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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 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

FINANCIAL HIGHLIGHTS

The Group's revenue increased from approximately EUR13.6 million for the six months ended 30 June 2020 to approximately EUR17.1 million for the six months ended 30 June 2021, representing an increase of approximately 25.7%. This was mainly due to increase in sales in the home telephone and senior products segments in France and in other European countries.

The Group recorded a profit attributable to the equity holders of the Company of approximately EUR0.5 million for the six months ended 30 June 2021, compared to a profit of approximately EUR0.4 million for the six months ended 30 June 2020.

The Board has declared an interim dividend of HK0.41 cents per share for the six months ended 30 June 2021.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

The Board is pleased to announce the unaudited consolidated results of the Group for the three months and six months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020 which have been reviewed and approved by the audit committee of the Company (the “**Audit Committee**”), as follows:

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021 EUR (Unaudited)	2020 EUR (Unaudited)	2021 EUR (Unaudited)	2020 EUR (Unaudited)
Revenue	3	8,414,264	6,810,465	17,070,663	13,579,244
Cost of sales		<u>(5,708,907)</u>	<u>(4,870,399)</u>	<u>(11,657,762)</u>	<u>(9,755,595)</u>
Gross profit		2,705,357	1,940,066	5,412,901	3,823,649
Selling and distribution expenses		(1,016,356)	(644,376)	(1,936,931)	(1,196,889)
Administrative expenses		<u>(1,322,205)</u>	<u>(1,108,857)</u>	<u>(2,630,026)</u>	<u>(2,294,872)</u>
		366,796	186,833	845,944	331,888
Other gain/(loss)					
– Exchange difference		78,623	139,607	(181,144)	201,831
– Fair value changes on financial assets/liabilities at fair value through profit or loss		<u>(27,118)</u>	<u>(132,132)</u>	<u>158,766</u>	<u>91,369</u>
Operating profit		418,301	194,308	823,566	625,088
Finance income		22	1,317	43	1,635
Finance costs		<u>(99,989)</u>	<u>(101,597)</u>	<u>(203,963)</u>	<u>(213,468)</u>
Finance costs, net		<u>(99,967)</u>	<u>(100,280)</u>	<u>(203,920)</u>	<u>(211,833)</u>
Profit before income tax		318,334	94,028	619,646	413,255
Income tax credit/(expenses)	4	<u>(14,083)</u>	<u>57,223</u>	<u>(108,670)</u>	<u>(30,897)</u>
Profit for the period		<u>304,251</u>	<u>151,251</u>	<u>510,976</u>	<u>382,358</u>
Attributable to:					
Equity holders of the Company		304,251	193,688	510,976	424,795
Non-controlling interests		<u>–</u>	<u>(42,437)</u>	<u>–</u>	<u>(42,437)</u>
		<u>304,251</u>	<u>151,251</u>	<u>510,976</u>	<u>382,358</u>
Earnings per share					
– Basic and diluted (expressed in Euro cents per share)	5	<u>0.08</u>	<u>0.05</u>	<u>0.13</u>	<u>0.11</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Three months ended 30 June		Six months ended 30 June	
	2021 EUR (Unaudited)	2020 EUR (Unaudited)	2021 EUR (Unaudited)	2020 EUR (Unaudited)
Profit for the period	304,251	151,251	510,976	382,358
Other comprehensive income/(loss)				
<i>Items that may be reclassified to profit or loss:</i>				
Currency translation differences	(47,109)	(73,291)	56,689	(39,196)
<i>Items that will not be reclassified to profit or loss:</i>				
Remeasurement of defined benefit retirement plans, net of tax	<u>16,158</u>	<u>(16,617)</u>	<u>16,158</u>	<u>2,697</u>
Other comprehensive income/(loss) for the period	<u>(30,951)</u>	<u>(89,908)</u>	<u>72,847</u>	<u>(36,499)</u>
Total comprehensive income/(loss) for the period	<u>273,300</u>	<u>61,343</u>	<u>583,823</u>	<u>345,859</u>
Attributable to:				
Equity holders of the Company	<u>273,300</u>	61,343	<u>583,823</u>	345,859
Non-controlling interests	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>273,300</u>	<u>61,343</u>	<u>583,823</u>	<u>345,859</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June	31 December
		2021	2020
	<i>Notes</i>	EUR	EUR
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		576,703	550,675
Right-of-use assets		336,714	457,497
Intangible assets		3,464,440	3,637,617
Deferred income tax assets		895,266	992,749
Prepayments, deposits and other receivables		75,681	37,817
		<u>5,348,804</u>	<u>5,676,355</u>
Current assets			
Inventories		7,267,212	7,525,923
Deferred income tax assets		22,055	21,151
Financial assets at fair value through profit or loss		83,228	–
Trade receivables	6	8,773,971	8,747,324
Prepayments, deposits and other receivables		2,848,117	2,123,509
Income tax recoverable		–	14,342
Pledged bank deposits		1,187,015	1,237,657
Cash and cash equivalents		4,132,518	5,327,808
		<u>24,314,116</u>	<u>24,997,714</u>
Total assets		<u>29,662,920</u>	<u>30,674,069</u>
EQUITY			
Equity attributable to the equity holders of the Company			
Share Capital	7	417,819	417,819
Reserves		8,129,413	7,545,590
Total equity		<u>8,547,232</u>	<u>7,963,409</u>

