	11
Capitalisation issue	299,990,000	2,999,900	313,353
Issue of ordinary shares for Share Offer	<u>100,000,000</u>	<u>1,000,000</u>	<u>104,455</u>
At 30 June 2018	<u><u>400,000,000</u></u>	<u><u>4,000,000</u></u>	<u><u>417,819</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(continued)

12 Trade payables

	30 June 2018 EUR (Unaudited)	31 December 2017 EUR (Audited)
Trade payables	<u>5,163,219</u>	<u>4,403,512</u>

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

	30 June 2018 EUR (Unaudited)	31 December 2017 EUR (Audited)
0 – 30 days	1,999,730	3,981,341
31 – 60 days	2,439,747	146,237
61 – 90 days	325,291	28,390
Over 90 days	<u>398,451</u>	<u>247,544</u>
	<u>5,163,219</u>	<u>4,403,512</u>

13 Borrowings

	30 June 2018 EUR (Unaudited)	31 December 2017 EUR (Audited)
<i>Secured</i>		
Factoring loans	4,547,378	5,692,333
Bank borrowings	<u>2,505,556</u>	<u>2,468,960</u>
	<u>7,052,934</u>	<u>8,161,293</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

13 Borrowings (continued)

The above secured borrowings and banking facilities are secured by the followings:

	30 June 2018 EUR (Unaudited)	31 December 2017 EUR (Audited)
Pledged bank deposits	1,736,302	2,062,879
Trade receivables	4,547,378	5,711,916
Corporate guarantee (provided by Atlinks Holdings Limited)	4,700,000	4,620,000
	<u>10,983,680</u>	<u>12,394,795</u>

14 Commitments

(a) Capital commitments

As at 30 June 2018 and 31 December 2017, the Group had no commitment for capital expenditure.

(b) Non-cancellable operating lease – as lessee

The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30 June 2018 EUR (Unaudited)	31 December 2017 EUR (Audited)
Within one year	92,767	174,735
Later than one year but no later than five years	389,995	404,803
	<u>482,762</u>	<u>579,538</u>

15 Dividend

No dividend has been paid or declared by the Company during the six months ended 30 June 2018 and 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group's revenues decreased from approximately EUR18.2 million for the six months ended 30 June 2017 to approximately EUR17.3 million for the six months ended 30 June 2018, representing a decrease of approximately 5.3%. Such decrease was mainly due to the comparatively lower revenues generated by the sales of home telephone in Latin America, Asia Pacific Region, Russia and Middle East area.

The following table shows the breakdown of our revenue by product categories for each of the three and six months ended 30 June 2017 and 2018:

	Unaudited			
	For the three months ended 30 June			
	2018		2017	
	<i>EUR'000</i>	<i>% of total revenue</i>	<i>EUR'000</i>	<i>% of total revenue</i>
Home telephone	7,573	82.3%	8,825	83.1%
Office telephone	899	9.8%	1,375	12.9%
Others (<i>Note</i>)	726	7.9%	424	4.0%
Total	9,198	100.0%	10,624	100.0%
For the six months ended 30 June				
	2018		2017	
	<i>(Unaudited)</i>		<i>(Audited)</i>	
	<i>EUR'000</i>	<i>% of total revenue</i>	<i>EUR'000</i>	<i>% of total revenue</i>
Home telephone	14,302	82.8%	15,453	84.7%
Office telephone	1,646	9.5%	2,165	11.9%
Others (<i>Note</i>)	1,322	7.7%	618	3.4%
Total	17,270	100.0%	18,236	100.0%

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

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW AND OUTLOOK (continued)

The sales generated from home telephone and office telephone segments for the six months ended 30 June 2018 have dropped as compared to the corresponding period in 2017, with sales of approximately EUR14.3 million and EUR1.6 million respectively, which represent approximately 82.8% and 9.5% of the total revenue for the six months ended 30 June 2018.

The sales of other products category has grown by approximately 113.9% for the six months ended 30 June 2018 as compared to the corresponding period in 2017, mainly attributable to the increase in the range of devices under this segment, such as new elderly products. This category is expected to grow at a relatively faster rate in 2018. The sales growth in this segment was partially offset by the drop in the sales of home telephone and office telephone segments.

The Group's gross profit margin has remained relatively stable at approximately 27.7% for the six months ended 30 June 2018 as compared to that of approximately 26.7% for the six months ended 30 June 2017.

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).

