

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

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**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.**

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This report, for which the directors (the “**Directors**”) of Atlinks Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**” or “**our**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 report 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 report misleading.

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# Corporate Information

## **DIRECTORS**

### **Executive Directors:**

Mr. Tong Chi Hoi  
Ms. Ho Dora (*resigned on 15 August 2023*)  
Mr. Jean-Alexis René Robert Duc  
Mr. Long Shing

### **Non-executive Directors:**

Mr. Long Hak Kan  
Mr. Didier Paul Henri Goujard

### **Independent non-executive Directors:**

Ms. Lam Lai Ting Maria Goretti  
Ms. Chan Cheuk Man Vivian  
Ms. Lee Kit Ying Catherine

## **AUDIT COMMITTEE**

Ms. Lam Lai Ting Maria Goretti (*Chairman*)  
Ms. Chan Cheuk Man Vivian  
Ms. Lee Kit Ying Catherine

## **REMUNERATION COMMITTEE**

Ms. Lee Kit Ying Catherine (*Chairman*)  
Ms. Lam Lai Ting Maria Goretti  
Ms. Chan Cheuk Man Vivian

## **NOMINATION COMMITTEE**

Mr. Long Hak Kan (*Chairman*)  
Ms. Chan Cheuk Man Vivian  
Ms. Lee Kit Ying Catherine

## **RISK MANAGEMENT COMMITTEE**

Mr. Tong Chi Hoi (*Chairman*)  
Ms. Lam Lai Ting Maria Goretti  
Ms. Chan Cheuk Man Vivian

## **COMPANY SECRETARY**

Mr. Wong Chung Ho

## **COMPLIANCE OFFICER**

Mr. Long Shing

## **AUTHORISED REPRESENTATIVES**

Mr. Long Shing  
Mr. Wong Chung Ho

## **REGISTERED OFFICE**

Windward 3, Regatta Office Park  
P.O. Box 1350  
Grand Cayman, KY1-1108  
Cayman Islands

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Unit 1818, 18/F, Nan Fung Commercial Centre,  
19 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park  
P.O. Box 1350  
Grand Cayman, KY1-1108  
Cayman Islands

## **BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## **LEGAL ADVISER TO THE COMPANY**

(*as to the laws of Hong Kong*)  
CFN Lawyers  
Room Nos. 4101-4104, 41/F, Sun Hung Kai Centre  
30 Harbour Road, Wanchai  
Hong Kong

## **PRINCIPAL BANK**

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central Hong Kong

Citibank (Hong Kong) Limited  
Citi Tower, One Bay East  
No. 83 Hoi Bun Road, Kwun Tong  
Hong Kong

## **INDEPENDENT AUDITOR**

KPMG  
Certified Public Accountants  
Public Interest Entity Auditor  
Registered in accordance with the Financial Reporting  
Council Ordinance  
8/F, Prince's Building,  
10 Chater Road, Central, Hong Kong

## **STOCK CODE**

8043

## **COMPANY'S WEBSITE**

[www.atlinks.com](http://www.atlinks.com)

# Chairman's Statement

## Dear shareholders,

On behalf of the board of Directors (the "**Board**") of Atlinks Group Limited (the "**Company**") and its subsidiaries (together the "**Group**"), we are pleased to present to our shareholders the audited annual report of the Group for the financial year ended 31 December 2023 (hereafter referred as the "**Financial Year**").

## OVERVIEW

We are pleased to report that Atlinks has returned profitability in 2023. Even though we experienced a slight decline in revenue, gross profit has improved significantly, together with the reduction in logistic costs, we were able to deliver positive results.

2023 was unexpectedly challenging. The wars in Ukraine and in Palestine, the high inflation and high energy cost has impacted consumer spending. The slowdown in the market demand was higher than expected. The revenue drop was more prominent in the second half of the Financial Year. We expect this to continue into the first half of 2024.

We are making good progress in the migration of our products to the alternate product solution, together with the component cost reduction trend, we have achieved gross margin improvement of over 5%. Organisational costs remain stable, logistic expenses was reduced mainly due to the reduction in out-bound freight cost.

We will continue to focus on the elderly market aiming at the visually and hearing impaired under the Swissvoice and Amplicomms brands. Our goal for geographic expansion is on track. Revenue growth outside of France in 2023 was strong and we expect it to continue in 2024.

Furthermore, we have once again been awarded by the prestigious Ecovadis – the award of sustainability as the Best Performer Worldwide in the category of Advanced Manufacturing among industrial leaders, the highest Platinum level. This type of recognition has continued to help us earn trust among our customers.

## APPRECIATION

I would like to take this opportunity to thank our management team for their continued dedication to growing and developing our business and capitalizing on strategies that benefit the long term growth of our Company. I would also like to thank our business partners for their continual support in our business and also would like to welcome many new partners as we venture into new business areas. Finally, I would also like to thank all our shareholders and investors for their continued support to the Group.

**Long Hak Kan**

*Chairman*

13 March 2024

# Management Discussion and Analysis

## BUSINESS ACTIVITIES

We are a telecommunications and elderly product designing company and we sell our products through telecom operators, 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 telecommunications products under the trademarks bearing the brand “Alcatel” (“**Licensed Marks**”) 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 for the year ended 31 December 2023 was similar to that for the year ended 31 December 2022, which was approximately EUR29.7 million and approximately EUR30.0 million respectively. The Group was able to compensate for a decline in home telephone sales with higher sales of office telephones.

The Group’s gross profit margin increased from approximately 26.6% for the year ended 31 December 2022 to approximately 31.7% for the year ended 31 December 2023.

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

	Year ended 31 December			
	2023		2022	
	EUR'000	% of total revenue	EUR'000	% of total revenue
Home telephone	21,059	70.8%	22,054	73.6%
Senior products	4,753	16.0%	4,947	16.5%
Office telephone	3,629	12.2%	2,728	9.1%
Others ( <i>Note</i> )	289	1.0%	232	0.8%
<b>Total</b>	<b>29,730</b>	<b>100.0%</b>	<b>29,961</b>	<b>100.0%</b>

*Note:* Others include IP devices and other miscellaneous products.

Sales of the home telephone segment for the year ended 31 December 2023 were approximately EUR21.1 million, representing a decrease of approximately 4.5% as compared to the corresponding period in 2022.

Sales of the senior products category for the year ended 31 December 2023 has dropped by approximately EUR0.2 million or 3.9% as compared to that of the previous year.

The decrease in revenue for both home telephone and senior products categories was mainly due to the slow down of sales in Latin America region.

Sales of office telephone for the year ended 31 December 2023 was approximately EUR3.6 million, representing an increase of approximately 33.0% as compared to the corresponding period in 2022. This was mainly due to the increasing demand in Europe.

## Management Discussion and Analysis

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			
	2023		2022	
	EUR'000	% of total revenue	EUR'000	% of total revenue
France	13,915	46.8%	14,406	48.1%
Other European countries ( <i>Note 2</i> )	9,516	32.0%	7,227	24.1%
APAC/MEA ( <i>Note 3</i> )	4,913	16.5%	3,812	12.7%
Latin America ( <i>Note 4</i> )	1,386	4.7%	4,516	15.1%
<b>Total</b>	<b>29,730</b>	<b>100.0%</b>	<b>29,961</b>	<b>100.0%</b>

### Notes:

1. The geographical breakdown was prepared based on shipping destination without taking into account the re-export or onward sales (if any) of our products by our customers.
2. Other European countries include but are not limited to Germany, UK, Benelux, Spain, Italy, Portugal and Switzerland but excludes France.
3. APAC/MEA include but are not limited to Asia Pacific Region and Middle East area.
4. Latin America includes Argentina, Chile, Mexico, Peru and others.

Sales to France for the year ended 31 December 2023 has dropped by approximately 3.4% to approximately EUR13.9 million as compared to the corresponding period in 2022. This represented approximately 46.8% of our total revenue for the year ended 31 December 2023.

Sales to other European countries for the year ended 31 December 2023 have increased by approximately 31.7% to approximately EUR9.5 million as compared to the corresponding period in 2022. The increase in revenue was largely contributed by the sales to UK and Spain.

Our sales to Asia Pacific Region and Middle East area have grown by approximately 28.9% to approximately EUR4.9 million as compared to the corresponding period in 2022.

Our sales to Latin America for the year ended 31 December 2023 have dropped by approximately 69.3% to approximately EUR1.4 million as compared to the corresponding period in 2022. This was mainly due to the decline in sales of both home telephone and senior products in Mexico.

## OUTLOOK

Business environment in 2023 was challenging, we expect this will continue in the first half of 2024. The wars in Ukraine and in Palestine, high interest rates, and high energy costs, have all impacted consumer spending. On the positive end, we expect the cost of raw materials to continue to trend down. While we do foresee freight costs to rebound in 2024, our overall margin is expected to remain similar, if not above year 2023.

We have restarted new product development, many of which is scheduled to be launched in Q2 of 2024. We will complete our product migration to the alternate product solution within 2024. Our team has put in great effort to develop this alternate product solution. This achievement will enable us to avoid reliance on a single supplier for certain critical components, and further improve our gross profit margin.

Our goal remains the same, that is to gain market share in the home telephone business through the introduction of reengineered products, products with enriched features to cover more price points on the shelf and to expand geographically. In the senior products market, we will continue to expand our product range aimed at the visually and hearing impaired, provide ancillary services for our mobile devices, and further strengthen the Swissvoice and Amplicomms brands.

We are constantly looking out for opportunities to acquire business and or technology to expand our business outside of the current category and into other geographic areas.

We look at this complex business environment as an opportunity for Atlinks. Customer demand has been robust, our listings with our customers are strong, and we have a strong order book on hand. Together with our good distribution network, a good engineering team, and the measures that have been put in place, we are confident that Atlinks will emerge stronger, ready for more growth!

## 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. Cost of sales decreased by approximately 7.6% from approximately EUR22.0 million for the year ended 31 December 2022 to approximately EUR20.3 million for the year ended 31 December 2023.

The Group's gross profit margin has improved from approximately 26.6% for the year ended 31 December 2022 to approximately 31.7% for the year ended 31 December 2023, which is mainly driven by the decrease in costs of materials and positive impact of the depreciation of Renminbi ("RMB") against Euro during the year.

### Selling and Distribution Expenses

Sales and distribution expenses decreased from approximately EUR3.7 million for the year ended 31 December 2022 to approximately EUR3.3 million for the year ended 31 December 2023, which mainly resulted from the decrease in freight and transportation expenses.

### Administrative Expenses

Administrative expenses increased from approximately EUR5.5 million for the year ended 31 December 2022 to approximately EUR5.7 million for the year ended 31 December 2023, which mainly resulted from the increase in staff costs due to an increase in headcount and the completion of "Employment Supporting Scheme" in 2022.

### Profit/(loss) attributable to the Equity Holders of the Company

As a result of the above, the Group recorded a profit of approximately EUR105K for the year ended 31 December 2023, compared to a loss of approximately EUR890K for the year ended 31 December 2022.

### Dividend

The Board does not recommend the payment of a dividend for the year ended 31 December 2023 (2022: Nil).

### 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 2023 nor material acquisitions and disposals of subsidiaries during the year ended 31 December 2023. There is no plan for material investment or capital assets as at 31 December 2023.

### 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 currencies giving rise to this risk are primarily RMB and United State 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, which is the functional currency 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 RMB and USD. Due to our business nature, our goal is to minimize foreign exchange risk exposure 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 2023, the Group had outstanding foreign exchange forward contracts in respect of EUR against RMB of notional principal amounts of approximately RMB27.6 million (as at 31 December 2022: RMB70.4 million) and had no outstanding foreign exchange forward contracts in respect of EUR against USD (as at 31 December 2022: Nil). Management will continue to evaluate the Group's foreign exchange risk management procedures regularly and take actions as appropriate to minimize the Group's exposure whenever necessary.

## Employees and Remuneration Policies

As at 31 December 2023, the Group had a total of 48 staff (2022: 46). Total staff costs (including Directors' emoluments) were approximately EUR3.9 million for the year ended 31 December 2023 (2022: approximately EUR3.6 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 2023, the Group's cash and cash equivalents amounted to approximately EUR1.1 million, representing a decrease of approximately EUR1.4 million as compared to that of approximately EUR2.5 million as at 31 December 2022. Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. As of 31 December 2023, we had various bank borrowings and overdrafts of approximately EUR7.3 million (as at 31 December 2022: approximately EUR9.7 million), including factoring loan for trade receivable, representing a decrease of approximately EUR2.4 million as compared to that as at 31 December 2022.

Net current assets has remained relatively stable at approximately EUR3.5 million for the year ended 31 December 2022 and approximately EUR3.6 million for the year ended 31 December 2023 respectively.

The Group requires cash primarily for working capital. As of 31 December 2023, the Group had approximately EUR1.1 million in cash and bank balances (as at 31 December 2022: approximately EUR2.5 million), representing a decrease of approximately EUR1.4 million as compared to that as at 31 December 2022.

## Net Gearing Ratio

As at 31 December 2023, the net gearing ratio of the Group was approximately 57% (as at 31 December 2022: approximately 56%). 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 a decrease for bank borrowing and an increase the shareholders loan to support the Group's working capital.

## Contingent Liabilities

As at 31 December 2023, the Company had no significant contingent liabilities (as at 31 December 2022: 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 EUR4,720,122 (2022: EUR4,731,267);
- (ii) pledged bank deposits with an aggregate amount of approximately EUR1,067,384 (2022: EUR1,937,523);
- (iii) a corporate guarantee from the Company with an aggregate amount of approximately EUR5,045,872 (2022: EUR5,188,679).

## Capital Commitments

As at 31 December 2023, the Company had no capital commitment (as at 31 December 2022: Nil).



# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Tong Chi Hoi** (“**Mr. Tong**”), aged 58, is chief executive officer of the Company. Mr. Tong is responsible for overseeing the Group’s operation, business development, human resources, finance and administration. He was appointed as a Director on 28 June 2019. Mr. Tong is also a director of Atlinks Holdings Limited (“**ATL Holdings**”), Atlinks Asia Limited (“**ATL Asia**”) and Swissvoice International SA (“**Swissvoice**”). Mr. Tong obtained his Bachelor of Engineering with First Class Honours from the University of London in August 1987. Mr. Tong has over 30 years of experience in telecommunication & electronic industry. Prior to his appointment as an executive Director, he was the President of Telecommunication Products of Vtech Telecommunications Limited from December 2006 to May 2019, a directly wholly-owned subsidiary of Vtech Holdings Limited being a company listed on the Main Board of the Stock Exchange (stock code: 303), President of CCT Tech (HK) Limited from November 1997 to October 2006 and as Senior Product Manager of Philips Consumer Communications from July 1994 to November 1997.

Mr. Tong is the brother of Mr. Tong Yung Hoi.

**Mr. Long Shing**, aged 42, is responsible for overall management of the Group’s business in APAC (Asia Pacific region). He was appointed as a Director on 3 August 2017 and re-designated as an executive Director on 12 September 2017. Mr. Long Shing joined the Group as sales and marketing director in July 2013 and is currently the director and legal representative of ATL Shenzhen. Mr. Long Shing obtained his Bachelor of Commerce degree from The University of British Columbia in May 2005. He began his career as a sales executive in NOK-Freudenberg Hong Kong Limited, a company that specialises in the production and sales of seals for the automotive industry as well as parts inside electronic hard disk drives, from February 2005 to October 2005. He worked as a sales executive in Kan Tsang Industrial Company Limited from November 2005 to June 2011. He also worked as a sales director in Kan Tsang Technology Limited, a company that engages in the research and development, manufacture, sale and marketing of electro acoustic components and headsets, from July 2011 to July 2013.