		30 June	31 December
		2021	2020
	<i>Notes</i>	EUR	EUR
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		143,807	221,168
Deferred income tax liabilities		1,061	1,061
Retirement benefits obligation		318,570	325,889
Other payables		1,924,381	2,076,619
		<u>2,387,819</u>	<u>2,624,737</u>
Current liabilities			
Trade payables	8	5,148,738	6,260,640
Contract liabilities		25,948	169,804
Deferred income tax liabilities		22,809	43,785
Accruals, provision and other payables		5,038,314	5,031,083
Income tax payable		13,943	–
Financial liabilities at fair value through profit or loss		–	75,538
Loans from related parties	9	1,934,422	1,915,960
Borrowings		6,367,445	6,368,804
Lease liabilities		176,250	220,309
		<u>18,727,869</u>	<u>20,085,923</u>
Total liabilities		<u>21,115,688</u>	<u>22,710,660</u>
Total equity and liabilities		<u>29,662,920</u>	<u>30,674,069</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

2 BASIS OF PREPARATION

This unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 has been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of the Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”). The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group in the annual report for the year ended 31 December 2020 (“**2020 Annual Report**”). The accounting policies used in the preparation of this unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the 2020 Annual Report, except for the adoption of new and revised HKFRSs which are effective for accounting periods beginning on or after 1 January 2021.

3 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker (“**CODM**”) has been identified as the Company’s executive directors, who review the Group’s internal reporting in order to assess performance and allocate resources.

The Group’s principal activity is trading and development of telecommunication equipment. For the purpose of resources allocation and assessment of performance, the CODM regularly reviews the Group’s performance based on revenue and gross profit margin. No other discrete financial information was provided to the CODM. As the Group’s resources are integrated and there are no discrete operating segment assets and liabilities reported to the CODM, accordingly, no separate segment information is presented.

(a) **Revenue by product type**

The Group is principally engaged in designing, developing, and the selling of home and office telecommunication products. Revenue recognised during the respective period analysed by type of products is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2021 <i>EUR</i> (Unaudited)	2020 <i>EUR</i> (Unaudited)	2021 <i>EUR</i> (Unaudited)	2020 <i>EUR</i> (Unaudited)
Revenue				
Home telephone	6,254,685	4,856,992	12,215,603	9,545,712
Senior products	1,286,300	1,365,581	3,230,416	2,482,232
Office telephone	858,351	413,808	1,605,463	1,357,257
Others	14,928	174,084	19,181	194,043
	<u>8,414,264</u>	<u>6,810,465</u>	<u>17,070,663</u>	<u>13,579,244</u>

(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	
	2021 <i>EUR</i> (Unaudited)	2020 <i>EUR</i> (Unaudited)	2021 <i>EUR</i> (Unaudited)	2020 <i>EUR</i> (Unaudited)
France	4,664,156	3,881,261	9,502,887	7,604,112
Other European countries (<i>Note i</i>)	2,029,822	1,513,433	4,469,898	3,085,656
APAC/Russia/MEA (<i>Note ii</i>)	688,031	1,260,036	1,535,635	2,130,378
Latin America (<i>Note iii</i>)	1,032,255	155,735	1,562,243	759,098
	<u>8,414,264</u>	<u>6,810,465</u>	<u>17,070,663</u>	<u>13,579,244</u>

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.