	Unaudited			
	For the three months ended 30 June			
	2018		2017	
	EUR'000	% of total revenue	EUR'000	% of total revenue
France	4,607	50.1%	4,387	41.3%
Latin America (Note 2)	1,461	15.9%	2,802	26.4%
Other European countries (Note 3)	1,881	20.4%	1,864	17.5%
APAC/Russia/MEA (Note 4)	1,249	13.6%	1,571	14.8%
Total	<u>9,198</u>	<u>100.0%</u>	<u>10,624</u>	<u>100.0%</u>

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW AND OUTLOOK (continued)

	For the six months ended 30 June			
	2018		2017	
	(Unaudited)		(Audited)	
	EUR'000	% of total revenue	EUR'000	% of total revenue
France	9,013	52.2%	8,797	48.2%
Latin America (Note 2)	2,745	15.9%	3,624	19.9%
Other European countries (Note 3)	3,749	21.7%	3,445	18.9%
APAC/Russia/MEA (Note 4)	1,763	10.2%	2,370	13.0%
Total	<u>17,270</u>	<u>100.0%</u>	<u>18,236</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. 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 52.2% of our total revenue for the six months ended 30 June 2018 as compared to that of approximately 48.2% for the six months ended 30 June 2017. Having said that, the revenue for the region has remained relatively stable for the six months ended 30 June 2018 as compared to the corresponding period in 2017.

Sales in other European countries has increased by approximately 8.8% for the six months ended 30 June 2018 as compared to the corresponding period in 2017 which was mainly driven by the new customers.

The Group's sales to Latin America for the six months ended 30 June 2018 has decreased by approximately EUR0.9 million or with revenue approximately EUR2.7 million, as compared to that of approximately EUR3.6 million for the six months ended 30 June 2017. The drop was mainly attributable to the decrease in orders from one of our major customers in the region.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW AND OUTLOOK (continued)

The Group recorded unfavourable results from Asia Pacific Region, Russia and Middle East area, as our revenue decreased by approximately EUR0.6 million for the six months ended 30 June 2018 as compared to the corresponding period of 2017 due to customers overstock.

OUTLOOK

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

We are pleased to announce the acquisition of the brand “Amplicomms” which targets the elderly market by providing them a range of home telephones, mobile phones and various accessories. This brand has a presence mainly in Germany and in the UK. The acquisition matches with our business strategy. Currently we are at the stage of developing the product roadmap dedicated to the brand “Amplicomms”.

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 6.6% from approximately EUR13.4 million for the six months ended 30 June 2017 to approximately EUR12.5 million for the six months ended 30 June 2018, which is in line with the decrease in revenue. The gross profit margin remained stable at approximately 27.7% for the six months ended 30 June 2018 as compared to that of approximately 26.7% for the six months ended 30 June 2017.

Selling and Distribution Expenses

The selling and distribution expenses increased from approximately EUR1.5 million to EUR1.7 million for the six months ended 30 June 2017 and 2018, respectively, mainly due to the Group’s participation in more trade shows in various countries and higher freight and transportation costs incurred by the Group due to increased transportation cost, with the global increase in oil and gas prices, of our products to be delivered globally in the six months ended 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW (continued)

Administrative Expenses

The administrative expenses decreased from approximately EUR3.7 million for the six months ended 30 June 2017 to approximately EUR3.5 million for the six months ended 30 June 2018, which was mainly due to a lower amount in non-recurring listing expenses recognised during the six months ended 30 June 2018.

Loss attributable to the Equity Holders of the Company

The Group recorded a loss of approximately EUR0.1 million for the six months ended 30 June 2018, compared to a loss of approximately EUR0.3 million for the six months ended 30 June 2017 in respect of a lower amount in non-recurring listing expenses recognised during the six months ended 30 June 2018.

Dividend

The Board does not recommend the payment of a dividend for the six months ended 30 June 2018.

Significant Investments held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

There were neither significant investments held as at 30 June 2018 nor material acquisitions and disposals of subsidiaries during the six months ended 30 June 2018 and there is no plan for material investments or capital assets as at the date of this announcement.

Treasury Policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients and credit review of the Group's loan portfolio. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW (continued)

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 into forward derivatives contract.