Mr. Long Shing is the son of Mr. Long.

**Mr. Jean-Alexis René Robert Duc** (“**Mr. Duc**”), aged 51, is responsible for overall management of the Group’s business operation in Europe. Mr. Duc was appointed as a Director on 3 August 2017 and re-designated as an executive Director on 12 September 2017. Mr. Duc obtained Brevet de Technicien Supérieur in International Trade from Institut Supérieur Européen de Gestion in July 1993 and he further obtained his Master equivalent degree in Marketing & Sales from Institut Supérieur de Gestion in September 1996. Mr. Duc has over 20 years of experience in the telecommunications industry. He worked as a sales representative in 3X International, a telecommunications company from February 1997 to August 1997. Mr. Duc then worked for Alcatel Business Systems, a telecommunications company from September 1997 to December 1999 with his last position as training manager. From January 2000 to February 2004, Mr. Duc worked as key account manager in Atlinks and then Thomson Telecom, a telecommunications company which acquired Atlinks in January 2004. From March 2004 to December 2008, Mr. Duc was promoted to customer director retail France of Thomson Telecom. In January 2009, he was promoted to commercial director of Europe, Middle East and Africa regions and carried on this position in Atlinks Europe (“**ATL Europe**”) in January 2010, before he was subsequently promoted to chief executive officer ATL Europe in October 2012.

## NON-EXECUTIVE DIRECTORS

**Mr. Long Hak Kan** (“**Mr. Long**”), aged 74, was appointed as a Director on 30 August 2017 and re-designated as a non-executive Director and appointed as Chairman of the Company on 12 September 2017, respectively. Mr. Long obtained his Associate Degree of Radio from Southeast Radio Institute\* (東南無線電專科學校) in January 1982.

Mr. Long was also a director of the following companies:

Name of Organisation	Principal business activity	Position	Period of Service
Kan Tsang Industrial Company Limited	Electronics components trading	Director	March 1998 to present
Kan Tsang New Technology Development Limited	Trading of electronic products	Director	December 2015 to present

Mr. Long is the father of Mr. Long Shing.

## Biographical Details of Directors and Senior Management

**Mr. Didier Paul Henri Goujard (“Mr. Goujard”)**, aged 74, is a non-executive Director of the Company. Mr. Goujard was appointed as chief executive officer, executive Director and chairman of the risk management committee of the company on 21 December 2017. Mr. Goujard was redesignated as non-executive Director and resigned as chief executive officer and chairman of the risk management committee on 28th Jun 2019. Mr. Goujard obtained a DIPLOME d’INGENIEUR (SPÉCIALITÉ: ELECTRONIQUE) (Diploma in Engineering (specialty: Electronics)) from Conservatoire National des Arts et Métiers in June 1977. Mr. Goujard has over 30 years experience in the telecommunications industry. Prior to joining the Group, Mr. Goujard worked as a manager in Alcatel S.A., a French global telecommunications equipment company from April 1981 to September 1999. He then joined Thomson Alcatel RC, a joint venture specialized in telecommunications equipment products as operations manager from October 1999 to January 2000. From February 2000 to February 2006, Mr. Goujard was the general manager of Atlinks Hong Kong Limited, which was renamed to Thomson Asia Limited from March 2006 to February 2011. From March 2006 to July 2008, Mr. Goujard was the general manager of Thomson Asia Limited (currently known as Technicolor Asia Limited, a technological company in the media and entertainment industry). From August 2008 to December 2009, Mr. Goujard worked as market development EMEA (Europe, Middle East and Africa regions) director in Thomson Telecom SA. He then worked as managing director in Atlinks Group and as chief executive officer in Atlinks Europe, which was engaged in designing home and office telecommunications products, from January 2010 to January 2013.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Lam Lai Ting Maria Goretti (“Ms. Lam”)**, aged 53, was appointed as our independent non-executive Director on 21 December 2017. Ms. Lam is responsible for providing independent judgment and advises on the issue of strategy, performance, resources and standard of conduct of the Group, and reviewing the financial information of the Group on a regular basis. Ms. Lam obtained her Bachelor Degree of Economics from the University of Sydney in June 1993. She was admitted as a member of CPA Australia in April 1993 and was admitted to full membership of CPA Australia in May 1996. She was also admitted as a fellow of the Hong Kong Institute of Certified Public Accountants in January 2010. She is currently an authorised supervisor of the Hong Kong Institute of Certified Public Accountants. Ms. Lam worked as a staff accountant and a senior auditor in Arthur Andersen & Co from December 1992 to January 1996. She worked for United International Holdings Inc., a company that specialises in acquisitions and development of worldwide cable TV operations (currently known as UnitedGlobalCom) as a business development manager from February 1996 to October 1997. From June 1998 to April 1999 she worked as the regional strategic business development manager in American International Companies, Hong Kong. Ms. Lam then joined New World Telecommunications Limited with last position as the senior manager in business development department from August 1999 to March 2003.

Ms. Lam was also a director of the following companies:

Name of Organisation	Principal business activity	Position	Period of Service
Crestar Limited	Business consulting & outsourcing service	Director	2003 to present
Fukada Group Limited	Energy saving business	Director	2012 to present
G-aijia Limited	Contracting works with listed building management	Director	2012 to present

**Ms. Chan Cheuk Man Vivian (“Ms. Chan”)**, aged 40, was appointed as our independent non-executive Director on 21 December 2017. Ms. Chan is responsible for providing independent judgment and advises on the issue of strategy, performance, resources and standard of conduct of the Group, and reviewing the financial information of the Group on a regular basis. Ms. Chan obtained her Bachelor of Laws degree and Bachelor of Commerce in Finance degree from The University of New South Wales in May 2006. She had also obtained her Graduate Diploma in Legal Practice from The College of Law in Australia in August 2006. In June 2007, she obtained the Postgraduate Certificate in Laws from The University of Hong Kong. Ms. Chan was admitted as a lawyer of the Supreme Court of New South Wales in August 2006 and a solicitor of the High Court of Hong Kong in December 2009. Ms. Chan was employed as an assistant solicitor in William W.L. Fan & Co from November 2009 to November 2013. Ms. Chan was then promoted as partner at William W.L. Fan & Co in December 2013 and was a partner of the firm until June 2015. Since September 2015, Ms. Chan was the principal of Vivian Chan Law Office.

**Ms. Lee Kit Ying Catherine** (“**Ms. Lee**”), aged 54, was appointed as our independent non-executive Director on 14 June 2019. Ms. Lee is responsible for providing independent judgment and advises on the issue of strategy, performance, resources and standard of conduct of the Group, and reviewing the financial information of the Group on a regular basis. Ms. Lee graduated from the University of London and obtained a Bachelor of Science in Economics on 1 August 1997 and obtained her Master of Technology Management in Global Logistics Management from The Hong Kong University of Science and Technology on 5 November 2003. Ms. Lee has over 27 years of experience in management and strategic planning of overall supply chain and merchandising performance.

Prior to Ms. Lee’s appointment as an independent non-executive Director, Ms. Lee has served for Product Marketing Mayborn Limited as the Global Head of Strategic Projects (Operations) from December 2017 to October 2018, the Global Head of Asia Operations & Procurement from November 2010 to November 2017 and Head of Procurement from 31 August 2009 to October 2010.

Ms. Lee has served as the deputy managing director of Wiltec Industries (HK) Ltd between November 2006 to June 2009. Ms. Lee served as the manager of the Asia operations of Atlinks Hong Kong Limited (previously known as Thomson Asia Limited and currently known as Technicolor Asia Limited, a technological company in the media and entertainment industry) from June 1998 to November 2006, a purchasing manager of Rightmark Technology Limited from November 1997 to June 1998, a purchasing manager of Lamex Trading Company Limited from September 1995 to November 1997, an assistant purchasing manager of Yip’s Hang Cheung (Holdings) Limited (currently known as Yip’s Chemical Holdings Limited, a company listed on the Main Board of the Stock Exchange, stock code: 408) from April 1993 to September 1995, and a purchaser of Coates Brothers (Hong Kong) Limited from June 1992 to March 1993.

Since April 2022, Ms. Lee has also been serving as director of Supply and Manufacturing of Ruroc Limited, with principal business activity of helmet manufacturing and supply.

### SENIOR MANAGEMENT

**Mr. Wong Chung Ho** (“**Mr. Wong**”), **Randy**, aged 50, joined ATL Asia as Group Financial Controller on 1 July 2023 and was appointed Chief Financial Officer of the Company on 15 August 2023. Mr. Wong is responsible for looking after the operations, human resources, finance and administration. Mr. Wong graduated from “University of Lethbridge”, Alberta, Canada in 2000 with a Bachelor Degree in Management – major in both Accounting and Finance. Mr. Wong qualified as a USCPA – The Guam Board of Accountancy in the year 2015, and further obtained CPA of the Hong Kong Institute of Certified Public Accountants. Prior to joining ATL, he worked for DSSP Global Limited, a subsidiary of Pearl Global Industries Limited which is a listed company in both NSE and BSE in India (Stock Code: NSE – PGI; BSE – 532808), as a Financial Controller since Jul 2016.

**Mr. Tong Yung Hoi**, aged 54, joined Atlinks Asia Limited as Director – Product & Asia Operations on 1 March 2019. Mr. Tong Yung Hoi obtained his Bachelor of Engineering degree with First Class Honours from the University of London in August 1992. Prior to joining Atlinks, he worked for VTech Telecommunications Limited from December 2006 to February 2019, a directly wholly-owned subsidiary of VTech Holdings Limited being a company listed on the Main Board of the Stock Exchange (stock code: 303) as a Director of Program Management.

Mr. Tong Yung Hoi is the brother of Mr. Tong.

**Mr. Philippe Durand**, aged 48, joined Atlinks Europe from its early beginning in January 2010. He is in charge of controlling and was appointed as Finance and administration Manager in June 2013. He graduated from the University of Burgundy in 2000 with a master’s degree in finance. From 2000, he worked successively at Canal Plus and Thomson where he held different positions like, consolidation reporting assistant accountant, sales controller, logistic and supply chain controller, and financial controller for several entities.

He has 20 years’ experience in Finance.

**Ms. Ségolène de Girardier Mitard**, aged 55, joined Atlinks Europe from its early beginning in January 2010. She is responsible for Business Management and Marketing in Europe and was appointed as a Director in sept 2021. She graduated from La Sorbonne University in 1990 with master’s degree in economics and business and in 1991 with a post graduate degree in market research and marketing strategy from Sciences-Po Paris. Her first position was Product Manager in Food industry in Sara Lee (American consumer-goods company). From 1997 she worked successively at Alcatel and Thomson where she held various positions in Product Marketing, Project Management and Business Management for Retail and Telco channels. She has more than 25-year experience in the telecommunications and consumer electronic industry.

# Corporate Governance Report

The Company is committed to ensure a high standard of corporate governance in the interests of the shareholders and devote considerable effort to maintain high level of business ethics and corporate governance practices.

## 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 Part 2 of Appendix C1 to 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 report.

The Company has complied with the principles and applicable code provisions of the CG Code during the year ended 31 December 2023.

## CORPORATE GOVERNANCE STRUCTURE

The Board is primarily responsible for formulating strategies, monitoring performance and managing risks of the Group. At the same time, it also has the duty to enhance the effectiveness of the corporate governance practices of the Group. Under the Board, there are four board committees, namely the risk management committee, (the “**Risk Management Committee**”), the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”). All board committees have been established with defined written terms of reference, which are posted on the websites of the Stock Exchange and Company. The board committees assist the Board in supervising certain functions of the senior management.

Pursuant to Rule 5.66 of the GEM Listing Rule, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company not to deal in securities of the Company when he/she would be prohibited from dealing by the code of conduct as if he/she was a Director.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Group had adopted Rules 5.46 to 5.67 of the GEM Listing Rules (the “**Model Code**”) as its own code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings.

Having made specific enquiry with all the Directors, all the Directors had confirmed compliance with the required standard of dealings set out in the Model Code and the code of conduct for Directors’ securities transactions during the year ended 31 December 2023.

## BOARD OF DIRECTORS

At present, the Board comprises eight directors (“**Directors**”) as follows:

### Executive Directors:

Mr. Tong Chi Hoi (*Chief Executive Officer*)  
Mr. Jean-Alexis René Robert Duc (*ATL Europe’s managing director*)  
Mr. Long Shing (*Sales and marketing director of APAC*)  
Ms. Ho Dora (*Chief Financial Officer*) (*resigned on 15th August 2023*)

### Non-executive Directors:

Mr. Long Hak Kan (*Chairman*)  
Mr. Didier Paul Henri Goujard

### Independent non-executive Directors:

Ms. Lam Lai Ting Maria Goretti  
Ms. Chan Cheuk Man Vivian  
Ms. Lee Kit Ying Catherine

Biographical details of the Directors are set out in the section of “Biographical Details of Directors and Senior Management” on pages 9 to 11. Save for Mr. Long Shing being the son of Mr. Long Hak Kan, there are no family or other material relationships among members of the Board.

The Board has the responsibility for leadership and control of the Company. They are collectively responsible for promoting the success of the Group by directing and supervising the Group’s affairs. The Board is accountable to the shareholders for the strategic development of the Group with the goal of maximising long-term shareholder value, while balancing broader stakeholder interests.

Pursuant to Code Provision C.5.1 of the CG Code, the Board is expected to meet regularly and Board meeting should be held at least four times a year at approximately quarterly intervals. Seven Board meetings and one general meeting were held during the year ended 31 December 2023.

The attendance record of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings, Risk Management Committee meetings and general meeting during the year ended 31 December 2023 is set out in the following table:

Name of Directors	Board Meetings (attendance/ total no. of meeting held)	Audit Committee Meetings (attendance/ total no. of meeting held)	Remuneration Committee Meetings (attendance/ total no. of meeting held)	Nomination Committee Meetings (attendance/ total no. of meeting held)	Risk Management Committee Meetings (attendance/ total no. of meeting held)	General Meeting (attendance/ total no. of meeting held)
<b>Executive Directors</b>						
Mr. Tong Chi Hoi	7/7	N/A	1/1	N/A	3/3	1/1
Mr. Jean-Alexis René Robert Duc	6/7	N/A	N/A	N/A	N/A	0/1
Mr. Long Shing	7/7	N/A	N/A	N/A	N/A	1/1
Ms. Ho Dora ( <i>Note</i> )	3/7	5/8	1/1	2/2	2/3	1/1
<b>Non-executive Directors</b>						
Mr. Long Hak Kan	7/7	N/A	N/A	2/2	N/A	1/1
Mr. Didier Paul Henri Goujard	6/7	N/A	N/A	N/A	N/A	0/1
<b>Independent non-executive Directors</b>						
Ms. Lam Lai Ting Maria Goretti	7/7	8/8	1/1	N/A	3/3	0/1
Ms. Chan Cheuk Man Vivian	7/7	8/8	1/1	2/2	3/3	0/1
Ms. Lee Kit Ying Catherine	5/7	8/8	1/1	2/2	N/A	0/1

*Note:* Ms. Ho Dora resigned as an executive Director on 15 August 2023

Code Provision C.5.3 of the CG Code stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. All Directors are provided with details of agenda items for decisions making with reasonable notice and are welcome to include other matters in the agenda of each Board or committee meeting. Directors have access to the advice and services of the company secretary of the Company (the "**Company Secretary**") who is responsible for ensuring that the Board procedures are complied with in addition to advising the Board on compliance matters.

Minutes of Board meetings and meetings of Board committees are kept by the Company Secretary and are opened for inspection at request by Directors. During the year, the Board was given sufficient time to review and approve the minutes of Board meetings and meetings of Board committees. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company.

