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ATLINKS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8043)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 EUR31.6 million for the year ended 31 December 2019 to approximately EUR29.8 million for the year ended 31 December 2020, representing a decrease of approximately 5.6%. Such decrease was mainly due to the decline in sales of the home telephone segment in Latin America.

The Group's gross profit margin increased from approximately 26.1% for the year ended 31 December 2019 to approximately 30.2% for the year ended 31 December 2020, mainly driven by the cost control measures implemented over materials and subcontracting charges and the appreciation in Euros against USD when comparing the year ended 31 December 2020 to the corresponding period in 2019.

The Group recorded a profit of approximately EUR0.5 million for the year ended 31 December 2020, compared to a loss of approximately EUR1.7 million for the year ended 31 December 2019.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2020.

ANNUAL RESULTS

The Board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 together with the comparative figures for the year ended 31 December 2019.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Notes	2020 EUR	2019 EUR
Revenue	3	**29,829,719**	31,592,701
Cost of sales	6	**(20,816,053)**	(23,332,152)
Gross profit		**9,013,666**	8,260,549
Other income	4	**6**	28,129
Other gain	5		
– Exchange difference		**411,278**	58,511
– Fair value changes on financial assets/liabilities at fair value through profit or loss		**(43,003)**	(52,284)
Selling and distribution expenses	6	**(2,977,100)**	(3,305,119)
Administrative expenses	6		
– Reversal of/(net impairment losses) on financial assets		**39,301**	(280,362)
– Restructuring cost		**–**	(348,802)
– Others		**(5,156,158)**	(5,980,461)
Operating profit/(loss)		**1,287,990**	(1,619,839)
Finance income		**1,622**	8,122
Finance costs		**(412,448)**	(486,032)
Finance costs, net		**(410,826)**	(477,910)
Profit/(loss) before income tax		**877,164**	(2,097,749)
Income tax (expense)/credit	7	**(362,789)**	408,173
Profit/(loss) for the year		**514,375**	(1,689,576)
Attributable to:			
Equity holders of the Company		**514,375**	(1,683,571)
Non-controlling interests		**–**	(6,005)
		514,375	(1,689,576)
Earnings/(loss) per share			
– Basic and diluted (expressed in Euro cents per share)	8	**0.13**	(0.42)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	EUR	*EUR*
Profit/(loss) for the year	**514,375**	(1,689,576)
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss:		
Currency translation differences	**(377,609)**	47,473
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit retirement plans, net of tax	**8,290**	(20,670)
Other comprehensive (loss)/income for the year	**(369,319)**	26,803
Total comprehensive income/(loss) for the year	**145,056**	(1,662,773)
Attributable to:		
Equity holders of the Company	**145,056**	(1,660,336)
Non-controlling interests	**–**	(2,437)
	145,056	(1,662,773)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	**2020** *EUR*	2019 *EUR*
ASSETS			
Non-current assets			
Property, plant and equipment		**550,675**	293,323
Right-of-use assets		**457,497**	716,330
Intangible assets		**3,637,617**	3,746,460
Deferred income tax assets		**992,749**	1,355,069
Prepayments, deposits and other receivables		**37,817**	41,132
		5,676,355	6,152,314
Current assets			
Inventories		**7,525,923**	6,983,843
Deferred income tax assets		**21,151**	9,110
Financial assets at fair value through profit or loss		**–**	8,249
Trade receivables	*10*	**8,747,324**	9,125,860
Prepayments, deposits and other receivables		**2,123,509**	1,371,616
Income tax recoverable		**14,342**	123,981
Pledged bank deposits		**1,237,657**	2,332,735
Cash and cash equivalents		**5,327,808**	2,481,656
		24,997,714	22,437,050
Total assets		**30,674,069**	28,589,364
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	*12*	**417,819**	417,819
Reserves		**7,545,590**	7,400,534
		7,963,409	7,818,353
Non-controlling interests		**–**	42,437
Total equity		**7,963,409**	7,860,790

	Notes	**2020** **EUR**	2019 EUR
LIABILITIES			
Non-current liabilities			
Lease liabilities		**221,168**	475,582
Deferred income tax liabilities		**1,061**	6,069
Retirement benefits obligation		**325,889**	341,241
Other payables		**2,076,619**	2,370,903
		2,624,737	3,193,795
Current liabilities			
Trade payables	*11*	**6,260,640**	3,924,968
Contract liabilities		**169,804**	67,204
Deferred income tax liabilities		**43,785**	18,179
Accruals, provision and other payables		**5,031,083**	3,852,441
Financial liabilities at fair value through profit or loss		**75,538**	32,535
Loan from related parties		**1,915,960**	–
Borrowings		**6,368,804**	9,417,387
Lease liabilities		**220,309**	222,065
		20,085,923	17,534,779
Total liabilities		**22,710,660**	20,728,574
Total equity and liabilities		**30,674,069**	28,589,364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Atlinks Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered address of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in designing, developing and selling home and office telecommunication products to retailers, telecommunication operators and distributors customers all around the world (except North America) under three brands, namely Alcatel, Swissvoice and Amplicomms.