4 INCOME TAX (CREDIT)/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 2021, except for one of its subsidiaries operating in Hong Kong for which Hong Kong profits tax has been provided at the rate of 8.25% on the estimated assessable profit up to HK\$2 million, equivalent to approximately EUR214,000 and 16.5% thereafter (2020: same).

Corporate income tax on profits from a subsidiary operating in Mainland China has been calculated at 25% for the six months ended 30 June 2021 (2020: 25%).

Corporate income tax on profits from a subsidiary operating in France has been calculated at 26.5% in accordance with the relevant France tax laws and regulations for the six months ended 30 June 2021 (2020: 28%).

Income tax (credit)/expenses

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	EUR	EUR	EUR	EUR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax	31,624	(27,886)	33,069	(8,105)
Deferred income tax	(17,541)	(29,337)	75,601	39,002
	<u>14,083</u>	<u>(57,223)</u>	<u>108,670</u>	<u>30,897</u>

5 EARNINGS PER SHARE

(a) Basic earnings per share

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

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (Euro)	304,251	193,688	510,976	424,795
Number of shares in issue (thousands)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Basic earnings per share (expressed in Euro cents per share)	<u>0.08</u>	<u>0.05</u>	<u>0.13</u>	<u>0.11</u>

(b) Diluted earnings per share

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

6 TRADE RECEIVABLES

	30 June 2021 EUR (Unaudited)	31 December 2020 EUR (Audited)
Trade receivables	9,129,889	9,103,242
Loss allowance	(355,918)	(355,918)
	<u>8,773,971</u>	<u>8,747,324</u>

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

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

	30 June 2021 EUR (Unaudited)	31 December 2020 EUR (Audited)
0 – 30 days	3,171,087	3,752,420
31 – 60 days	3,252,822	1,996,397
61 – 90 days	633,044	1,447,812
Over 90 days	1,717,018	1,550,695
	<u>8,773,971</u>	<u>8,747,324</u>

As at 30 June 2021 and 31 December 2020, the Group had factored trade receivables of EUR4,416,923 and EUR4,991,715 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”.

7 SHARE CAPITAL

	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 31 December 2020 and 30 June 2021	<u>4,000,000,000</u>	<u>40,000,000</u>	<u>4,315,579</u>

	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$</i>	Equivalent nominal value of ordinary shares <i>EUR</i>
Issued and fully paid:			
At 31 December 2020 and 30 June 2021	400,000,000	4,000,000	417,819

8 TRADE PAYABLES

	30 June 2021 EUR (Unaudited)	31 December 2020 EUR (Audited)
Trade payables	5,148,738	6,260,640

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

	30 June 2021 EUR (Unaudited)	31 December 2020 EUR (Audited)
0 – 30 days	1,270,272	1,780,859
31 – 60 days	1,449,831	1,885,231
61 – 90 days	1,706,500	1,187,939
Over 90 days	722,135	1,406,611
	5,148,738	6,260,640

9 RELATED PARTY TRANSACTIONS

For the purposes of this consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

(a) **Significant related party transactions**

The transactions were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties. They are summarised as follows:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest expense on loans from shareholders/key management personnel				
– Ms. Chu Lam Fong	9,657	10,601	19,218	14,135
– Mr. Tong Chi Hoi	9,657	10,601	19,218	14,135
– Mr. Didier Paul Henri Goujard	2,415	2,651	4,805	3,534
	21,729	23,853	43,241	31,804

(b) **Balances with related parties**

	30 June	31 December
	2021	2020
	<i>EUR</i>	<i>EUR</i>
	(Unaudited)	(Audited)
Loans from shareholders/key management personnel (<i>Note a</i>)		
– Ms. Chu Lam Fong	859,743	851,538
– Mr. Tong Chi Hoi	859,743	851,538
– Mr. Didier Paul Henri Goujard	214,936	212,884
Inspection fee payable/(prepaid) to Kan Tsang (<i>Note b</i>)	–	(35,732)
	1,934,422	1,880,228