If potential conflict of interest involving a substantial shareholder or a Director arises which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting. The Directors may attend meetings in persons or through other means of electronic communication in accordance with the bye-laws of the Company.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the executive Directors and senior management.

All Directors assume the responsibilities owed to the shareholders of the Company for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.



The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor the Company's overall financial position. The Board updates shareholders on the operations and financial position of the Group through quarterly, half yearly and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations.

The Company has three independent non-executive Directors, at least one of whom has appropriate professional qualifications, accounting or related financial management expertise, in compliance with the GEM Listing Rules. Each of the independent non-executive Director has made an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

According to the Company's articles of association, newly appointed Directors shall hold office until the next following general meeting and shall be eligible for re-election at that meeting. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

To comply with Code Provision C.1.4 of the CG Code, all Directors will participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 December 2023, the Directors were provided with timely updates on the latest developments of the business of the Group. From time to time, the Directors are informed of the relevant GEM Listing Rules and other applicable regulatory requirements, so as to ensure that he/she is aware of his/her responsibilities and obligations to maintain good corporate governance practices.

### **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

Under Code Provision C.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

During the year ended 31 December 2023, the chairman of the Board is Mr. Long whereas the chief executive officer of the Company is Mr. Tong. The roles of the chairman and the chief executive officer will be separate and distinct.

One of the important roles of the chairman is to provide leadership for the Board to ensure that the Board always acts in the best interest of the Group. The chairman takes primary responsibility for ensuring that good corporate governance practices and procedures are established and the Board works effectively and fully discharges its responsibilities, and that all key issues are discussed by the Board in a timely manner. The chairman has taken into account, where appropriate, any matters proposed by the Directors for inclusion in the agenda. The chairman has delegated the responsibility of drawing up the agenda for each Board meeting to the Company Secretary. With the support of the Company Secretary, the chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and have received adequate and reliable information in a timely manner.

### **APPOINTMENT, RE-ELECTION AND REMOVAL**

During the year, the Directors provided the Company and its subsidiaries with a wide range of expertise and experience. Their active participation in the Board and committee meetings brought independent judgment on issues relating to the Group's strategy, performance and management process, taking into account the interests of all shareholders of the Company. Each of the non-executive Directors and independent non-executive Directors ("**INED**") has entered into a service contract or appointment letter with the Company for three years and one year respectively (save for Ms. Lee, who has entered into an appointment letter with the Company for a term of three years ending in 2025) but subject to termination in certain circumstance as stipulated in the relevant service contract or appointment letter. At each annual general meeting, one third of the Directors for the time being (of if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his/her appointment and be eligible for re-election at such meeting and any Director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing corporate governance duties and has adopted written terms of reference on its corporate governance functions in compliance with the CG Code.

The duties of the Board in respect of the corporate governance functions include:

- (i) developing and reviewing the Company's policies and practices on corporate governance;
- (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2023 and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

## BOARD DIVERSITY POLICY

The Company has adopted the board diversity policy (the "**Board Diversity Policy**"). The Board Diversity Policy sets out the approach to achieve diversity in the Board that should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business and compliance with policies. The Board Diversity Policy is reviewed annually and regularly. The Board should ensure that its changes in composition will not result in any undue interference. The Board members should possess appropriate professionalism, experience and trustworthiness in performing duties and functions. The Board would diversify its members according to the Company's situations and need. While participating in nomination and recommendation of director as candidates for election during the year, each member of the Board may consider a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, or professional experience in achieving diversity for the benefit of the Company's various business development and management. The Board has to review the Board Diversity Policy on an annual basis and to disclose such policy or a summary of such policy in the corporate governance report, including any quantitative targets and standards and its progress with its implementation.

## BOARD COMMITTEES

The Board has established four board committees, namely the Risk Management Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee.

### RISK MANAGEMENT COMMITTEE

As at 31 December 2023, the Risk Management Committee comprises three members namely:

Mr. Tong Chi Hoi (*Chairman*)  
 Ms. Lam Lai Ting Maria Goretti  
 Ms. Chan Cheuk Man Vivian

During the year, the Risk Management Committee held three meetings. The Risk Management Committee had conducted an annual review on the effectiveness of the risk management and internal control systems of the Group, including financial, operational and compliance risk aspects. The systems were considered effective and adequate. The principal duties of the Risk Management Committee are, among other things, to provide risk management measures regarding operations of the Group to the Board.

A majority of the members are independent non-executive Directors.

The written terms of reference of the Risk Management Committee are posted on the websites of the Stock Exchange and the Company.

### AUDIT COMMITTEE

As at 31 December 2023, the Audit Committee comprises three members namely:

Ms. Lam Lai Ting Maria Goretti (*Chairman*)  
 Ms. Chan Cheuk Man Vivian  
 Ms. Lee Kit Ying Catherine

During the year, the Audit Committee held eight meetings. 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.

## Corporate Governance Report

All the members are independent non-executive Directors (including an independent non-executive Director who possess the appropriate professional qualifications, accounting or related financial management expertise). There is no disagreement between the Board and the Audit Committee regarding the selection and appointment of the Company's auditors.

The Company's annual results and annual report for the year ended 31 December 2023 have been reviewed by the Audit Committee.

None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The written terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company.

### **REMUNERATION COMMITTEE**

As at 31 December 2023, the Remuneration Committee comprises three members namely:

Ms. Lee Kit Ying Catherine (*Chairman*)  
Ms. Lam Lai Ting Maria Goretti  
Ms. Chan Cheuk Man Vivian

During the year, the Remuneration Committee held one meeting. The principal duties of the Remuneration Committee are, amongst other things, to make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and on the Group's policy and structure for all remuneration of the Directors and senior management. The Remuneration Committee has reviewed the remuneration packages and emoluments of the Directors and senior management with reference to, among other things, the market level of salaries paid by comparable companies, the respective responsibilities and performance of the Directors and the senior management and considered that they are fair and reasonable during the year ended 31 December 2023.

All the members are independent non-executive Directors.

The written terms of reference of the Remuneration Committee are posted on the websites of the Stock Exchange and the Company.

### **NOMINATION COMMITTEE**

As at 31 December 2023, the Nomination Committee comprises three members namely:

Mr. Long Hak Kan (*Chairman*)  
Ms. Chan Cheuk Man Vivian  
Ms. Lee Kit Ying Catherine

The Nomination Committee will meet as and when necessary in accordance with its terms of reference and may also deal with matters by way of circulation. The Nomination Committee held two meetings during the year. The Nomination Committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for the Directors.

A majority of the members are independent non-executive Directors.

The written terms of reference of the Nomination Committee are posted on the websites of the Stock Exchange and the Company.



## NOMINATION POLICY

The Nomination Committee will reference the nomination policy (the “**Nomination Policy**”) adopted by the Group on 23 March 2020 for selecting and recommending candidates for directorship. A summary of the Nomination Policy is disclosed below.

### Selection Criteria

The Nomination Committee will evaluate, select and recommend candidate(s) for directorship to the Board by giving due consideration to criteria, having due regard to the benefits of diversity on the Board, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how, sufficient time to effectively carry out their duties, their services on other listed and non-listed companies should be limited to reasonable numbers, qualifications including accomplishment and experience in the relevant industries the Company’s business is involved in, independence, reputation for integrity, potential contributions that the individual(s) can bring to the Board and commitment to enhance and maximize shareholders’ value.

### Nomination Process

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- (a) By giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- (b) To consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firms and proposals from shareholders of the Company with due consideration given the criteria;
- (c) To adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;
- (d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (e) To make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and
- (f) The Board will have the final authority on determining the selection of nominees.

## DIVIDEND POLICY

The Board adopted a dividend policy (the “**Dividend Policy**”) on 23 March 2020. According to the Dividend Policy, in deciding whether to propose any dividend payout, the Board shall take into account, *inter alia*:

- the Group’s actual and expected financial performance;
- shareholders’ interests;
- retained earnings and distributable reserves of the Company and each member of the Group;
- the level of the Group’s debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group’s creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group’s lenders;
- the Group’s expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- statutory and regulatory restrictions;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group’s business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

## **DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The Directors are responsible for the preparation of the consolidated financial statements for each financial year which gives a true and fair view. In preparing the consolidated financial statements, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance were complied with. The Directors believe that they have selected suitable accounting policies and applied them consistently, and made judgments and estimates that are prudent and reasonable and have ensured that the consolidated financial statements are prepared on a going concern basis.

## **INTERNAL CONTROLS AND RISK MANAGEMENT**

The Board is responsible for maintaining sound and effective internal control systems in order to safeguard the Group's assets and shareholders' interests and review and monitor the effectiveness of the Company's internal control and risk management systems on a regular basis so as to ensure that internal control and risk management systems in place are adequate. The Company has established written policies and procedures applicable to all operating units to ensure the effectiveness of internal controls.

The Group's internal control systems include:

- monitoring the risk control condition in respect of market risks, credit risks, operational risks, liquidity risks and compliance risks;
- evaluating the Group's exposure to international sanction law risks on an ongoing basis and, in particular, prior to entering into any agreement or conducting any business dealings with new customers;
- deciding on risk profile, risk levels, tolerance and capacity and related resources allocation;
- reviewing and approving the risk management strategy, policies and guidelines of the Group;
- reviewing the risk reporting record of the Group and material risk management updates and reports of material breaches of risk limits and assessing the adequacy of proposals;
- engaging external legal advisers with the necessary expertise and experience in international sanction law, and the general managers of each respective country to assist them in evaluating and monitoring international sanction law risks in the daily operations; and
- monitoring and approving the use of monies deposited in the designated account for the purpose of deposit and deployment of all funds raised through the Listing.

The Board had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of the management's review on risk management and internal control systems; the extent and frequency of communication with the Board in relation to the result of the review of risk and internal control; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board considers the Group's risk management and internal control systems are effective.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

To control risks in relation to any Countries subject to International Sanctions (as defined in the Prospectus) or any other government, individual or entity sanctioned by the U.S., the European Union, the United Nations or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions. The Company have adopted the policies as stated in the section headed "Business-Our undertakings and internal control procedures" in the Prospectus and have continuously implemented the following policies as at the date of this report:

1. The Company has set up and maintained a separate bank account, which is designated for the sole purpose of the deposit and deployment of the proceeds from the Share Offer (as defined in the Prospectus) or any other funds raised through the Stock Exchange;
2. The Board has established a risk management committee to further enhance the existing internal risk management functions. The members of the committee comprise of Mr. Tong, Ms. Lam and Ms. Chan, and their responsibilities include, among others, monitoring the exposure to sanctions risks and the implementation of the related internal control procedures. The risk management committee will hold at least two meetings each year to monitor the exposure to sanctions risks;

3. The Company has continuously evaluated the sanctions risks prior to determining whether the Company should embark on any business opportunities in Countries subject to International Sanctions and with Sanctioned Persons (as defined in the Prospectus). According to the internal control procedures, the risk management committee has been established to review and approve all relevant business transaction documentation from customers or potential customers from Countries subject to International Sanctions and with Sanctioned Persons. In particular, the risk management committee has been established to review the information (such as identity and nature of business as well as the customers' ownership) relating to the counterparty to the contract along with the draft business transaction documentation and has checked the counterparty against the various lists of restricted parties and countries maintained by the U.S., the European Union, the United Nations or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions which lists are publicly available, and determined whether the counterparty is, or is owned or controlled by, a person located in Countries subject to International Sanctions or a Sanctioned Person. Whether any potential sanctions risk is identified, the Company will seek advice from reputable external international legal counsel with necessary expertise and experience in International Sanctions matters;
4. The Directors has continuously monitored the use of proceeds from the Share Offer (as defined in the Prospectus), as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Countries subject to International Sanctions or Sanctioned Persons where this would be in breach of International Sanctions;
5. The risk management committee has been established to periodically review the internal control policies and procedures with respect to sanctions matters. As and when the risk management committee considers necessary, we will retain external international legal counsel with necessary expertise and experience in sanctions matters for recommendations and advice;
6. If necessary, external international legal counsel will provide training programs relating to the sanctions to the Directors, the senior management and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations. Our external international legal counsel will provide current list of Countries subject to International Sanctions and Sanctioned Persons to the Directors, senior management and other relevant personnel, who will in turn disseminate such information throughout our domestic operations and overseas offices and branches; and
7. Regarding the distributor customers, the Company has used best efforts to ensure that the distributor customers has warranted to the Company, either in the contracts with such distributor customers, or through the customers' delivery of an annual certification to the Company, that they are complying with International Sanctions laws in the sale or delivery of the products. In addition, in the event that the distributor customers are selling or delivering products to countries/entities subject to international sanctions, they shall ensure that the end customers are not Sanctioned Persons or provide the identity of such end customers prior for the Company to confirm whether such end customers are Sanctioned Persons, and the products shall not be sold to such end customers if such sale could result in any breach of international sanctions laws.

## EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

KPMG was appointed as the Company's auditor on 21 June 2021. The statement of KPMG in respect of its reporting responsibilities and opinion on the Group's consolidated financial statements for the year ended 31 December 2023 is set out in the section headed "Independent Auditor's Report" in this annual report.

The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

The fees paid/payable to KPMG for the year ended 31 December 2023 are set out as follows:

	<b>Fee paid/payable HK\$'000</b>
Audit services	900
Non-audit services	–
<b>Total</b>	<b>900</b>

## COMPANY SECRETARY

The company secretary is responsible for ensuring that Board procedures are followed and for facilitating communications among Directors as well as with shareholders and management.

Mr. Wong Chung Ho is the Company Secretary. The biographical details of Mr. Wong are set out in the section headed “Biographical Details of Directors and Senior Management” of this annual report. In accordance with Rule 5.15 of the GEM Listing Rules, Mr. Wong had taken no less than 15 hours of relevant professional training during the year under review.

## COMPLIANCE OFFICER

The compliance officer of the Company is Mr. Long Shing whose biographical details are set out in the section headed “Biographical Details of Directors and Senior Management” of this annual report.

## INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public.

The Company updates its shareholders on its latest business developments and financial performance through its quarterly, interim and annual reports. The corporate website of the Company ([www.atlinks.com](http://www.atlinks.com)) has provided an effective communication platform to the public and the shareholders.

## INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director’s responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

<b>Name of Directors</b>	<b>CPD Participation Yes/No</b>
<b>Executive Directors</b>	
Mr. Tong Chi Hoi	Yes
Mr. Jean-Alexis René Robert Duc	Yes
Mr. Long Shing	Yes
<b>Non-executive Directors</b>	
Mr. Long Hak Kan	Yes
Mr. Didier Paul Henri Goujard	Yes
<b>Independent non-executive Directors</b>	
Ms. Lam Lai Ting Maria Goretti	Yes
Ms. Chan Cheuk Man Vivian	Yes
Ms. Lee Kit Ying Catherine	Yes

Participation in CPD includes attending seminars, reading relevant materials in relation to the business of the Group, directors’ duties, latest development of the GEM Listing Rules and other applicable regulatory requirements.

## SHAREHOLDER COMMUNICATION

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

It is the Company’s policy to use a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars. The annual general meeting and other general meetings of the Company are primary forums for communication between the Company and its shareholders. The Company provides shareholders with relevant information on the resolution(s) proposed at general meetings in a timely manner in accordance with the GEM Listing Rules. The information provided is reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s). All the resolutions proposed to be approved at the general meetings will be taken by poll and poll voting results will be published on the websites of the Stock Exchange and the Company after the meetings.

The Company continues to promote investor relations and enhance communication with the existing shareholders and potential investors. The Company welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective for the year ended 31 December 2023.

### **CONSTITUTIONAL DOCUMENTS**

The Company has no significant changes in the Company's constitutional documents during the year. A consolidated version of the Company's constitutional documents is available on the Company's website and the website of the Stock Exchange.