The consolidated financial statements are presented in EURO ("**EUR**") unless otherwise stated.

2. APPLICATION OF NEW AND 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 2020:

- Amendments to HKFRS 3 – Definition of a Business
- Amendments to HKAS 1 and HKAS 8 – Definition of Material
- Amendments to HKAS 39, HKFRS 7 and HKFRS 9 – Hedge accounting
- Conceptual Framework for Financial Reporting 2018 – Revised Conceptual Framework for Finance Reporting

The Group also elected to adopt the following amendments early.

- Amendments to HKFRS 16 – Covid-19-Related Rent Concessions

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods, except for the Amendment to HKFRS 16 set out below.

The Group has early adopted Amendment to HKFRS 16-Covid-19-Related Rent Concessions retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent. Rent concessions totaling EUR2,034 have been accounted for as negative variable lease payments and recognised in administrative expenses in the consolidated income statement for the year ended 31 December 2020, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2020.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations that have been published but are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group are as follows.

		Effective for accounting period beginning on or after
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020	1 January 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 January 2022
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate and joint venture	To be determined

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 has reorganised the operating segments. This change in segment reporting align with the manner in which the Group's CODM currently receives and uses financial information to allocate resources and evaluate the performance of reporting segments. This change in segment presentation does not affect consolidated balance sheets, consolidated statements of operations and comprehensive income or consolidated statements of cash flows. The Group retrospectively revised prior year segment information, to conform to current year presentation.

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:

	2020	2019
	EUR	*EUR*
Home telephone	**20,445,507**	23,092,546
Senior products	**6,089,663**	4,823,224
Office telephone	**2,976,177**	3,264,064
Others *(Note)*	**318,372**	412,867
	29,829,719	31,592,701

Note: Others include IP devices and other miscellaneous products.

(b) Revenue by location

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

	2020	2019
	EUR	*EUR*
France	**16,747,698**	17,407,355
Other European countries *(Note i)*	**6,880,049**	5,773,277
APAC/Russia/MEA *(Note ii)*	**4,095,510**	3,906,866
Latin America *(Note iii)*	**2,106,462**	4,505,203
	29,829,719	31,592,701

Notes:

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

ii. APAC/Russia/MEA include but are not limited to Asia Pacific Region, Russia and Middle East area.

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

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

	2020	2019
	EUR	*EUR*
Customer A	**N/A**[1]	3,481,435

[1] Customer A did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2020.

4. OTHER INCOME

	2020	2019
	EUR	*EUR*
Others	**6**	28,129

5. OTHER GAIN

	2020	2019
	EUR	*EUR*
Net foreign exchange gain	**411,278**	58,511
Net loss on financial assets/liabilities at fair value through profit or loss	**(43,003)**	(52,284)
	368,275	6,227

6. EXPENSES BY NATURE

The following expenses are included in cost of sales, selling and distribution expenses and administrative expenses:

	2020	2019
	EUR	*EUR*
Operating lease expenses	**35,014**	101,853
Employee benefit expenses other than directors' emoluments	**2,531,531**	2,958,328
Legal and professional fees	**345,721**	357,002
Auditor's remuneration	**109,040**	107,514
Advertising and marketing expense	**641,588**	593,140
Directors' emoluments	**1,012,787**	894,336
Cost of inventories	**20,215,262**	22,507,006
Freight and transportation	**890,272**	857,304
Depreciation of property, plant and equipment	**261,556**	319,187
Depreciation of right-of-use assets	**249,048**	219,763
(Reversal of)/loss allowance on trade receivables	**(39,301)**	280,362
(Reversal of)/provision for impairment of inventories	**(56,372)**	42,991
Removal and decoration expense	**–**	77,320
Provision for product warranty	**114,109**	128,908
Restructuring cost *(Note)*	**–**	348,802
Commission fee	**509,679**	580,924
Storage fee	**408,551**	526,873
Amortisation of intangible assets	**308,805**	298,491
Others	**1,372,720**	2,046,792
Total cost of sales, selling and distribution expenses and administrative expense	**28,910,010**	33,246,896

Note:

During the year ended 31 December 2019, the Group recognised one-off restructuring costs of EUR348,802. Included in the restructuring costs were employee termination payments of EUR289,696, legal and professional fees of EUR48,592 and others of EUR10,514 which were recognised in "administrative expenses".

7. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31 December 2020 (2019: 16.5%).

Corporate income tax on profits from a subsidiary operating in Mainland China has been calculated at 25% for the year ended 31 December 2020 (2019: 25%).

Corporate income tax on profits from a subsidiary operating in France has been calculated at 28% in accordance with the relevant France tax laws and regulations for the year ended 31 December 2020 (2019: 28%).

(a) Income tax expense/(credit)

	2020	2019
	EUR	*EUR*
Current income tax:		
Current tax on profits for the year	**3,261**	–
Over provision in prior year	**(17,950)**	(2,811)
	(14,689)	(2,811)
Remeasurement of deferred tax by change in tax rate in France	**64,000**	–
Deferred income tax expense/(credit)	**313,478**	(405,362)
	362,789	(408,173)

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

	2020	2019
	EUR	*EUR*
Profit/(loss) before income tax	**877,164**	(2,097,749)
Calculated at a taxation rate of 16.5% (2019:16.5%)	**144,732**	(346,129)
Expenses not deductible for tax purpose	**73,608**	185,062
Income not subject to tax	**(94,212)**	(67,618)
Effect of different tax rates in other jurisdictions	**192,611**	(176,677)
Remeasurement of deferred tax by change in tax rate in France (Note)	**64,000**	–
Over provision in prior years	**(17,950)**	(2,811)
Income tax expense/(credit)	**362,789**	(408,173)

Note: For the year ended 31 December 2020 and 2019, the applicable statutory Corporate Income Tax rate in France is 28%, According to the France Tax Department's promulgation on 5 October 2020, the applicable statutory Corporate Income Tax rate is stipulated at a rate of 25%, effective from 1 January 2022, hence deferred tax assets arising from subsidiary in France were re-measured at the applicable statutory Corporate Income Tax rate.

8. EARNING/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share for the years ended 31 December 2020 and 2019 are calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during year.

	Year ended 31 December	
	2020	2019
Profit/(loss) attributable to equity holders of the Company *(EUR)*	**514,375**	(1,683,571)
Weighted average number of shares in issue *(thousands)*	**400,000**	400,000
Basic earnings/(loss) per share *(expressed in Euro cents)*	**0.13**	(0.42)

(b) Diluted earnings/(loss) per share

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

9. DIVIDEND

No dividend has been paid or declared by the Company as at 31 December 2020 and 2019.

10. TRADE RECEIVABLES

	2020	2019
	EUR	*EUR*
Trade receivables	**9,103,242**	9,521,079
Loss allowance	**(355,918)**	(395,219)
	8,747,324	9,125,860

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

As at 31 December 2020 and 2019, the ageing analysis of trade receivables, net of loss allowance made, based on invoice date, is as follows:

	2020	2019
	EUR	*EUR*
1 to 30 days	**3,752,420**	2,968,837
31 to 60 days	**1,996,397**	2,486,630
61 to 90 days	**1,447,812**	1,360,585
More than 90 days	**1,550,695**	2,309,808
	8,747,324	9,125,860

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the aging from billing.

Impairment losses are recognised in consolidated income statement within "administrative expenses".

As at 31 December 2020 and 2019, the Group had factored trade receivables of EUR4,991,715 and EUR5,151,472 respectively to banks for cash under certain receivables purchase agreements. As the Group still retained the risks associated with the default and delay in payment by the customers, the financial asset derecognition conditions as stipulated in HKFRS 9 have not been fulfilled. Accordingly, the proceeds from the factoring of trade receivables have been accounted for as the Company's liabilities and included in borrowings as "Factoring loans".