Notes:

- (a) The loans from Mr. Tong Chi Hoi, Ms. Chu Lam Fong and Mr. Didier Paul Henri Goujard are unsecured, interest bearing at HIBOR+2.5% per annum. On 15 June 2021, the loan has been renewed and extended to 31 December 2021 and the interest bearing at 3.5% per annum and dominated in HK\$. The loans will be reviewed half yearly for extension.
- (b) Payable/Prepayment was presented in the unaudited condensed consolidated statement of financial position within “prepayments, deposits and other receivables” or “accruals, provision and other payables”. The payables bear no interest with repayment date due within one year.

10 CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2021 EUR (Unaudited)	31 December 2020 EUR (Audited)
Contracted, but not provided for: Acquisition of property	712,500	–

11 DIVIDEND

Dividend attributable to the interim period

	30 June 2021 EUR (Unaudited)	30 June 2020 EUR (Unaudited)
Interim dividend – HK0.41 cents per share	175,401	–

The Board has declared an interim dividend of HK0.41 cents per share for the six months ended 30 June 2021 to the Shareholders whose names appear on the Register of Members of the Company as at the close of business on Tuesday, 24 August 2021. The interim dividend was not recognised as a liability as at 30 June 2021 as it was declared after the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding periods in 2020.

BUSINESS REVIEW

The Group’s revenue increased from approximately EUR13.6 million for the six months ended 30 June 2020 to approximately EUR17.1 million for the six months ended 30 June 2021, representing an increase of approximately 25.7%. This was mainly due to increase in sales in the home telephone and senior products segments in France and in other European countries.

The following table shows the breakdown of our revenue by product categories for each of the three and six months ended 30 June 2020 and 2021:

	For the three months ended 30 June			
	2021 (Unaudited)		2020 (Unaudited)	
	<i>EUR’000</i>	<i>% of total revenue</i>	<i>EUR’000</i>	<i>% of total revenue</i>
Home telephone	6,255	74.3%	4,857	71.3%
Senior products	1,286	15.3%	1,365	20.1%
Office telephone	859	10.2%	414	6.1%
Others (<i>Note</i>)	15	0.2%	174	2.5%
Total	8,415	100.0%	6,810	100.0%

	For the six months ended 30 June			
	2021 (Unaudited)		2020 (Unaudited)	
	<i>EUR’000</i>	<i>% of total revenue</i>	<i>EUR’000</i>	<i>% of total revenue</i>
Home telephone	12,216	71.6%	9,546	70.3%
Senior products	3,230	18.9%	2,482	18.3%
Office telephone	1,606	9.4%	1,357	10.0%
Others (<i>Note</i>)	19	0.1%	194	1.4%
Total	17,071	100.0%	13,579	100.0%

Note: Others include IP devices and other miscellaneous products.

Sales of home telephone segment for the six months ended 30 June 2021 has increased approximately 28.0% as compared to the corresponding period in 2020, with sales of approximately EUR12.2 million.

Sales of the senior products category grew by approximately EUR0.7 million or 30.1%. This was driven by higher sales of our Big Button Picture phones, and a new series of elderly mobile devices.

Sales of the office telephone products doubled in Q2 2021 as compared to the same period in last year, mainly because of the backlog orders from Q1 2021 and also the availability of the inventory in Q2 2021.

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

	For the three months ended 30 June			
	2021 (Unaudited)		2020 (Unaudited)	
	<i>EUR'000</i>	<i>% of total revenue</i>	<i>EUR'000</i>	<i>% of total revenue</i>
France	4,665	55.4%	3,881	57.0%
Other European countries (Note 2)	2,030	24.1%	1,514	22.2%
APAC/Russia/MEA (Note 3)	688	8.2%	1,260	18.5%
Latin America (Note 4)	1,032	12.3%	155	2.3%
Total	8,415	100.0%	6,810	100.0%

	For the six months ended 30 June			
	2021 (Unaudited)		2020 (Unaudited)	
	<i>EUR'000</i>	<i>% of total revenue</i>	<i>EUR'000</i>	<i>% of total revenue</i>
France	9,503	55.7%	7,604	56.0%
Other European countries (Note 2)	4,470	26.2%	3,086	22.7%
APAC/Russia/MEA (Note 3)	1,536	9.0%	2,130	15.7%
Latin America (Note 4)	1,562	9.1%	759	5.6%
Total	17,071	100.0%	13,579	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 for the six months ended 30 June 2021 have grown by approximately 25.0% to approximately EUR9.5 million as compared to the corresponding period in 2020.