### **PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING**

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders are requested to follow article 64 of the Articles of Association of the Company which provides that extraordinary general meetings should be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If the Board fails to proceed to convene an extraordinary general meeting within 21 days of the deposit of the requisition, the requisitionist(s) may convene an extraordinary general meeting himself/themselves, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### **PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR**

The provisions for a shareholder to propose a person for election as a director of the Company are laid down in Article 113 of the Company's Articles of Association. No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the principal place of business in Hong Kong or at the Hong Kong Branch Share Registrar. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

### **PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD**

Shareholders may send written enquiries to the Company, for the attention of Company Secretary, by email: enquiry@atlinks.com, or by post to Unit 1818, 18/F, Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong.

### **INFORMATION DISCLOSURE**

The Company discloses information in compliance with the GEM Listing Rules and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders, investors as well as the public to make rational and informed decisions.

### **CONCLUSION**

The Company believes that good corporate governance could ensure an effective distribution of the resources and shareholders' interests. The senior management will continue endeavors in maintaining, enhancing and increasing the Group's corporate governance level and quality.

# Environmental, Social and Governance Report

## ABOUT THIS REPORT

### Report Overview

This Report is the annual environmental, social and governance report (the “**Report**”) published by Atlinks Group Limited (the “**Atlinks**” or “**We**”, and together with its subsidiaries, the “**Group**”) for the disclosure of relevant information of the Group from 1 January 2023 to 31 December 2023 (the “**Reporting Period**”, “**FY2023**”, or “**2023**”). This Report is available on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company.

### Reporting Scope and Boundary

This Report discloses the ESG performance of the Group’s business activities in Hong Kong and France, focusing on developing and selling communication products. There is no significant change in the boundary and scope of this Report from that of the 2022 ESG Report.

### Reporting Framework

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the ESG Reporting Guide) as set out in Appendix C2 of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### Reporting Principles

In the process of preparation of this Report, the Group have adhered to the reporting principles stipulated in the ESG Reporting Guide as the following:

<b>Materiality:</b>	A materiality assessment was conducted to identify material issues during the reporting period, thereby acknowledging the material issues as the focus for preparation of this ESG report. Please refer to the sections headed “ <b>Stakeholder Engagement</b> ” and “ <b>Materiality Assessment</b> ” for further details.
<b>Quantitative:</b>	Supplementary notes are added along with quantitative data disclosed in this ESG report to explain any standards, methodologies, and sources of conversion factors used during the calculation of emissions and energy consumption.
<b>Consistency:</b>	The preparation approach of this ESG report is substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure or calculation methodologies.
<b>Balance:</b>	This ESG report is completed based on fact and actual data disclosure to avoid biased judgement and misleading information to the report readers.

### Contact and Feedback

Your feedback is valuable to our continuous improvement, and we welcome any comments and suggestions you may have on this ESG Report. Please share any comments or suggestions regarding the Group’s ESG performance by [enquiry@atlinks.com](mailto:enquiry@atlinks.com).

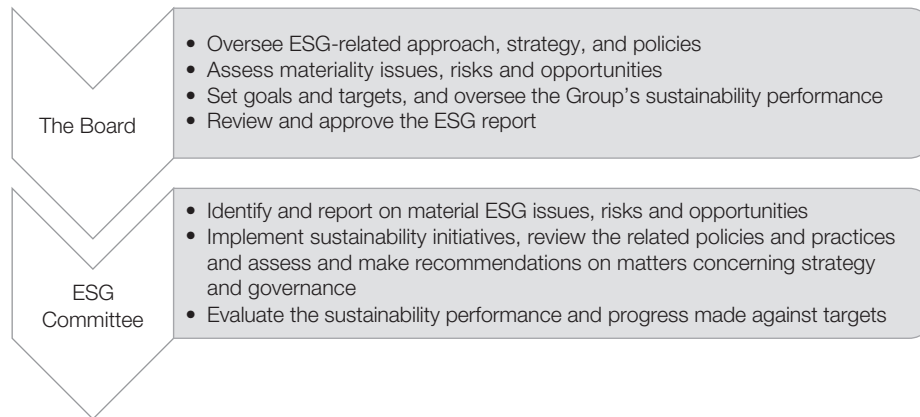
### Forward-looking Statements

This Report contains forward-looking statements based on the current expectations, estimates, projections, beliefs, and assumptions of the Group about the businesses and the markets in which it and its subsidiaries operate. The forward-looking statement is not a guarantee of future performance and is subject to market risk, uncertainties, and factors beyond the control of the Group. Therefore, actual outcomes and returns may differ materially from the assumptions and statements in this Report.

**Board’s Oversight of ESG Issues**

The Board is responsible for ensuring the effectiveness of the Group’s risk management and internal control system. The Group has developed an ESG governance framework to ensure the alignment of ESG governance with our strategic growth while advocating the integration of ESG into our business operations. The diagram below provides an illustration of our governance infrastructure, on the decision-making level and the management and implementation level:

**Board Statement and ESG Governance Structure**



**The Board**

The Board is responsible for overseeing all ESG issues of the Group. It holds the ultimate responsibility for monitoring the Group’s ESG performance, as well as ESG management approach, strategy and policies. To advance the Group’s ESG performance and identify potential risks and opportunities, the Board conducts regular materiality assessments with the assistance of the ESG Committee to evaluate and prioritise material ESG issues with reference to the opinions of our stakeholders.

**The ESG Committee**

The ESG Committee is formed by core members from different departments and operational teams with approval by the Board. It assists the Board with the assessment of material issues, risk and opportunities, and the efficient implementation of policies.

Duties of the ESG Committee include ESG data collection and data analysis for the ESG report. The ESG Committee is also responsible for monitoring and evaluating the ESG performance to ensure regulations are fully complied. Regular meetings are carried out to assess the effectiveness of the current policies for ongoing improvements.

The ESG Committee discusses material ESG topics in a timely manner and integrates ESG concerns into strategy development for risk management and opportunities optimisation. Through analysis and discussion, the ESG Committee sets out different ESG initiatives as part of the sustainable development process, turning the identified threats into opportunities through policy formulation and implementation.



**STAKEHOLDER ENGAGEMENT**

The Group values its stakeholders and their feedback regarding its businesses and ESG performance. To understand their concerns and opinions on ESG issues, the Group regularly communicates with stakeholders. Based on the industry background and sustainable development, our key stakeholders are included but not limited to shareholders and investors, customers, employees, suppliers, communities and NGOs, media, and the public, as well as government and regulatory authorities.

The Group has put in place a variety of communication channels, timely disclosing information on its operations and ESG performance and other aspects to stakeholders. In this way, we increase stakeholders’ understanding and recognition of the Group and integrate the collected stakeholder expectations into our operations to protect the stakeholders’ right to information and participation. Their valuable feedback will feed into the Group’s strategic planning, ensuring that our commitment to sustainable business and good corporate citizenship.

The following table provides an overview of the Group’s main stakeholders and various platforms and communication channels to reach and respond.

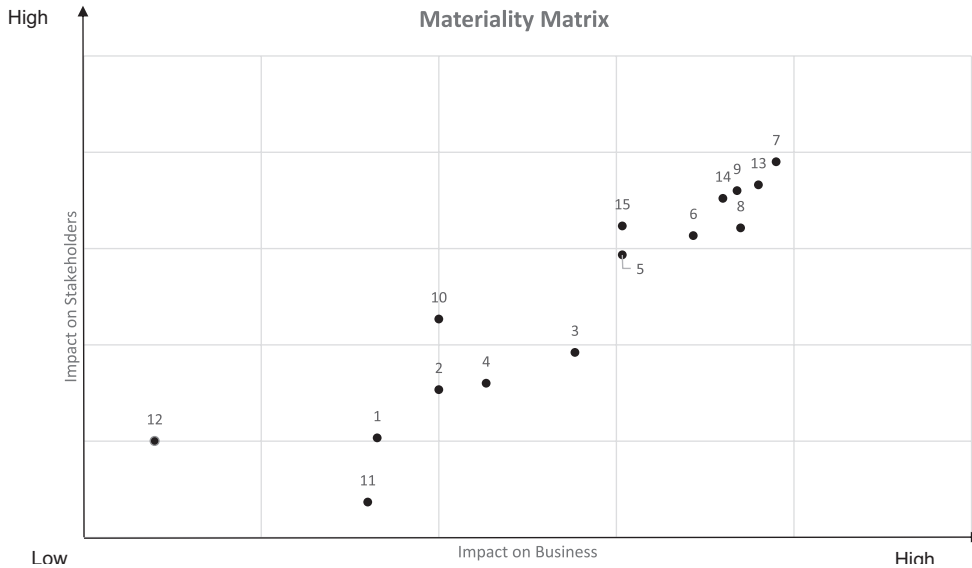
Major Stakeholders	Engagement Channels
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>• Annual General meetings</li> <li>• Financial reports</li> <li>• Announcements and circles</li> <li>• Company websites</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Customer service hotline</li> <li>• Customer complaint mechanism</li> <li>• Social media</li> <li>• Questionnaires</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Training, seminars, and briefing sessions</li> <li>• Performance reviews</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier evaluation process</li> <li>• Supplier audit</li> <li>• Tender selection</li> </ul>
<b>Communities and NGOs</b>	<ul style="list-style-type: none"> <li>• Community activities</li> <li>• Employees volunteer activities</li> <li>• Sponsor and donation</li> </ul>
<b>Media and the Public</b>	<ul style="list-style-type: none"> <li>• ESG report</li> <li>• Company website</li> </ul>
<b>Government and Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>• Written or electronic correspondence</li> <li>• Phone meetings</li> </ul>



**MATERIALITY ASSESSMENT**

Through continuous communication with stakeholders, the Group understands the expectations and concerns of stakeholders. Material issues of FY2023 are identified and evaluated based on the global sustainability agenda and international best practices, the Group’s operation risks and strategies, and stakeholder opinions. The Group discussed with key stakeholders on critical ESG issues to ensure all essential aspects were covered. Through internal discussion among the management, the validated ESG issues are approved for adoption.

A survey has been compiled by the identified material ESG topics to solicit views and feedback from stakeholders, and the results are summarised in the matrix below.



1. Climate change	9. Product responsibility
2. Emissions and waste	10. Anti-corruption
3. Use of resources	11. Development and training
4. Environment and natural resources	12. Community development
5. Employment practices	13. Customer experience
6. Employee health and safety	14. Product quality and strategy
7. Labour standards	15. Business ethics
8. Supply chain management	

## OUR ENVIRONMENT

### A. ENVIRONMENTAL ASPECT

ATLINKS is a fab-less company, but very aware of the impact done in the environment. Framed with a Worldwide Environmental Management system, we have ingrained sustainability into the heart of our business where we do have more impact: eco-design (recycling, product usage, and resources preservation), transportation, waste, and end-of-life of the products.

#### A1. Emissions

During the Reporting Period, the Group was not aware of any material non-compliance with environmental-related laws and regulations in relation to exhaust gas and greenhouse gas (“GHG”) emissions, water and land discharge, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. Such relevant laws and regulations include but not limited to the Air Pollution Control Ordinance of Hong Kong (Cap.311) and National Emission Reductions (2016/2284/EU) in the EU.

#### **Greenhouse Gas (“GHG”) Emissions**

GHG emissions are widely regarded as a significant contribution to climate change and global warming. As their consequential impact on the environment and all lives on earth intensifies, the Group is committed to lowering its emissions and exploring its options on cleaner energy sources. Given that the Group has no company vehicles, its daily operations do not consume vehicle fuel. Therefore, disclosure of direct emissions (Scope 1) from vehicle fuel and refrigerants does not apply to the Group.

In addition, the property management company is in charge of the ventilation and air conditioning equipment; thus, it is not feasible to provide refrigerant consumption data. The France subsidiary is heated by gas but the gas usage is not being directly measured or collected due to the heated system is provided by the building this year. The GHG emissions of the Group’s indirect emissions (Scope 2) from purchased electricity were as follows.

During the Reporting Period, total GHG emissions of the Group equaled 15.39 tonnes of carbon dioxide equivalent (“tCO<sub>2</sub>e”), The Group has set a target of lowering the GHG emissions intensity by 1% in 2030 and expects to achieve this through continuous review of the above GHG reduction measures.

#### **Greenhouse Gas (GHG) Emission**

Different Scope of GHG Emission <sup>1</sup>	Unit	FY2023	FY2022
Scope 1	tCO <sub>2</sub> e	— <sup>3</sup>	15.94
Scope 2	tCO <sub>2</sub> e	15.39	14.84
<b>Total GHG Emissions</b>	tCO <sub>2</sub> e	15.39	30.96
<b>GHG Emissions Intensity<sup>2</sup></b>	tCO <sub>2</sub> e/m <sup>2</sup>	0.02	0.041

*Notes:*

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs” issued by the HKEX, the latest released emission factors of China’s regional power grid basis and the “CLP 2022 Sustainability Report” published by CLP Holdings Ltd, the latest released emission factors of EDF.
2. The intensity data is calculated based on the gross floor area (total 762.47 square metres). The data is also used for calculating other intensity data.
3. The gas usage is not being directly measured or collected due to the heated system is provided by the building this year.

#### **Air Emissions**

As there are no company vehicles in the Group, the air emissions sourced from diesel and petrol consumption of vehicles are not applicable.

**Waste Management**

The Group has no factories to generate hazardous wastes and non-hazardous wastes are attributed to an office-based operation and waste electrical and electronic equipment (“WEEE”). We still have in place an internal waste management guideline ensuring that all waste is properly collected and handled properly, and according to local laws and regulations.

**Non-hazardous Waste**

Our non-hazardous waste includes paper, carton and others. Most of the wastes are temporarily stored in a specified location and then recycled by licensed contractors. We are committed to reducing waste generated from operations through the following waste reduction initiatives:

During the Reporting Period, the Group generated a total of 0.154 tonnes of non-hazardous waste, the vast majority of which were recycled.

The Group implemented various environmental measures effectively to reduce non-hazardous wastes during the Reporting Period:

- In France, we declare the units put into market and weight of the different elements to be collected and contribute financially to the collection, recycling of the waste produced by our products.
- We participate in several “take-back programs” to reduce those wastes.
- Domestic waste is collected and put in recyclable adapted bins registered by the program GREENS\$ in Hong Kong.
- Double-sided printing is recommended at offices.
- Lighting and electrical devices such as computers, monitors and air-conditioning systems are encouraged to be turned off after office hours or when they are not used.

The Group has set a target of lowering the generation of hazardous and non-hazardous waste intensity by 1% in 2030 and expects to achieve this target through continuous review of the above water consumption reduction measures.

**Waste Management**

Type of Waste Disposal	Unit	FY2023	FY2022
WEEE	tonnes	0.022	0.058
<b>Total Hazardous Waste</b>	tonnes	0.022	0.058
Office Waste	tonnes	0.154	0.063
<b>Total Non-hazardous Waste</b>	tonnes	0.154	0.063
<b>Waste Intensity</b>	tonnes/m <sup>2</sup>	0.00023	0.00015

**Sewage and Land Discharge**

The Group’s business activities do not consume a significant volume of water; therefore, the Group did not generate a material portion of sewage during daily operations. Similarly, discharges into the land were insignificant.

**A2. Use of Resources**

The Group has vigorously promoted the effective use of resources for a sustainable and responsible business. Under the guidance of the Group’s Energy and Resources Policy, we strive to reduce resource consumption by implementing energy and water efficiency initiatives and encouraging our stakeholders to adopt environmentally responsible behaviours. We are also exploring energy-saving and green management measures for our business to reduce resource consumption as much as possible.