11. TRADE PAYABLES

	2020	2019
	EUR	*EUR*
Trade payables	**6,260,640**	3,924,968

At 31 December 2020 and 2019, the ageing analysis of the trade payables based on invoice date were as follows:

	2020	2019
	EUR	*EUR*
0-30 days	**1,780,859**	1,229,986
31-60 days	**1,885,231**	1,720,377
61-90 days	**1,187,939**	738,802
Over 90 days	**1,406,611**	235,803
	6,260,640	3,924,968

12. SHARE CAPITAL

	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 1 January 2019, 31 December 2019 and 1 January 2020 and 31 December 2020	4,000,000,000	40,000,000	4,315,579
Issued and fully paid:			
At 1 January 2019, 31 December 2019 and 1 January 2020 and 31 December 2020	400,000,000	4,000,000	417,819

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ACTIVITIES

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

We derive our revenues principally from developing and selling home and business telecommunication products under the trademarks bearing the brand "Alcatel" and elderly products under the Swissvoice and Amplicomms brand, we also supply products under customer brand names for the European, Latin American and Asian markets.

BUSINESS REVIEW

The Group's revenue decreased from approximately EUR31.6 million for the year ended 31 December 2019 to approximately EUR29.8 million for the year ended 31 December 2020, representing a decrease of approximately 5.6%. The revenue decrease was mainly due to the decline in sales of the home telephone segment in Latin America.

The Group's gross profit margin increased from approximately 26.1% for the year ended 31 December 2019 to approximately 30.2% for the year ended 31 December 2020.

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

	Year ended 31 December			
	2020		2019	
	EUR'000	***% of total revenue***	*EUR'000*	*% of total revenue*
Home telephone	**20,446**	**68.5%**	23,093	73.1%
Senior products	**6,090**	**20.4%**	4,823	15.3%
Office telephone	**2,976**	**10.0%**	3,264	10.3%
Others *(Note)*	**318**	**1.1%**	413	1.3%
Total	**29,830**	**100.0%**	31,593	100.0%

Note: Others include IP devices and other miscellaneous products.

Sales in the home telephone segment dropped by approximately EUR2.6 million or 11.5% for the year ended 31 December 2020 as compared to the corresponding period in 2019. The home telephone segment comprised approximately 68.5% of our total revenue for the year ended 31 December 2020, down from approximately 73.1% for the year ended 31 December 2019. Such decrease was mainly due to the impact of the lockdown imposed in some of the countries in Europe and in Latin America and temporary halt of business of our customers to contain the outbreak of the novel coronavirus disease ("**COVID-19**") during the year ended 31 December 2020.

Sales of the senior products category grew by approximately EUR1.3 million or 26.3% to approximately EUR6.1 million, which represents approximately 20.4% of our total revenue. This was driven by the higher sales of Big Button Picture phones, and a new series of elderly mobile devices.

Sales of office telephones were stable at approximately EUR3.0 million for the year ended 31 December 2020 as compared to that of the previous year. This was mainly driven by the consistent demand for VoIP (Voice over Internet Protocol) phones and wireless conference systems in Europe.

Sales of the others product category was approximately EUR0.3 million, which represents approximately 1.1% of our total revenue for the year ended 31 December 2020.

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

	Year ended 31 December			
	2020		2019	
	EUR'000	***% of total revenue***	*EUR'000*	*% of total revenue*
France	**16,748**	**56.1%**	17,408	55.1%
Other European countries *(Note 2)*	**6,880**	**23.1%**	5,773	18.3%
APAC/Russia/MEA *(Note 3)*	**4,096**	**13.7%**	3,907	12.4%
Latin America *(Note 4)*	**2,106**	**7.1%**	4,505	14.2%
Total	**29,830**	**100.0%**	31,593	100.0%

Notes:

1. The geographical breakdown was prepared based on shipping destination without taking into account the re-export or onward sales (if any) of our products by our customers.

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

3. APAC/Russia/MEA include but are not limited to Asia Pacific Region, Russia and Middle East area.

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

Sales to France remains the dominant driver of revenue, accounting for approximately EUR16.7 million or approximately 56.1% of the total revenues of the Group.

Sales to other European countries increased to approximately EUR6.9 million, which represents approximately 23.1% of our total revenue for the year ended 31 December 2020 as compared to approximately 18.3% of total revenue for the year ended 31 December 2019.

Our sales to Asia Pacific Region, Russia and Middle East area for the year ended 31 December 2020 and 2019 has remained relatively stable at approximately EUR4.1 million and EUR3.9 million, respectively.

Sales to Latin America has dropped to approximately 7.1% of our total revenue for the year ended 31 December 2020 from approximately 14.2% of our total revenue for the year ended 31 December 2019. Such decline was caused by the COVID-19 pandemic as well as the depreciation of some of the local currencies of our customers.

OUTLOOK

The economic impact of the COVID-19 outbreak remains uncertain. Even though the Group's key markets are still in a different stage of lockdown, the customers demand remains strong. However, the continue shortages in many critical components and cargo containers has had a negative impact to our supply chain. This mix of challenges make it difficult to gauge on our Group revenue expectation.