The Group adopts a hedging policy to manage our exposure to foreign exchange risk in relation to US\$. Due to our business nature, our goal is to control foreign exchange risk to an acceptable level by ensuring that we will only consider hedging operational flows and no hedging position will be taken without an underlying operational flow. As at 30 June 2018, the Group had outstanding foreign exchange forward contracts in respect of EUR against US\$ of notional principal amounts of approximately US\$7.8 million (31 December 2017: approximately US\$7.0 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 30 June 2018, the Group had a total of 50 staff (31 December 2017: 50). Total staff costs (including Directors’ emoluments) were approximately EUR2.1 million for the six months ended 30 June 2018 as compared to that of approximately EUR2.2 million for the six months ended 30 June 2017. Remuneration is determined with reference to market conditions and the performance, qualifications and experience and composition package of the Directors, senior management and other employees. Year-end bonus will be paid to employees as recognition of and reward for their contributions according to individual performance. Other benefits include contributions to statutory mandatory provident fund schemes and social insurance to employees.

Liquidity and Financial Resources

As at 30 June 2018, the Group’s cash and cash equivalents amounted to approximately EUR5.7 million, representing an increase of approximately EUR0.9 million as compared to that of approximately EUR4.8 million as at 31 December 2017. Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. As of 30 June 2018, we had various bank borrowings and overdrafts of approximately EUR7.1 million, including factoring loan for trade receivables (31 December 2017: approximately EUR8.2 million), representing a decrease of approximately EUR1.1 million as compared to that as at 31 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW (continued)

Liquidity and Financial Resources (continued)

Net current assets increased from approximately EUR4.7 million for the year ended 31 December 2017 to approximately EUR7.9 million for the six months ended 30 June 2018.

The Group requires cash primarily for working capital. As of 30 June 2018, the Group had approximately EUR5.7 million in cash and bank balances (31 December 2017: approximately EUR4.8 million), representing an increase of approximately EUR0.9 million as compared to that as at 31 December 2017.

Net Gearing Ratio

As at 30 June 2018, the net gearing ratio of the Group was approximately 12% (31 December 2017: approximately 35%). 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.

Contingent Liabilities

As at 30 June 2018, the Company had no significant contingent liabilities (31 December 2017: Nil).

Capital Structure

The Company’s shares were successfully listed on 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

As at 30 June 2018, the Group’s banking facilities were secured by:

- (i) certain of the Group’s trade receivables with an aggregate amount of approximately EUR4,547,378 (31 December 2017: EUR5,711,916);
- (ii) pledged bank deposits with an aggregate amount of approximately EUR1,736,302 (31 December 2017: EUR2,062,879);
- (iii) a corporate guarantee from the Company with an aggregate amount of approximately EUR4,700,000 (31 December 2017: EUR4,620,000).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL REVIEW (continued)

Capital Commitments

As at 30 June 2018, the Company had no capital commitment (31 December 2017: Nil).

Use of Proceeds from the Listing

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 applications set out below.

Given that the Listing only took place in January 2018, during the six months ended 30 June 2018, the net proceeds had been received or utilised as follows:

	Actual net proceeds allocated <i>HK\$ Million</i>	Amount utilised up to 30 June 2018 <i>HK\$ Million</i>	Balance as at 30 June 2018 <i>HK\$ Million</i>
Developing the office telephone products	2.9	—	2.9
Developing the elderly telecommunications products	5.3	(2.0)	3.3
Strengthening and enhancing our sales channels	3.7	(0.6)	3.1
Expanding the staff team	5.8	(0.2)	5.6
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	(0.6)	0.5
	<u>23.1</u>	<u>(3.4)</u>	<u>19.7</u>

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 for the six months ended 30 June 2018.

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 of enabling the Company to attract, retain and motivate talented participants and, to strive for future developments and expansion of the Group. Eligible participants of the Share Option Scheme include any employees, any executives, non-executive Directors (including independent non-executive Directors), advisors, consultants of the Company or any of its subsidiaries. Further details of the Share Option Scheme are set out in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to the Prospectus.

No share options have been granted/exercised/cancelled/lapsed under the Share Option Scheme during the six months ended 30 June 2018. As at 30 June 2018, the Company has no outstanding share option under the Share Option Scheme.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the “**Required Standard of Dealing**”). Based on specific enquiry with the Directors, all Directors confirmed that they had fully complied with the Required Standard of Dealings and there was no event of non-compliance for the six months ended 30 June 2018.

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.

OTHER INFORMATION (continued)

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.

CORPORATE GOVERNANCE PRACTICE

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules. The Board is of the opinion that the Company has complied with the CG Code during the six months ended 30 June 2018 and up to the date of this announcement.

AUDIT COMMITTEE

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

The unaudited condensed consolidated financial statement of the Group for the six months ended 30 June 2018 have been reviewed by the Audit Committee.

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

Hong Kong, 9 August 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, 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 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.