**Energy**

The most significant energy consumed in our premises is due to the information system infrastructure and its air conditioning, and direct energy used in heating in our France office. Our IT infrastructure, such the Data Center (Scaleway), has a running Energy Management System, which has been Certified ISO 50001.

During the Reporting Period, the Group consumed a total of 50.81 MWh. The breakdown of electricity consumption by the Group was as follows:

<b>Energy Consumption</b>			
<b>Type of Energy Consumption</b>	<b>Unit</b>	<b>FY2023</b>	<b>FY2022</b>
Direct Energy Consumption	MWh	— <sup>3</sup>	65.32
Indirect Energy Consumption	MWh	50.81	46.02
Purchased Electricity	MWh	50.81	46.02
Total Energy Consumption	MWh	50.81	111.34
Energy Consumption Intensity	MWh/m <sup>2</sup>	0.07	0.15

Aiming to energy-saving performances, we have formulated rules to achieve the goals of electricity saving:

- We use full LED lamps in our sites as soon as we need to change them.
- Consumption is being followed in a monthly basis compare with temperature for correlation with the consumption of heat or air conditioning. Ratio of the consumption to the surface and the number of employees is also monitored, as well as the CO<sub>2</sub>e, in a yearly basis.

The Group has set a target of lowering energy consumption by 1% in 2030 and expects to achieve this through continuous review of the above energy-saving measures.

**Water Resources**

Drought threatens people’s livelihood globally. By 2050, droughts may affect a majority of the world’s population. As water is essential for basic survival, the price of water is kept low. Yet the low price of water makes it difficult to arouse consciousness in conservation. Mindful of this challenge, we are looking for pragmatic ways to tackle this problem and conserve water resources. We also review our exposure to water stress regularly to monitor the risk of water shortages.

The Group’s Hong Kong and France offices are situated in commercial buildings where water usage was covered in the tenancy fee. Our direct operation impact on the water is limited to sanitary use in the office buildings. There are no separate counters for our offices for metering the effect. Hence, it is not feasible for the Group to provide water consumption data as there is no sub-meter to record water usage. Despite this, the Group has acknowledge the importance of water resource, and we strives to reduce unnecessary water consumption by turning off the water taps when they are not in use and reporting to the relevant authorities immediately in case of a leaking faucet.

**Packaging Materials**

Due to its business nature, the use of packaging material is not considered a material ESG issue to the Group.

**A3. The Environmental and Natural Resources**

The Group’s policy encourages the reduction of potential impacts on the environment and natural resources through innovative environmental measures. We are committed to implementing various initiatives to reducing the adverse environmental effects of daily operations through measures such as treasuring resources and properly disposing of waste. The Group has provided environmental protection training for employees to improve their awareness at work and in life. The Group also integrates the concept of environmental and natural resource protection into the internal management and operation activities to achieve the goal of sustainable development.

**A4. Climate Change**

The public’s awareness regarding climate change continues to increase, and climate change has posed a significant threat to the global ecological environment. Given the severity and urgency of the climate crisis, governments recently have accelerated their action pace in coping with the climate. Hong Kong has committed to achieving net- zero carbon emissions by 2050.

In response to stakeholders' concerns and demand for higher transparency regarding the climate-related risks and opportunities, we strive to disclose risks, opportunities and our performance on climate-related matters to give our stakeholders insight into the strategic decisions and actions we are taking to address climate change. In 2023, we preliminarily identified climate-related risks and opportunities that the Group is facing and also formulated Company Emergency Plan to handle the below risks.

Type of Risks	Risk Descriptions	Countermeasures
<b>Physical Risks</b>	<ul style="list-style-type: none"> <li>The increased frequency and severity of extreme weather events such as typhoons, storms, heavy rains, and extreme cold or heat will bring acute and chronic physical risks to the Group's operational and business facilities.</li> <li>The Group's productivity will be reduced under extreme weather events as the safety of our employees is threatened, and our production facilities might be damaged.</li> <li>Extreme weather exposes the Group to risks associated with non-performance and delayed performance, leading to a direct reduction in the Group's revenue.</li> </ul>	<ul style="list-style-type: none"> <li>The Group has established mitigation plans to minimise potential hazards, including precautionary measures during bad or extreme weather conditions.</li> <li>The Group will explore emergency plans and engage with local governments and stakeholders on local resilience to enhance business stability.</li> </ul>
<b>Transition Risks</b>	<ul style="list-style-type: none"> <li>the Group expects the evolution of the regulatory, technological and market landscape due to climate change, including the tightening of national policies, and the shifting of customer preference to an eco-friendlier operation.</li> <li>Imposition of carbon pricing regulations such as carbon tax and market-based mechanisms like cap and trade.</li> </ul>	<ul style="list-style-type: none"> <li>The Group constantly monitors the updates of environmental regulations and global trends on climate change to avoid cost increments, non-compliance fines or reputational risks due to the violation of laws.</li> <li>the Group has been taking comprehensive environmental protection measures, including GHG reduction, carbon trading and adoption of clean energy.</li> <li>The Group has set targets to gradually reduce the Group's energy consumption and GHG emissions in the future.</li> </ul>

## OUR PEOPLE

### B. SOCIAL ASPECT

Atlinks aims to play an active role in opening up a world of opportunity for our colleagues and communities, and inclusion is instrumental to achieving this goal. It involves a commitment to remove unnecessary barriers for our people and communities to realise their potential. Creating an inclusive environment enables them to flourish and supports the delivery of a thriving society.

#### B1. Employment Practices

##### **Recruitment and Promotion**

Atlinks has stipulated vital human resources management practices in the Group. We promise to provide all candidates with fair access to information and resources. Factors such as capabilities, academic qualification, practical working requirements, functional knowledge and language proficiency are considered recruitment standards under a transparent and friendly recruitment process.

Promotion in the Group has always taken place horizontally or vertically. It will enlarge employees' job responsibilities and accountabilities, while the latter requires them to perform at a higher level. The Group regularly conducts performance appraisal that forms the basis of promotion and salary adjustment. The Group prioritises the rise of an employee who has demonstrated outstanding performance as a kind of reward for career development to strengthen their sense of belonging.

**Compensation and Dismissal**

The Group provides fair and competitive compensation based on the evaluation of the employee’s performance and design appropriate incentive schemes for eligible staff. The Performance Objectives, consisting of the team and individual goals, are reviewed by the department managers annually.

The Group respects and protects the rights and interests of employees following the Employee Handbook. We have no tolerance for unfair dismissal and ensure the dismissal procedure is fair and open. The procedures and conditions of dismissal and contract termination have been formulated in the Employee Handbook and Group Manual.

**Working Hours and Rest Periods**

The Group has specified the arrangement regarding employees’ working days and hours in the Employee Handbook and prohibit all forms of forced labour. Atlinks adopts a flexible working hour policy to all staff in Hong Kong. The Group advocates work and life balance culture by organising an array of employee gathering events to boost their well-being.

The Group has provided employees with all kinds of holidays, including statutory holidays and other paid leaves such as marriage leave, maternity leave, paternity leave, compassionate leave, etc.

**Equal Opportunity, Diversity, Anti-discrimination**

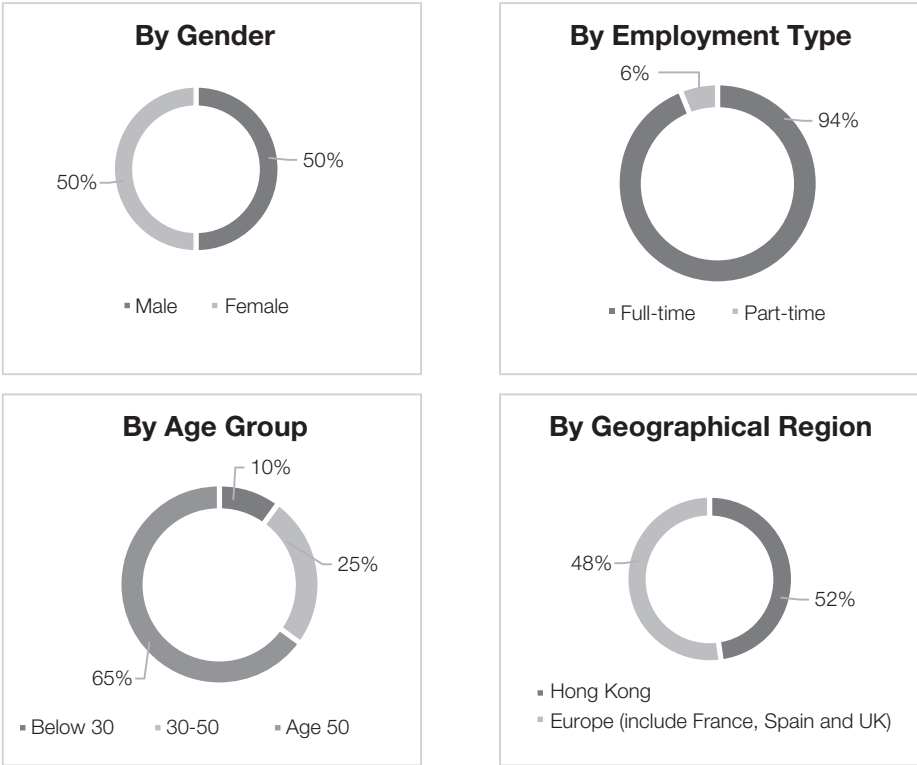
The Company shall not tolerate any form of discrimination and harassment in work and is committed to reducing and preventing it. The Group treats employees of different nationalities, races, ages, genders, religious beliefs, and cultural backgrounds fairly and equitably and protects the legitimate rights and interests of female employees. The Group shall not tolerate any forms of discrimination and harassment in work and is committed to preventing it. We let employees equally enjoy their legal rights to labour remuneration, rest and leave, access to labour safety and health protection, social insurance, welfare, etc. The Group is devoted to building a diversified working team.

**Benefits and Welfare**

Employees having completed probationary period are eligible to join Atlinks Group Medical Scheme and Atlinks Group Life, AD&D (Accidental Death & Dismemberment) Insurance. Group’s Business Travel Insurance insures employees travelling outside of Hong Kong for business. To enhance employees’ health awareness, an executive medical check-up every 2 years will be provided to qualified employees.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but not limited to Employment Ordinance in Hong Kong and Working Time Directive in the EU

As at 31 December 2023, the Group had a total of 48 employees. The employee breakdown is as follows:



With a strong people-oriented culture supported by good employment practices, we have noted an increase productivity and morale, as well as better employee retention. In 2023, our employee turnover rate<sup>4</sup> was 10%.

<b>Employment Turnover Rate<sup>4</sup></b>	<b>FY2023</b>	<b>FY2022</b>
<b>Overall</b>	10%	17%
<b>By Gender</b>		
Male	8%	26%
Female	13%	9%
<b>By Age Group</b>		
Age 30 or below	–%	25%
Age 31-50	17%	25%
Age 51 or above	10%	13%
<b>By Geographical Region</b>		
Hong Kong	12%	9%
Europe (include France, Spain and UK)	9%	9%

Notes:

- Employee turnover rate is calculated by the number of employees left during the Reporting Period/Total number of employees at 31 December 2023 x 100%.

## B2. Health and Safety

Our continued success depends on the well-being of our people. To create a safe and healthy work environment, we have implemented a comprehensive occupational health and safety management system that safeguards our employees and workers. In the French subsidiary, the “Single Occupational Risk Assessment Document (DUERP)” is prepared and updated to ensure the safety and health of our employees. The document, including an inventory of dangers and risks, shall be posted for viewing in a suitable and easily accessible place in the workplace.

Our Sustainability Committee oversees the occupational health and safety performance of our operations and actively promotes the physical and mental health management of its employees both in their work and personal lives. The Group have been deployed the “Occupational Health and Safety Management Systems (OHSAS)” framework, which can effectively protect employees from potential hazards during their daily operations. The series of implementations are listed below:

### Health

- E-mail management guidance for the stress reduction (100% of staff).
- Ergonomic assessment on the use of computer and screen. (1 site Hong Kong).
- Office exercising guidance (2 sites France and Hong Kong).
- Anti-smoking campaign in the French subsidiary in November.
- Pandemics management following the government instructions. Adaptation to the changes.

### Safety

- Staff has been trained to the fire risk, by performing evacuation drills and the usage of fire extinguishers (2 sites, France and Hong Kong).
- First Aid Kit.
- Driving safe chart published and sign by the company car drivers (100% of company drivers).
- Driving safe training has been provided to the company drivers. 100% of company drivers have completed the training.

In addition, to strengthen employees’ mental health care, relevant booklets aiming to introduce work-related causes of occupational diseases and preventive measures have been sent to remind staff every year. Employees are entitled to paid sick leave for their recovery.

The Group has achieved zero work-related fatalities for 3 consecutive years (including the Reporting Period), and also not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but not limited to the Occupational Safety and the Health Ordinance of Hong Kong.

Indicator	Unit	Number
Number of work-related fatalities occurred in each of the past three years	Person	0
Rate of work-related fatalities occurred in each of the past three years	%	0
Lost days due to work injury	Hour	0

### B3. Development and Training

We offer different training opportunities in a variety of knowledge and skills based on the needs of employees and the business. The management of each department may engage their employees in training activities when needed, to keep them abreast of industry trends and developments, and to refresh existing skills. The management also makes sure that the training activities attain their intended objectives of continuous learning.

To ensure systematic training, we have formulated an Internal Control Policies and Procedures Manual that specifies training references and processes. All related training records have been kept in Human Resources Department. An evaluation is performed after completing the training by an employee questionnaire form, which will form the basis for future training plan development. The training courses are categorised into orientation courses, best-practice sharing, and business skill set training to aid new employees in smoothly delving into the working mode. The Group will constantly improve the quality of training through employees' evaluation of trainers, training effectiveness and structure.

During the Reporting Period, the Group conducted a total of 188.5 hours of training. The breakdown of the average training hours completed by each employee by gender and employment category are as follows:

Training Performance	Numbers of Employees Trained	Average Training Hours (Hours)
<b>Overall</b>	53	4.01
<b>By Gender</b>		
Male	28	2.30
Female	25	3.27
<b>Employment Category</b>		
Senior management	4	1.78
General	49	5.81

### B4. Labour Standards

As mentioned in the Labour and Employment Management Procedures of the Group Manual, Atlinks aims to prevent any violations by implementing standardized procedures for enforcing its labor policies, conducting thorough verification of personal information, and prohibiting the employment and exploitation of child labor and any instances of forced labor. A person under 16 is not allowed to work in the Group. In addition, the employment contract specifies the employee's working hours, location, and primary work duties to avoid executing work outside the terms of the Employment Contract. If overtime is needed, overworking is consensual and compensated by extra pay or time off in lieu based on relevant laws and regulations to prevent forced overtime work. Any actions involving verbal abuse, oppression and sexual harassment against employees are prohibited for any reason. Anyone who violates the regulations will be subject to dismissal or termination of employment.

The Group has always guaranteed the freedom of association in full compliance with current regulations. The employees are represented by electing their representatives. Human resources and management are in direct contact with the representatives and staff, with a formal and informal interchange of news and information.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but not limited to the Employment Ordinance of Hong Kong and the OSH Framework Directive (89/391 EEC) in the EU.



## OUR OPERATION

### B5. Supply Chain Management

Establishing long-term collaborative relationships with various suppliers is the key to our success. By working closely with our suppliers, we monitor the quality of their goods and services and their general performance, and at the same time ensure our supply chain reliability. We maintain open communication to ensure that suppliers meet our requirements for quality, environmental and safety standards and jointly develop a supply chain that targets sustainable development.