To minimize the impact on the uncertainties, Atlinks will continue to reinforce cost control and cash flow.

Our goal is to gain market shares in the home telephone business through the introduction of new competitive products with enriched features to cover more price points on the shelf and to expand geographically. Sales of new senior products launched under Swissvoice and Amplicomms brands are strong, and we expect to see more products to be listed in retail in 2021. The growth momentum of senior products is expected to continue as more new products such as the mobile device with smart base will be launched in the first half of 2021.

We will continue to expand our product range further into the elderly market aiming at the visually and hearing impaired, providing ancillary services to our mobile devices, and further strengthening the Swissvoice and Amplicomms brands.

FINANCIAL REVIEW

Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised of cost of inventories and depreciation and amortization. The cost of sales decreased by approximately 10.8% from approximately EUR23.3 million for the year ended 31 December 2019 to approximately EUR20.8 million for the year ended 31 December 2020, which is in line with the decrease in revenue. The Group's gross profit margin increased from approximatively 26.1% for the year ended 31 December 2019 to approximately 30.2% for the year ended 31 December 2020, which was mainly driven by the cost control measures implemented over materials and subcontracting charges and the appreciation in Euros against USD when comparing the year ended 31 December 2020 to the corresponding period in 2019.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 9.9% from approximately EUR3.3 million in 2019 to approximately EUR3.0 million in 2020. The reduction of approximately EUR0.3 million was mainly the result of a decrease in logistic and marketing expenses.

Administrative Expenses

Administrative expenses decreased from approximately EUR6.6 million for the year ended 31 December 2019 to approximately EUR5.1 million for the year ended 31 December 2020, which mainly resulted from the reduction of rental, and staff expenses including overseas travel, as well as reduction arising from the receipts of government subsidies during the year.

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

The Group recorded a profit of approximately EUR0.5 million for the year ended 31 December 2020, compared to a loss of approximately EUR1.7 million for the year ended 31 December 2019.

Dividend

The Board does not recommend the payment of a dividend for the year ended 31 December 2020.

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 2020 nor material acquisitions and disposals of subsidiaries during the year ended 31 December 2020. There is no plan for material investment or capital assets as at 31 December 2020.

Treasury Policies

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

Foreign Currency Exposure and Hedging Policies

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollars ("**USD**") and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than EUR or HKD, which are the functional currencies of the major operating companies within the Group. The Group manages its foreign currency exposure by entering into forward derivatives contract.

The Group adopts a hedging policy to manage our exposure to foreign exchange risk in relation to USD. Due to our business nature, our goal is to control foreign exchange risk to an acceptable level by ensuring that we will only consider hedging operational flows and no hedging position will be taken without an underlying operational flow. As at 31 December 2020, the Group had outstanding foreign exchange forward contracts in respect of EUR against USD of notional principal amounts of approximately USD4.5 million (as at 31 December 2019: approximately USD3.5 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 2020, the Group had a total of 43 staff (2019: 45). Total staff costs (including Directors' emoluments) were approximately EUR3.5 million for the year ended 31 December 2020 (2019: approximately EUR3.9 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience and composition package of the Directors, senior management and other employees. Year-end bonus will be paid to employees as recognition of and reward for their contributions according to 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 2020, the Group's cash and cash equivalents amounted to approximately EUR5.3 million, representing an increase of approximately EUR2.8 million as compared to that of approximately EUR2.5 million as at 31 December 2019. Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. As of 31 December 2020, we had various bank borrowings and overdrafts of approximately EUR6.4 million (as at 31 December 2019: approximately EUR9.4 million), including factoring loan for trade receivables, representing a decrease of approximately EUR3.0 million as compared to that as at 31 December 2019.

Net current assets has remained relatively stable at approximately EUR4.9 million for the year ended 31 December 2019 and approximately EUR4.9 million for the year ended 31 December 2020 respectively.

The Group requires cash primarily for working capital. As of 31 December 2020, the Group had approximately EUR5.3 million in cash and bank balances (as at 31 December 2019: approximately EUR2.5 million), representing an increase of approximately EUR2.8 million as compared to that as at 31 December 2019.

Net Gearing Ratio

As at 31 December 2020, the net gearing ratio of the Group was approximately 27% (as at 31 December 2019: approximately 47%). 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 decrease of the net gearing ratio was mainly attributable to a decrease for bank borrowing and an increase the shareholders loan to support the Group's working capital.