Sales to other European countries for the six months ended 30 June 2021 have grown by approximately 44.9% to approximately EUR4.5 million as compared to the corresponding period in 2020.

Our sales to the Asia Pacific Region, Russia and the Middle East area have dropped to approximately 9.0% of our total revenue for the six months ended 30 June 2021.

Our sales to Latin America have grown by approximately 105.8% to approximately EUR1.6 million as compared to the corresponding period in 2020.

OUTLOOK

Q2 of 2021 carried the same growth momentum of Q1. For the first six months of 2021 the Group recorded a revenue growth of approximately 25.7% compared to the same period in 2020. Gross margin has improved from approximately 28.2% in H1 2020 to approximately 31.7% in H1 2021.

Our goal for geographic expansion is on track, with revenue in other European countries growing approximately 44.9% in H1 2021 compared to the same period in 2020. We expect this growth to continue as our products gain more retail listings in other European countries.

The sales of our senior products are also expected to grow. We have signed a contract with a European Telco to launch a new mobile device in H2 of 2021. Furthermore, we will be launching a new range of big button and picture phones under the Swissvoice and Amplicomms brands in Q3 of 2021, and we are expecting to see more retail listings and also online sales in the H2 of 2021.

A major challenge that we are facing in 2021 is on component shortages, cargo container shortages and extended transit time to Europe. These factors have impacted our revenue growth and our operating margin in H1 of 2021 and we foresee that this may continue to impact our revenue growth for the rest of 2021. These factors mix together with the uncertainty arising from the outbreak of the COVID-19's Delta variant make it difficult to gauge our Group revenue expectation.

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. Cost of sales increased by approximately 19.5% from approximately EUR9.8 million for the six months ended 30 June 2020 to approximately EUR11.7 million for the six months ended 30 June 2021. Gross profit margin increased from approximately 28.2% for the six months ended 30 June 2020 to approximately 31.7% for the six months ended 30 June 2021.

Selling and Distribution Expenses

Selling and distribution expenses increased from EUR1.2 million for the six months ended 30 June 2020 to approximately EUR1.9 million for the six months ended 30 June 2021, which mainly resulted from the increase of logistic expenses and sales commission.

Administrative Expenses

Administrative expenses increased from approximately EUR2.3 million for the six months ended 30 June 2020 to approximately EUR2.6 million for the six months ended 30 June 2021.

Profit attributable to the Equity Holders of the Company

The Group recorded a profit of approximately EUR0.5 million for the six months ended 30 June 2021, compared to a profit of approximately EUR0.4 million for the six months ended 30 June 2020.

Interim Dividend

The Board has declared an interim dividend of HK0.41 cents per share for the six months ended 30 June 2021 to the Shareholders whose names appear on the Register of Members of the Company as at the close of business on Tuesday, 24 August 2021. It is expected that the interim dividend will be paid on or around Thursday, 2 September 2021.

Closure of Register of Members

The Register of Members of the Company will be closed on Tuesday, 24 August 2021 during which period no transfer of shares in the Company can be registered. In order to be qualified for the interim dividend, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 23 August 2021. The cheques for dividend payment are expected to be sent on Thursday, 2 September 2021.

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

On 23 June 2021, Atlinks Europe SAS (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with SCI Belle Rive (the "**Vendor**") pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, a property located at Rueil-Malmaison (Hauts-De-Seine) (92500) 28 Boulevard Belle Rive (Lots 92, 53, 54, 55, 66 and 67) France for a total cash consideration of €750,000.