To achieve this, the Group integrate the concept of sustainability to our supply chain management. According to the Manufacturing Supplier Code of Conduct, Atlinks specifies its commercial, environmental, and social requirements on suppliers, including compliance, human rights, child labour, REACH and RoHS, environment, health, and safety. Atlinks evaluates all suppliers yearly through systems by rating from 0 to 100. Over 90% of vendors have achieved excellence in the assessment for consecutive 3 years. Whenever a supplier does not meet our standards or cannot provide appropriate corrective actions, it will be disqualified from our supplier list. The Group has zero tolerance for bribery and corruption and strictly prohibits suppliers from acquiring procurement contracts or partnerships through any form of benefit transmissions or gifts.

The Group complies with the regulations in force regarding the Restriction of Hazardous Substances (2002/95/EC) ("**RoHS**") and Restriction, Evaluation, and Authorization of Chemicals (EC/2006/1907) ("**REACH**"). The manufacturers must provide a declaration of substances in each product for safety reasons every year. Suppliers' audits are conducted at the manufacturing sites to ensure the substances' control is appropriately implemented. All certificates issued by our distributors have been kept in their records in our Documentation system for audit checking.

#### **Green Procurement**

The Group is committed to green procurement to carry out sustainable development in the Group's operating model. During the procurement process, the Group prioritises environmentally friendly products and services, hoping to reduce the carbon footprint caused. For example, the Group emphasises selecting green cleaning products and reusable items instead of single-use disposable ones.

The Group aims to reduce environmental and social risks throughout the supply chain and build a sustainable relationship with our business partners through the above practices. The Group recognises our suppliers to comply with all environmental disclosure statements. During the year, the Group had a total of 6 suppliers located in China.

### B6. Product Responsibility

We are committed to delivering quality products and services to our customers and offer excellent customer experience. In 2023, the Group was not aware of any non-compliance with the relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress that might have a significant impact on the Group. There were no product recalls due to the nature of our business.

#### **Engaging with Customers**

We always maintain regular communication with our customers and have established different channels, including emails, hotline and social media, for them to provide feedback or seek assistance. Dedicated personnel processes and records complaints, and ensures that the complaint process is conducted fairly. Customer surveys are conducted on an occasional basis in order to understand customers' needs and ensure customer satisfaction.

As part of our Quality Management systems, we adhere to the following measures to continuously improve customer service:

- We have a web site with customers interface to ask the questions related to product or our services.
- We do provide our user's guides in an extended version, to include in the packaging only simpler version (less paper to print).
- We received letters to give us feedback in our services.
- We have a Call Center (Hot line) to provide support for the use or what to do in case of doubts, or any quality issues with the products.
- We provide 2 years warranty for better satisfaction.
- We have implemented a Service Center to repair or refurbish the products.
- Service Center also provide a good information about the quality of the products and eventually the improvements to implement to avoid any quality problems, particularly in the NOT FAULT FOUND category, which indicate other issues than failure of the products.

- The Service Center has an integrated Management System Certified, for Quality, Environment, Health and Safety and Information Security.
- The Service Center also manages the WEEE following the European Directive 2012/19/EU.

As a result, during the reporting period, the return rate has been constantly decreased and arrive to a very low level, indicating a very reliable product and the hot line provides a good service level, the complaints from customers are become more compliments and just questions asked. The information provided to the customers makes the need to bring the products to the Service Center avoiding unnecessary transportation or refurbished products.

### **Protection of Customer Privacy**

The Company acknowledges and fulfills its obligations under the Personal Data (Privacy) Protection Ordinance (Cap. 486) and General Data Protection Regulation (2016/679/EU) concerning the collection, processing, and use of employees' personal data. Atlinks subcontracts a Data Centre (Scaleway) and a Service Centre (Ingram), equipped with Information Security Management Systems and ISO 27001 to safeguard customer data. Atlinks also manages confidential paper information in a protected bin, collected a few times a year. The Group issues a certificate of destruction for handling this sensitive waste (Cèdre). The Group's policy stipulates that no employee shall disclose confidential information related to Group's operations and customers' data.

### **Intellectual Property Rights**

We have policies, controls and guidance to manage risk relating to intellectual property. This ensures that intellectual property is identified, maintained and protected appropriately, and ensures that we do not infringe third-party intellectual property rights during the course of business. Therefore, employees are strictly prohibited from disclosing confidential information (including but not limited to the Group's strategies, business interests, know-how, etc.), invention and intellectual property to any third party in the course of employment and even upon termination of employment.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations concerning advertising, labelling and privacy matters in relation to products and services provided that would have a significant impact on the Group.

<b>Product Responsibility Performance</b>	<b>FY2023</b>	<b>FY2022</b>
No. of products subject to recalls for safety and health reasons	0	0
No. of products and services-related complaints received	0	0

## **B7. Anti-Corruption**

According to the Code of Conduct in the Employee Handbook, we forbid any form of corruption, including but not limited to bribery, extortion, fraud, and money laundering, in daily operations. The internal Anti-Bribery Policy stipulates the daily behaviours of employees. It specifies that employees must not engage in acts or activities revolving around conflicts of interest, receive or accept any benefits, and misuse of official positions. Employees should avoid engaging in any circumstances that might have involved a conflict of interest with the Group or its associated companies.

Atlinks has maintained an excellent check and balance system over transactions. The books and accounts are subject to statutory external financial audits annually in the Hong Kong headquarters and France subsidiary. These audits are used as one of the methods of identifying any suspicious payments which could be related to bribery or corrupt behaviours. This information is checked and controlled by finance, administration and HR department and the CEO. Internal Audits are also used to detect any kind of deviation in this subject and to identify any potential decision not made by any employee in an objective way in the field of sourcing, purchasing or service requests.

### **Whistle-blowing Mechanism**

To identify and handle violations at an early stage, the Group has set up an internal whistle-blowing system where employees can report any misconduct or reasonably suspected corruption on the corporate website [www.atlinks.com](http://www.atlinks.com), where employees can report any misconduct or reasonably suspected corruption to relevant departments of the Group. All reported cases will be treated with utmost confidentiality to ensure the protection of the whistle-blower's identity and privacy. Whistle-blowers will be safeguarded against unfair dismissal or any form of unreasonable disciplinary action, ensuring the preservation of their legal rights. To raise awareness of bribery prevention among management and general employees, anti-corruption training has been conducted. During the Reporting Period, 60% of employees received the training named "the Fight against Corruption" provided by the UN. All the directors attended the training on studying the new whistle-blowing policy.

During the Reporting Period, there were no concluded legal cases regarding any forms of fraud raised by the Group or its employees. The Group was not aware of any material non-compliance with relevant laws and regulations of bribery, extortion, fraud, and money laundering. Such laws and regulations include but not limited to the Prevention of Bribery Ordinance and Money Laundering Directive (2001/97/EC).

## B8. Community Investment

Over the years, the Group has strengthened its ties with the community and taken on its fair share of social responsibility by donating to and volunteering with charities. In line with our sustainability policy, we define our community investment strategy, focusing on public welfare.

Our team participate at a special collection of batteries in our premises for giving a donation to the Téléthon. 22 kilograms of batteries and accumulators are collected by the contribution of the Europe employees in the campaign from October 2022 to January 2023. A new campaign has been started in October 2023.

By taking these actions, we aspire to create a better future for all and fulfill our role as a responsible company. We understand that being socially responsible goes beyond financial success, and we are dedicated to making a meaningful and lasting impact on the lives of individuals and communities.

Note:

**Téléthon** is a televised fundraising event that lasts many hours or even days, the purpose of which is to raise money for medical research in the domain of rare sickness.



## THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect A1: Emissions</b>		
<b>General Disclosure</b>		
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Emissions
<b>KPI A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Emissions – Greenhouse Gas
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and intensity.	–
<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
<b>KPI A1.5</b>	Description of emission target(s) set and steps taken to achieve them.	Emissions – Greenhouse Gas Emissions
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous waste are handled, and a description of waste reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect A2: Use of Resources</b>		
<b>General Disclosure</b>		
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy
<b>KPI A2.2</b>	Water consumption in total and intensity.	–
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	–
<b>KPI A2.5</b>	Total packaging materials used for finished products (in tonnes) and with reference to per unit produced.	–
<b>Aspect A3: The Environmental and Natural Resources</b>		
<b>General Disclosure</b>		
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environmental and natural resources and the actions taken to manage them.	The Environmental and Natural Resources
<b>Aspect A4: Climate Change</b>		
<b>General Disclosure</b>		
<b>KPI A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer and the actions taken to manage them.	Climate Change – Physical Risks, Transitional Risks
<b>Aspect B1: Employment</b>		
<b>General Disclosure</b>		
<b>KPI B1.1</b>	Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	Employment Practices
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Employment Practices
<b>Aspect B2: Health and Safety</b>		
<b>General Disclosure</b>		
<b>KPI B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years, including the Reporting Period.	Health and Safety
<b>KPI B2.2</b>	Lost days due to work injury.	Health and Safety
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted and how they are implemented and monitored.	Health and Safety
<b>Aspect B3: Development and Training</b>		
<b>General Disclosure</b>		
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category.	Development and Training
<b>Aspect B4: Labour Standards</b>		
<b>General Disclosure</b>		
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Labour Standards

**Subject Areas,  
Aspects, General  
Disclosures and  
KPIs**

	<b>Description</b>	<b>Section/Declaration</b>
<b>Aspect B5: Supply Chain Management</b>		
<b>General Disclosure</b>		
<b>KPI B5.1</b>	Number of suppliers by geographical region.	Supply Chain Management
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain and how they are implemented and monitored.	Supply Chain Management
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers and how they are implemented and monitored.	
<b>Aspect B6: Product Responsibility</b>		
<b>General Disclosure</b>		
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recall for safety and health reasons.	Product Responsibility
<b>KPI B6.2</b>	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	Product Responsibility
<b>KPI B6.5</b>	Description of customer data collection and privacy policies and how they are implemented and monitored.	Product Responsibility
<b>Aspect B7: Anti-Corruption</b>		
<b>General Disclosure</b>		
<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-Corruption
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures and how they are implemented and monitored.	Anti-Corruption
<b>KPI B7.3</b>	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
<b>Aspect B8: Community Investment</b>		
<b>General Disclosure</b>		
<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	Community Investment

# Report of the Directors

The Board has the pleasure in presenting the annual report of the Company together with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

## **BUSINESS REVIEW**

Details of business review are set out in the section headed “Management Discussion and Analysis” on pages 5 to 8.

## **PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS**

The principal activity of the Company is investment holding. The Company, together with its subsidiaries are a home and office telecommunications product design company and we sell our products through telecom operators, consumer retail chain stores and distributors mainly located in Europe and Latin America. An analysis of the Group’s performance for the year by operating segment in note 5 to the consolidated financial statements.

## **RESULTS AND APPROPRIATIONS**

The results of the Group for the year ended 31 December 2023 are set out in the consolidated financial statements on pages 51 to 99 of this annual report.

The Board does not recommend the payment of a dividend for the year ended 31 December 2023.

## **PRINCIPAL RISKS AND UNCERTAINTIES OF THE GROUP**

### **Reliance on the Alcatel brand to manufacture products for the majority of our sales**

We have entered into a licence agreement with Alcatel Lucent, due to expire in 2027. During the years ended 31 December 2022 and 31 December 2023, sales of products bearing the Licensed Marks accounted for approximately 74.4% and 72.6% of our revenue, respectively. A decrease in demand for the products sold under the Licensed Marks may adversely affect our operations and financial conditions.

### **No long-term purchase commitments from our five largest customers**

We generally do not enter into any long-term agreements with our five largest customers to secure purchase obligations. The purchases by our five largest customers are made from time to time with no commitment to place future orders with us. Consequently there is no assurance that our five largest customers will continue to place orders with us at all or at the same level as which they historically have done. During the years ended 31 December 2022 and 31 December 2023, the sales of products to our five largest customers accounted for approximately 33.3% and 30.3% of our revenue, respectively. In the event there is a significant decrease in orders from our five largest customers and we are unable to obtain replacement orders, our results of operations would be adversely affected.

### **Dependence on our major suppliers for the manufacturing of our products**

For the years ended 31 December 2022 and 31 December 2023, purchases from our five largest suppliers account for approximately 75.6% and 92.6% of our total purchases, respectively. During the same periods, purchases from our largest supplier accounted for approximately 20.4% and 43.2% respectively. Any shortage or delay in supply from our suppliers would adversely affect our business and results of operations if we cannot secure suitable alternative sources of manufacturing of our products immediately.

## **INTEREST CAPITALISED**

No interest was capitalised by the Group for the year ended 31 December 2023.

## **DIVIDEND AND DISTRIBUTABLE RESERVES**

During the financial year 2023, the Board does not recommend the payment of a dividend for the year ended 31 December 2023 (2022: Nil). Any declaration of dividends proposed by our Directors and the amount of any such dividends will depend on various factors, including, without limitation, our results of operations, financial condition, future prospects and other factors which our Directors may determine are important. Details of our Group’s dividend policy are set out in the section headed “Dividend Policy” on page 17. Any declaration and payment as well as the amount of dividends will be subject to the articles of association of the Company and the Companies Law. Dividends may be paid out of the Company’s distributable profits as permitted under the relevant laws. At 31 December 2023, the aggregate amount of reserves available for distribution to equity shareholders of the company was EUR5,944,949 (2022: EUR5,944,949).

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company’s articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.



## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 100 of the annual report.

## 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.

## 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 purpose is 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. No share options have been granted under the scheme since its adoption.

### (1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

### (2) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe at a price calculated in accordance with paragraph (3) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, our independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

### (3) Price of shares of the Company (the “Share(s)”)

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

### (4) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

### (5) Maximum number of Shares

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Group) must not in aggregate exceed 10% of the total number of Shares in issue as at the listing date. The Company may refresh this limit at any time, subject to the shareholders' approval and the issue of a circular and in accordance with the GEM Listing Rules provided that the total number of Shares which may be allotted and issued upon exercise of all outstanding options to be granted under the Share Option Scheme and any other share option schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for such purpose, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of the Group) previously granted under the Share Option Scheme and any other share option schemes of the Group will not be counted. The above is subject to the condition that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group shall not exceed 30% of the Share Capital of the Company in issue from time to time.

## **(6) Maximum entitlement of each Eligible Person**

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates abstaining from voting. In such event, the Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

## **(7) Time of exercise of option**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

## **(8) Period of the Share Option Scheme**

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the adoption Date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting. As of the date of this report, the Share Option Scheme has a remaining life of approximately four years.

No share options have been granted/exercised/cancelled/lapsed under the Share Option Scheme during the year ended 31 December 2023. As at 31 December 2023, the Company has no outstanding share option under the Share Option Scheme. The total number of shares available for grant under the Share Option Scheme as at 1 January 2023 and 31 December 2023 were 40,000,000 shares. As at the date of this report, the total number of shares of the Company available for issue under the Share Option Scheme was 40,000,000 shares, representing 10% of the issued shares of the Company.

## **DIRECTORS**

The directors of the Company (the “**Director(s)**”) during the year and up to the date of this report were:

### **Executive Directors:**

Mr. Tong Chi Hoi  
Mr. Jean-Alexis René Robert Duc  
Ms. Ho Dora (resigned on 15 August 2023)  
Mr. Long Shing

### **Non-executive Directors:**

Mr. Long Hak Kan  
Mr. Didier Paul Henri Goujard

### **Independent non-executive Directors:**

Ms. Lam Lai Ting Maria Goretti  
Ms. Chan Cheuk Man Vivian  
Ms. Lee Kit Ying Catherine

## **BIOGRAPHICAL DETAILS OF DIRECTORS’ AND SENIOR MANAGEMENT**

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 9 to 11 of the annual report.