Contingent Liabilities

As at 31 December 2020, the Company had no significant contingent liabilities (as at 31 December 2019: Nil).

Capital Structure

There has been no change in the Company's capital structure during the year. The capital structure of the Group comprises of issued share capital and reserves. The Directors review and manage the Group's capital structure regularly.

Pledge of Assets

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

(i) certain of the Group's trade receivables with an aggregate amount of approximately EUR4,991,715 (2019: EUR5,151,472);

(ii) pledged bank deposits with an aggregate amount of approximately EUR1,237,657 (2019: EUR2,332,735);

(iii) a corporate guarantee from the Group with an aggregate amount of approximately EUR4,520,148 (2019: EUR4,950,000).

Capital Commitments

As at 31 December 2020, the Company had no capital commitment (as at 31 December 2019: Nil).

USE OF PROCEEDS FROM THE LISTING

As stated in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 December 2017 (the "**Prospectus**"), the Group intends to use the proceeds to (i) develop its office telephone products; (ii) develop its elderly telecommunications products; (iii) strengthen and enhance its sales channels; (iv) expand its staff team; (v) develop its other products including IP cameras and smart home products; (vi) expand its geographical coverage; and for (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).

On 31 December 2019, the Board resolved to change the use of the net proceeds as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Details of the original allocation of the net proceeds, the revised allocation of the net proceeds, the utilisation of the net proceeds as at 31 December 2020 and the remaining balance after the revised allocation of the net proceeds are set out as follows:

Uses of the Net Proceeds	**Original allocation** *HK$ Million*	**Revised allocation** *HK$ Million*	**Utilised Net Proceeds up to 31 December 2020** *HK$ Million*	**Remaining balance of the Net Proceeds as at 31 December 2020** *HK$ Million*
Developing the office telephone products	2.9	1.5	1.5	–
Developing the elderly telecommunications products	5.3	8.3	6.5	1.8
Strengthening and enhancing our sales channels	3.7	5.1	4.9	0.2
Expanding the staff team	5.8	2.9	2.9	–
Developing the other products including IP cameras and smart home products	1.3	–	–	–
Expanding the geographical coverage	3.0	3.0	3.0	–
General working capital	1.1	2.3	2.3	–
	23.1	23.1	21.1	2.0

The details of the re-allocation of the use of proceeds was set out in the announcement of the Company dated 31 December 2019 (the "**Announcement**"). As at 31 December 2020, the actual use of net proceeds was less than estimated but had been applied in the same manner as specified in the Announcement. The net proceeds of approximately HK$2.0 million not yet utilised as at 31 December 2020 is expected to be fully utilised by 31 December 2021. The Group will continue to apply the net proceeds in accordance with the allocation set out in the Announcement.

The expected timeline for utilising the remaining unutilised net proceeds is based on the best estimations of the future market conditions made by the Group. It is subject to change based on the current and future development of the market.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for performing the corporate governance duties as set out in the Corporate Governance Code (the "**CG Code**") and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules, which includes developing and reviewing the Company's policies and practices on corporate governance and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this announcement.

The Company has complied with the principles and applicable code provisions of the CG Code during the year ended 31 December 2020.

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 2020.

COMPETING BUSINESS

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

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. As at 31 December 2020, as notified by Lego, save for the compliance adviser agreement dated 12 September 2017 entered into between the Company and Lego regarding the receipt of fees for acting as the compliance adviser, neither the compliance adviser nor its directors or employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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 year ended 31 December 2020 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 12 May 2021. A notice convening the Annual General Meeting will be published on the websites of the Stock Exchange and the Company on 19 March 2021 and dispatched to the shareholders on 19 March 2021.

CLOSURE OF THE REGISTER OF MEMBER

The register of members of the Company will be closed from Thursday, 6 May 2021 to Wednesday, 12 May 2021, both dates inclusive, during which period no transfer of shares of the Company could be registered for determination of entitlement of shareholders of the Company to the attendance at the forthcoming annual general meeting of the Company.

In order to qualify for attending and voting at the annual general meeting of the Company or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 5 May 2021.

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 2020 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 CG 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), Ms. Chan Cheuk Man Vivian and Ms. Lee Kit Ying Catherine.

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

The Audit Committee has reviewed the results of the Group for the year ended 31 December 2020.

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

Hong Kong, 15 March 2021

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

This announcement, for which the Directors 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 Listed Company Information" page for at least 7 days from the date of its posting and on the website of the Company at www.atlinks.com.