Save as disclosed above, there were neither significant investments held as at 30 June 2021 nor material acquisitions and disposals of subsidiaries during six months ended 30 June 2021 and there is no plan for material investment 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.

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 30 June 2021, the Group had outstanding foreign exchange forward contracts in respect of EUR against USD of notional principal amounts of approximately USD8.5 million (as at 31 December 2020: approximately USD4.5 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 30 June 2021, the Group had a total of 45 staff (31 December 2020: 43). Total staff costs (including Directors' emoluments) were approximately EUR2.0 million for the six months ended 30 June 2021 as compared to that of approximately EUR1.7 million for the six months ended 30 June 2020. 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 2021, the Group's cash and cash equivalents amounted to approximately EUR4.1 million, representing a decrease of approximately EUR1.2 million as compared to that of approximately EUR5.3 million as at 31 December 2020. Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. As of 30 June 2021, we had various bank borrowings and overdrafts of approximately EUR6.4 million, including factoring loan for trade receivables (31 December 2020: approximately EUR6.4 million).

Net current assets has remained relatively stable at approximately EUR4.9 million for the year ended 31 December 2020 and approximately EUR5.6 million for the six months ended 30 June 2021 respectively.

The Group requires cash primarily for working capital. As of 30 June 2021, the Group had approximately EUR4.1 million in cash and bank balances (31 December 2020: approximately EUR5.3 million), representing a decrease of approximately EUR1.2 million as compared to that as at 31 December 2020.

Net Gearing Ratio

As at 30 June 2021, the net gearing ratio of the Group was approximately 33% (31 December 2020: approximately 27%). The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (borrowings as shown in the consolidated statement of financial position) less cash and bank balances. Total capital is calculated as "equity" as shown in consolidated statement of financial position plus net debt. The increase of the net gearing ratio was mainly attributable to an increase for bank borrowing to support the Group's working capital.

Contingent Liabilities

As at 30 June 2021, the Company had no significant contingent liabilities (31 December 2020: Nil).

Capital Structure

There has been no change in the Company's capital structure for the six months ended 30 June 2021. 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 2021, the Group's banking facilities were secured by:

- (i) certain of the Group's trade receivables with an aggregate amount of approximately EUR4,416,923 (31 December 2020: EUR4,991,715);

- (ii) pledged bank deposits with an aggregate amount of approximately EUR1,187,015 (31 December 2020: EUR1,237,657);
- (iii) a corporate guarantee from the Group with an aggregate amount of approximately EUR4,580,000 (31 December 2020: EUR4,520,148).

Capital Commitments

The Group had the following capital commitments at the end of the reporting period:

	30 June 2021 EUR (Unaudited)	31 December 2020 EUR (Audited)
Contracted, but not provided for:		
Acquisition of property	<u>712,500</u>	<u>–</u>

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 30 June 2021 and the remaining balance after the revised allocation of the net proceeds are set out as follows:

Uses of the Net Proceeds	Original allocation <i>HK\$ Million</i>	Revised allocation <i>HK\$ Million</i>	Utilised Net Proceeds up to 30 June 2021 <i>HK\$ Million</i>	Remaining balance of the Net Proceeds as at 30 June 2021 <i>HK\$ Million</i>
Developing the office telephone products	2.9	1.5	1.5	–
Developing the elderly telecommunications products	5.3	8.3	8.3	–
Strengthening and enhancing our sales channels	3.7	5.1	5.1	–
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	23.1	–

The details of the re-allocation of the use of proceeds, please refer to the announcement of the Company dated 31 December 2019.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares for the six months ended 30 June 2021.

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Share Option Scheme**") was conditionally adopted pursuant to a resolution passed by the Company's shareholders on 21 December 2017 for the primary purposes to attract, retain and motivate talented participants, to strive for future developments and expansion of the Group. 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 2021. As at 30 June 2021, 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 2021.

COMPETING BUSINESS

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

CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules. The Board is of the opinion that the Company has complied with the CG Code during the six months ended 30 June 2021 and up to the date of this announcement.

AUDIT COMMITTEE

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

The condensed consolidated financial statements of the Group for the six months ended 30 June 2021 are unaudited, but have been reviewed by the Audit Committee.

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

Hong Kong, 10 August 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 (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 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.