## **EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS**

Details of the emoluments of the five highest paid individuals of the Group are set out in note 8 to the consolidated financial statements.



The emoluments of the senior management of our Group for the year ended 31 December 2023 falls within the following band:

Emolument bands (in HK\$)	Number of individual
Up to HK\$1,000,000	–
HK\$1,000,001 to up to HK\$1,500,000	2

## DIRECTORS' SERVICE CONTRACTS

Each of our Directors has entered into a service contract or an appointment letter (as the case may be) with the Company for an initial fixed term of five years for executive Directors, three years for non-executive and one year for independent non-executive Directors (save for Ms. Lee, who has entered into an appointment letter with the Company for a term of three years ending in 2025) and may only be terminated in accordance with the provisions of the service contract or the appointment letter (as the case may be) or by (i) the Company giving to any Director not less than three months' prior notice in writing or (ii) by any Director giving to the Company not less than three months' prior notice in writing.

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company and/or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## TERMS OF OFFICE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors were appointed for a specific terms subject to the relevant provisions of the articles of association or any other applicable laws whereby the Directors shall vacate or retire from their office.

## DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2023, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### Long positions in shares of the Company

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interest	Number and class of securities	Approximate percentage of shareholding
Mr. Didier Paul Henri Goujard ("Mr. Goujard") (Note 1)	Eiffel Global Limited ("Eiffel Global")	Interest in a controlled corporation	1,183 ordinary shares	11.83%
Mr. Jean-Alexis René Robert Duc ("Mr. Duc") (Note 2)	Eiffel Global	Beneficial owner	967 ordinary shares	9.67%
Mr. Long Hak Kan ("Mr. Long") (Note 2)	Our Company	Interest of spouse	300,000,000 ordinary shares	75%
	Eiffel Global	Interest of spouse	7,500 ordinary shares	75%
	Talent Ocean Holdings Limited ("TOHL")	Interest of spouse	510 ordinary shares	51%
Mr. Tong Chi Hoi ("Mr. Tong")	TOHL	Interest in a controlled corporation	490 ordinary shares	49%

Notes:

- These Shares were held by Argento Investments Limited ("AIL"), which is wholly-owned by Mr. Goujard.
- These Shares were held by Eiffel Global, which was in turn owned as to 75% by TOHL, 11.83% by AIL, 9.67% by Mr. Duc and 3.5% by Ms. Ho Dora (a former executive Director of the Company). TOHL is owned as to 51% by Chu Lam Fong ("Ms. Chu"). Mr. Long is the spouse of Ms. Chu. He is deemed or taken to be interested in the Shares of which Ms. Chu is interested in under the SFO.

## Report of the Directors

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executives of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

### DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed under the paragraph headed "Related party transactions and Continuing Connected Transactions" below and note 31 to the consolidated financial statements, (i) no transaction, arrangement and contract of significance in relation to the Group's business to which any member of the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2023; (ii) no transaction, arrangement and contract of significance between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 December 2023; and (iii) no transaction, arrangement and contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 December 2023.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2023, to the best of the Directors' knowledge, the following shareholders had, or were deemed to have, interests or short positions, in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

#### Long positions in shares of the Company

Name	Capacity	Number of shares	Percentage of shareholding
Eiffel Global	Beneficial owner	300,000,000	75%
TOHL (Note 1)	Interest of controlled corporation	300,000,000	75%
Ms. Chu	Interest of controlled corporation	300,000,000	75%
Mr. Tong	Interest of controlled corporation	300,000,000	75%
Mr. Long (Note 2)	Interest of spouse	300,000,000	75%
Ms. Ng Ching Yi Doris ("Ms. Ng") (Note 3)	Interest of spouse	300,000,000	75%

#### Notes:

- (1) TOHL is deemed or taken to be interested in all the Shares which are beneficially owned by Eiffel Global under the SFO. Eiffel Global is owned as to 75% by TOHL, 11.83% by AIL, 9.67% by Mr. Duc, and 3.5% by Ms. Ho Dora (a former executive Director of the Company), respectively.
- (2) Mr. Long is the spouse of Ms. Chu and he is deemed or taken to be interested in all the Shares which are beneficially owned by Ms. Chu under the SFO.
- (3) Ms. Ng is the spouse of Mr. Tong and she is deemed or taken to be interested in all the Shares which are beneficially owned by Mr. Tong under the SFO.

Save as disclosed above, as at 31 December 2023, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2023 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

	<b>Percentage of the Group's total purchases</b>
The largest supplier	43.2%
Five largest suppliers in aggregate	92.6%
	<b>Percentage of the Group's total sales</b>
The largest customer	7.1%
Five largest customers in aggregate	30.3%

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in these major suppliers and customers.

## KEY RELATIONSHIPS WITH CUSTOMERS

The Group's customers include consumer retail chain stores, telecom operators and distributors in Europe and Latin America. During the year ended 31 December 2023, the sales of our products to our largest customer and five largest customers accounted for approximately 7.1% and 30.3% of our revenue, respectively. Even though we do not enter into any long-term agreements with our five largest customers to secure purchase obligations, we were able to consistently maintain good and stable relationships with them.

## KEY RELATIONSHIPS WITH SUPPLIERS

Most of our suppliers are electronics manufacturers and suppliers in Hong Kong with factories in the PRC. Although we usually outsource the production of our products to a few manufacturing subcontractors, our Directors confirm that we are constantly looking for and would be able to secure alternative suppliers with comparable quality and prices as replacement in the event that our major manufacturing subcontractors ceased their business relationship with us. During the year ended 31 December 2023, our total purchases from our largest supplier and five largest suppliers accounted for approximately 43.2% and 92.6% of our revenue, respectively. Accordingly, we are dependent on the continuous supply of products from a few suppliers.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with laws and regulations. The risk of non-compliance with the relevant requirements would subject us to fines, penalties or other liabilities which could lead to adverse impact on our financial position. The Board as a whole is responsible to ensure the Group complies with the relevant laws and regulations that have a significant impact on the Company. To the best knowledge of the Board, the Group is unaware of any material non-compliance with relevant laws and regulations during the year ended 31 December 2023.

## KEY RELATIONSHIPS WITH EMPLOYEES

The Group offers competitive remuneration packages to its employees and a year-end bonus will be paid to them as recognition and rewards for their contributions according to individual performance. The Group considers its employees the key to sustainable business growth. Workplace safety is priority of the Group, and so the Group organizes yearly trainings and awareness meetings for all its employees.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

The Group believes that sound environmental, social and governance performance is of critical importance to the sustainability of its business and community. The Group is committed to enhancing environmental protection to minimize the impact of its activities on the environment, and compliance with applicable environmental laws. The Board is pleased to present the Environmental, Social and Governance ("ESG") report for the year ended 31 December 2023. This report has been prepared with reference to ESG Reporting Guide issued by the Stock Exchange and is set out in the section headed "Environmental, Social and Governance report" in this annual report.

### **RELATED PARTY TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS**

On 29 November 2021, Atlinks Asia Limited (“**Atlinks Asia**”), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Kan Tsang New Technology Development Limited (“**Kan Tsang NT**”), a company wholly owned by Mr. Long Hak Kan, our non-executive director and a controlling shareholder of the Company, for a term of three years 1 January 2022 to 31 December 2024, pursuant to which Kan Tsang NT has agreed to manufacture and sell certain cordless phone products to Atlinks Asia from time to time in response to purchase orders initiated by it. The annual cap for the three years ending 31 December 2024 were US\$8,000,000, US\$8,500,000 and US\$9,000,000 respectively, and were approved by the independent shareholders of the Company at the extraordinary general meeting held on 10 January 2022.

The Directors, including the independent non-executive Directors, consider that the continuing connected transactions above and their respective annual caps are fair and reasonable, and such transactions have been and will be entered into in the ordinary and usual course of the business of the Group, on normal commercial terms, are fair and reasonable, and in the interests of the Group and the shareholders of the Company as a whole.

The Company’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 20.54 of the Listing Rules. A copy of the auditor’s letter has been provided by the Company to the Stock Exchange.

The Company has confirmed that (i) save for the abovementioned continuing connected transaction, none of the related party transactions as disclosed in Note 31 to the consolidated financial statements included in this Annual Report fall under the definition of connected transactions or continuing connected transactions in Chapter 20 of the GEM Listing Rules; and (ii) it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year ended 31 December 2023.

### **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 2023 prior to issue of this report under the GEM Listing Rules.

### **NON-COMPETITION UNDERTAKING**

On 21 December 2017, the Company entered into the Deed of Non-competition with each of the controlling shareholders (“**Controlling Shareholders**”) of the Company. The independent non-executive Directors will review, on an annual basis, the Deed of Non-competition to ensure compliance with the non-competition undertaking by the controlling shareholders.

The Company wishes to disclose that each of the Controlling Shareholders provided a written confirmation (the “**confirmation**”) to the Company on 13 March 2024 confirming that he/she/it has duly complied with the non-competition covenants and undertakings in the Deed (the “**Undertakings**”) for the year ended 31 December 2023. The independent non-executive Directors also noted that (a) the Controlling Shareholders declared that they had fully complied with the Undertakings for the year ended 31 December 2023; (b) no new competing business was reported by the Controlling Shareholders for the year ended 31 December 2023, and (c) there was no particular situation rendering the full compliance of the Undertakings being questionable. In view of the above, the independent non-executive Directors confirmed that all of the Undertakings were complied with by the Controlling Shareholders for the year ended 31 December 2023.

## **COMPETING BUSINESS**

During the year and up to the date of this report, 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.

## **PERMITTED INDEMNITY PROVISIONS**

Pursuant to Article 191 of the Company's Articles of Association every Director, Secretary and other officers of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against any actions, cost, charges, losses, damages and expenses, as a result of any act done, concurred in or omitted in or about the execution of their duty. The Company has also maintained the Directors and officers liability insurance during the year.

## **AUDITOR**

The consolidated financial statements have been audited by KPMG and a resolution for the re-appointment of KPMG as the auditor of the Company will be proposed at the forthcoming annual general meeting.

Save as disclosed above, there has been no change in the auditor of the Company during the preceding three years.

## **PUBLICATION OF INFORMATION ON WEBSITES**

This annual report is available for viewing on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.atlinks.com](http://www.atlinks.com).

By the order of Board

**Long Hak Kan**

*Chairman*

13 March 2024

# Independent Auditor's Report



**To the shareholders of Atlinks Group Limited**  
*(incorporated in the Cayman Islands with limited liability)*

## **OPINION**

We have audited the consolidated financial statements of Atlinks Group Limited (“**the Company**”) and its subsidiaries (“**the Group**”) set out on pages 51 to 99, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **BASIS FOR OPINION**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“**the Code**”) together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Expected credit loss allowances for trade receivables

*Refer to note 19 to the consolidated financial statements and the accounting policies in note 2.10.*

#### The Key Audit Matter

As at 31 December 2023, the Group had gross trade receivables of EUR9,323,777 (2022: EUR9,458,004) and allowance for expected credit losses ("ECLs") of EUR 254,206 (2022: EUR338,899).

Management measures the loss allowance at an amount equal to lifetime ECLs of the trade receivables based on estimated loss rates for each category of trade receivables grouped according to shared credit risk characteristics. The estimated loss rates take into account the ageing of trade receivable balances, the payment history of the Group's customers, current market conditions, and forward-looking information. Such assessment involves management judgement and estimation.

We identified the expected credit loss allowance for trade receivables as a key audit matter because determining the level of the loss allowance requires the exercise of management judgement, which is inherently subjective.

#### How the matter was addressed in our audit

Our audit procedures to assess the expected credit loss allowance for trade receivables included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to credit control, debt collection and estimating the credit loss allowance;
- evaluating the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standard;
- assessing whether items in the trade receivables ageing reports were categorised in the appropriate ageing bracket by comparing individual items therein with relevant sales invoices and goods delivery notes, on a sample basis;
- obtaining an understanding of the key parameters and assumptions that management uses in its implementation of the expected credit loss model, including the basis of segmentation of the trade receivables based on shared credit risk characteristics of customers and the historical credit loss data used in management's estimated loss rates;
- assessing the appropriateness of management's estimates of loss allowances by examining the information used by management to derive such estimates, including testing the accuracy of the historical credit loss data and evaluating whether the historical loss rates are appropriately adjusted based on current market conditions and forward-looking information; and
- re-performing the calculation of the loss allowance as at 31 December 2023 based on the Group's ECL allowance policies.



## KEY AUDIT MATTERS *(Continued)*

### Impairment assessment of intangible assets with indefinite life

Refer to note 15 to the consolidated financial statements and the accounting policies in note 2.8.

#### The Key Audit Matter

As at 31 December 2023, the Group had intangible assets of EUR2,905,304 (2022: EUR3,139,624)

Management performs impairment of intangible assets that have indefinite useful life annually, or more frequently if events or changes in circumstances indicates that it might be impaired. Intangible assets were allocated to cash generating units ("**CGUs**"), and the recoverable amount of each CGU was determined by management based on value-in-use calculations using cash flow projections. In carrying out the impairment assessments, significant management judgement was used to appropriately identify CGUs and to determine the key assumptions, including revenue growth rates, terminal growth rate and discount rate, used in the value-in-use calculations. Management has concluded that there is no impairment on intangible assets.

We identified the impairment assessment of intangible assets as a key audit matter due to the estimation of recoverable amount is subject to the higher degree of estimation uncertainty and the subjectivity in management's judgement involved.

#### How the matter was addressed in our audit

Our audit procedures in relation to management's impairment assessment of intangible assets included the following:

- obtaining an understanding of and assessing the design and implementation of key internal controls on management's process of assessment of impairment of intangible assets;
- assessing management's identification of CGUs based on the prevailing accounting standards and our understanding of the Group's business;
- with the assistance of our valuation specialists, assess the valuation methodology adopted by management with reference to the requirements of the prevailing accounting standards;
- evaluating the key assumptions, including revenue growth rates, adopted in the cash flow projections with reference to our understanding of the business, historical trends, available industry information and available market data;
- with the assistance of our valuation specialist, assessing whether the discount rates and terminal growth rate applied in cash flow projections were within a reasonable range by comparing with companies operating in the same industry;
- comparing the cashflow projections prepared at the end of last year for the purpose of impairment assessments with the actual performance of the businesses for the current year to assess how accurate the cash flow projects were, making enquires of management as to the reasons for any significant variations identified and considering if there was any indication of management bias; and
- performing sensitivity analyses on the key assumptions, including revenue growth rate, discount rates and terminal growth rates adopted in the discounted cashflow projections on the conclusions reached in the impairment assessments and assessing whether there were any indicators of management bias in the selection of these assumptions.



## **INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yau Ngai Lun, Alan.

#### **KPMG**

Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

13 March 2024

# Consolidated Income Statement

For the year ended 31 December 2023 (Expressed in EURO)

	Note	2023 EUR	2022 EUR
<b>Revenue</b>	5	<b>29,729,520</b>	29,961,316
Cost of sales	7	<b>(20,312,821)</b>	(21,986,902)
<b>Gross profit</b>		<b>9,416,699</b>	7,974,414
Selling and distribution expenses	7	<b>(3,267,065)</b>	(3,703,055)
Administrative expenses	7	<b>(5,664,984)</b>	(5,456,113)
<b>Other net gain/(loss)</b>	6	<b>484,650</b>	(1,184,754)
– Exchange difference		<b>334,571</b>	537,227
– Fair value changes on financial liabilities at fair value through profit or loss		<b>(1,340)</b>	(26,498)
<b>Other net gain</b>		<b>333,231</b>	510,729
<b>Operating profit/(loss)</b>		<b>817,881</b>	(674,025)
Finance income	10	<b>9,024</b>	3,664
Finance costs	10	<b>(747,287)</b>	(552,474)
Finance costs, net	10	<b>(738,263)</b>	(548,810)
<b>Profit/(loss) before income tax</b>		<b>79,618</b>	(1,222,835)
Income tax credit	11	<b>25,561</b>	332,939
<b>Profit/(loss) for the year</b>		<b>105,179</b>	(889,896)
<b>Profit/(loss) for the year attributable to equity holders of the company</b>		<b>105,179</b>	(889,896)
<b>Earnings/(loss) per share</b>			
– Basic and diluted (expressed in Euro cents per share)	12	<b>0.03</b>	(0.22)

The above consolidated income statement should be read in conjunction with the accompanying notes.

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023 (Expressed in EURO)

	2023 EUR	2022 EUR
<b>Profit/(loss) for the year</b>	<b>105,179</b>	(889,896)
<b>Other comprehensive (loss)/income</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	<b>(56,434)</b>	293,553
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of defined benefit retirement plans, net of tax	<b>(12,008)</b>	66,140
Other comprehensive (loss)/income for the year	<b>(68,442)</b>	359,693
<b>Total comprehensive income/(loss) for the year</b>	<b>36,737</b>	(530,203)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

At 31 December 2023 (Expressed in EURO)

	Note	2023 EUR	2022 EUR
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	14(a)	<b>1,297,234</b>	1,420,327
Right-of-use assets	14(b)	<b>237,669</b>	126,338
Intangible assets	15	<b>2,905,304</b>	3,139,624
Deferred income tax assets	26	<b>1,296,452</b>	1,301,057
Prepayments, deposits and other receivables	20	<b>42,309</b>	42,309
		<b>5,778,968</b>	6,029,655
Current assets			
Inventories	18	<b>8,492,196</b>	9,326,738
Trade receivables	19	<b>9,069,571</b>	9,119,105
Prepayments, deposits and other receivables	20	<b>3,592,839</b>	4,367,535
Income tax recoverable		<b>49,402</b>	84,949
Pledged bank deposits	21	<b>1,067,384</b>	1,937,523
Cash and cash equivalents	21	<b>1,121,572</b>	2,464,451
		<b>23,392,964</b>	27,300,301
<b>Total assets</b>		<b>29,171,932</b>	33,329,956
<b>EQUITY</b>			
Equity attributable to the equity holders of the Company			
Share capital	22	<b>417,819</b>	417,819
Reserves	22	<b>7,397,769</b>	7,361,032
<b>Total equity</b>		<b>7,815,588</b>	7,778,851

Consolidated Statement of Financial Position  
At 31 December 2023 (Expressed in EURO)

	Note	2023 EUR	2022 EUR
<b>LIABILITIES</b>			
Non-current liabilities			
Lease liabilities	14(b)	<b>127,831</b>	7,986
Retirement benefits obligation	28	<b>314,162</b>	314,650
Other payables	24	<b>1,109,032</b>	1,446,336
		<b>1,551,025</b>	1,768,972
Current liabilities			
Trade payables	23	<b>4,933,859</b>	7,354,293
Contract liabilities	24	<b>89,072</b>	42,294
Accruals, provision and other payables	24	<b>2,955,370</b>	3,735,583
Financial liabilities at fair value through profit or loss	16	<b>27,838</b>	26,498
Loan from related parties	31(c)	<b>4,372,365</b>	2,768,735
Borrowings	25	<b>7,316,725</b>	9,733,579
Lease liabilities	14(b)	<b>110,090</b>	121,151
		<b>19,805,319</b>	23,782,133
<hr/>			
Total liabilities		<b>21,356,344</b>	25,551,105
<hr/>			
Total equity and liabilities		<b>29,171,932</b>	33,329,956

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 51 to 99 were approved by the Board of Directors on 13 March 2024 and were signed on its behalf.

Tong Chi Hoi            )  
                                  )  
                                  ) Executive Directors  
Long Shing             )  
                                  )

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2023 (Expressed in EURO)

	Share capital EUR	Merger reserve EUR	Share premium EUR	Other reserve EUR	Retained earnings/ (accumulated losses) EUR	Total EUR
<b>Balance at 1 January 2023</b>	417,819	4,386,123	3,557,226	591,797	(1,174,114)	7,778,851
<b>Comprehensive income</b>						
Profit for the year	-	-	-	-	105,179	105,179
<b>Other comprehensive loss</b>						
Currency translation difference	-	-	-	(56,434)	-	(56,434)
Remeasurement of defined benefit retirement plants, net of tax	-	-	-	(12,008)	-	(12,008)
Other comprehensive loss	-	-	-	(68,442)	-	(68,442)
<b>Total comprehensive income for the year</b>	-	-	-	(68,442)	105,179	36,737
<b>Balance at 31 December 2023</b>	417,819	4,386,123	3,557,226	523,355	(1,068,935)	7,815,588
	Share capital EUR	Merger reserve EUR	Share premium EUR	Other reserve EUR	Accumulated losses EUR	Total EUR
<b>Balance at 1 January 2022</b>	417,819	4,386,123	3,557,226	232,104	(284,218)	8,309,054
<b>Comprehensive loss</b>						
Loss for the year	-	-	-	-	(889,896)	(889,896)
<b>Other comprehensive income</b>						
Currency translation difference	-	-	-	293,553	-	293,553
Remeasurement of defined benefit retirement plants, net of tax	-	-	-	66,140	-	66,140
Other comprehensive income	-	-	-	359,693	-	359,693
<b>Total comprehensive loss for the year</b>	-	-	-	359,693	(889,896)	(530,203)
<b>Balance at 31 December 2022</b>	417,819	4,386,123	3,557,226	591,797	(1,174,114)	7,778,851

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



# Consolidated Statement of Cash Flows

For the year ended 31 December 2023 (Expressed in EURO)

	Note	2023 EUR	2022 EUR
<b>Cash flows from operating activities</b>			
Cash used in operations	27(a)	(375,075)	(263,364)
Interest received		9,024	3,664
Income tax refunded/(paid)		43,385	(168,029)
Net cash outflow from operating activities		(322,666)	(427,729)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(171,810)	(255,082)
Net cash outflow from investing activities		(171,810)	(255,082)
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings	27(b)	33,946,119	36,253,991
Repayment of bank borrowings	27(b)	(36,234,479)	(37,437,217)
Proceeds from loans from related parties	27(b)	1,410,392	577,197
Interest paid	27(b)	(736,324)	(548,930)
Principal elements of lease payments	27(b)	(118,642)	(141,297)
Pledged bank deposits for bank loans		833,908	(315,020)
Net cash outflow from financing activities		(899,026)	(1,611,276)
<b>Net decrease in cash and cash equivalents</b>		<b>(1,393,502)</b>	<b>(2,294,087)</b>
Cash and cash equivalents at beginning of the year		2,464,451	5,019,181
Effects of exchange rate changes on cash and cash equivalents		50,623	(260,643)
Cash and cash equivalents at end of the year	21	1,121,572	2,464,451

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

(Expressed in EURO unless otherwise indicated)

## 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 SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of Atlinks Group Limited and its subsidiaries.

### 2.1 Basis of preparation

#### (i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Atlinks Group Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (**HKFRS**) and requirements of the Hong Kong Companies Ordinance Cap. 622.

#### (ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- (a) financial assets and liabilities (financial assets/liabilities at fair value through profit or loss) and certain classes of property, plant and equipment – measured at revaluation model.

#### (iii) New and amended standards adopted by the Group

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, Insurance contracts
- Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies
- Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to HKAS 12, Income taxes: International tax reform – Pillar Two model rules

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed in 2.2.

**2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)****2.1 Basis of preparation (Continued)****(iv) New standards and interpretations not yet adopted**

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i> ("2020 amendments")	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants</i> ("2022 amendments")	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to HKAS 7, <i>Statement of cash flows and HKFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements</i>	1 January 2024
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i>	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

**2.2 Changes in accounting policies****HKFRS 17, Insurance contracts**

HKFRS 17, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the group does not have contracts within the scope of HKFRS 17

**Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies***

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

**Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates***

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

**Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction***

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented. The amendments do not have an impact on these financial statements.

**Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules***

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD") (income tax arising from such tax laws is hereafter referred to as "Pillar Two income taxes"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments do not have an impact on these financial statements.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

### 2.2 Changes in accounting policies *(Continued)*

- (v) In June 2022 the Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the abolition of offsetting mechanism. The group has determined that the abolition of the offsetting mechanism has no material impact on the group’s results and financial position for the current or prior periods.

### 2.3 Principles of consolidation and equity accounting Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.4).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

### 2.4 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets.

Acquisition-related costs are expensed as incurred.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

### 2.4 Business combinations *(Continued)*

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

### 2.5 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is EUR. The consolidated financial statements are presented in EUR, which is the Group's presentation currency as the directors considered that EUR is the appropriate presentation currency as the Group's operation is substantially in Europe.

#### (b) Transactions and balances

Foreign currency transactions are translated into functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in consolidated statements of comprehensive income, except when deferred in other comprehensive income ("OCI") as qualifying cash flow hedges and qualifying net investment hedges.

All foreign exchange gains and losses are presented in the consolidated income statement within "other net gain/(loss)".

#### (c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting currency translation differences are recognised in other comprehensive income.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

### 2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

### 2.7 Property, plant and equipment

Property, plant and equipment (except for office premises held for own use) are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Office premises held for our own use are stated at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation.

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the end of reporting period.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Changes arising on the revaluation of office premises held for our own use are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve.

The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Leasehold improvements	4% to 33% or over the lease term
Testing equipment	20% to 50%
Furniture and office equipment	33% to 50%
Tooling	33% to 67%
Office premises held for own use	4%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's (except for assets measured at revaluation model) carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, any amounts included in other reserves in respect of those assets will be transferred to retained earnings.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

### 2.8 Intangible assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Intangible assets with definite useful lives are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

Licensing right	6%
Design patent	10%
Domain name and website	10%
Trademarks	5% – Indefinite

The estimated useful life for licensing right is 18 years which is the licensed period granted under licensing agreement.

The estimated useful life for designed patent is 10 years.

The estimated useful life for domain name and website is 10 years.

The estimated useful life for a trademark ranging from 10 to 20 years. Other trademark has indefinite useful life as it has been established over 100 years and there is no foreseeable limit to the years over which the asset is expected to generate economic benefits for the Group.

### 2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 2.10 Financial assets

#### (i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.



## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.10 Financial assets (Continued)

#### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### (iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest revenue from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest revenue from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

#### Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

### 2.10 Financial assets *(Continued)*

#### (iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 180 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses practical expedients when estimating life time expected losses on the trade receivables, which is calculated using a provision matrix where a fixed provision rate applies depending on the number of days that a trade receivable is outstanding.

### 2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

### 2.12 Inventories

#### Finished goods

Inventories are carried at the lower of cost and net realizable value. Cost is determined using first in first out (FIFO) method. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated applicable selling expenses.

### 2.13 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in fair value of the derivative financial instruments which do not qualify for hedge accounting are recognised immediately in the consolidated income statement. Interest income from derivative financial instruments are recognised on an accrual basis.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

### 2.14 Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are generally due for settlement within one year or less (or in the normal operating cycle of the business if longer), and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.10(ii) for further information about the Group's accounting for trade receivables and Note 3.1(c) for a description of the Group's impairment policies.

### 2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### 2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

### 2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 2.19 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

#### Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

### 2.19 Current and deferred income tax *(Continued)*

#### Deferred income tax *(Continued)*

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

### 2.20 Employee benefits

#### (a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plans, recognised in the consolidated income statement in employee benefit expenses, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee services in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in consolidated income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the consolidated income statement.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

### 2.20 Employee benefits *(Continued)*

#### (a) Pension obligations *(Continued)*

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

The obligation is calculated using the projected unit credit method, discounted to present value and reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The discount rate is the yield at the reporting date on high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses are recognised in full in the period in which they occur, in consolidated statements of comprehensive income.

#### (b) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### (c) Long service payments

The Group's net obligation in respect of long service payments to its employees in Hong Kong upon cessation of their employment in certain circumstances under Hong Kong Employment Ordinance is the amount of future benefits that the employee have earned in return for their services in the current and prior periods.

### 2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### (i) Warranty claims

The Group generally offers eighteen-month to twenty four-month warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims.

As the Company is continually upgrading its product designs, it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

#### (ii) Other provision

Provisions for restructuring costs are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring costs provision comprises employee termination payments. Provisions are not recognised for future operating losses.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

### 2.22 Revenue recognition

#### Sale of goods

The Group sells a range of home and office telecommunication products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of rebates, discounts, returns and value added taxes.

A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### 2.23 Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2.22). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.14).

### 2.24 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable and
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

### 2.24 Leases *(Continued)*

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of buildings and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

### 2.25 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Group's shareholders or directors, where appropriate.

### 2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management of the Group. Formal and informal management meetings are held to identify significant risks and to develop procedures to deal with any risks in relation to the Group's businesses.

#### (a) Foreign exchange risk

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 Renminbi ("RMB") 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, which is the functional currency of the major operating companies within the Group. The Group manages its foreign currency exposure by entering forward derivatives contract.



## 3 FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.1 Financial risk factors *(Continued)*

#### (a) Foreign exchange risk *(Continued)*

At 31 December 2023, if US\$ had strengthened/weakened against EUR by 5% with all other variables held constant, the profit before tax for the year would have been EUR110,220 higher/lower (2022: loss before tax for the year would have been EUR154,341 lower/higher), mainly as a result of foreign exchange gain/loss on revaluation of USD denominated cash and cash equivalents, trade receivables, prepayments, deposits and other receivables, trade payables, accruals, provision and other payables, loans from related parties and borrowings.

At 31 December 2023, if RMB had strengthened/weakened against EUR by 5% with all other variables held constant, the profit before tax for the year would have been EUR238,995 lower/higher (2022: loss before tax for the year would have been EUR206,303 higher/lower), mainly as a result of foreign exchange loss/gain on revaluation of RMB denominated cash and cash equivalents, trade receivables, prepayments, deposits and other receivables, trade payables and accruals, provision and other payables.

#### (b) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. The Group's policy is to maintain all of its borrowings in variable rate instruments.

As of 31 December 2023, and 2022, the Group's bank borrowings at variable rates were denominated in EUR and RMB. The Group regularly monitors its interest rate risk to ensure there are no undue exposures to significant interest rate movements and regular reporting is provided to the management for the Group's debt and interest rates exposure.

At 31 December 2023, if interest rates on borrowings had been 50 basis points higher/lower and all other variables held constant, the profit before tax for the year would have been EUR256,537 lower/higher (2022: loss before tax for the year would have been EUR266,687 higher/lower), mainly as a result of higher/lower interest expense on floating-rate borrowings.

#### (c) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, trade receivables, deposit and other receivables. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

In respect of cash deposited at banks, the credit risk is considered to be low as the counterparties are reputable banks. The existing counterparties do not have defaults in the past. Therefore, expected credit loss rate of cash at bank is assessed to be close to zero and no provision was made as of 31 December 2023.

In respect of trade receivables, 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. The Group measures the expected credit losses on a combination of both individual and collective basis.

The receivables relating to customers with known financial difficulties or with significant doubt on collection of receivables are assessed individually for provision for impairment allowance. As of 31 December 2023, the balance of loss allowance in respect of individually assessed receivables was EUR136,619 (2022: EUR221,312).

Expected credit losses are also estimated by grouping the remaining receivables from third party based on shared credit risk characteristics and the days past due and collectively assessed for the likelihood of loss allowance, taking into account the nature of the customer and its ageing category, and applying expected credit loss rates to the respective gross carrying amounts of the receivables.

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Credit risk (Continued)

The expected credit loss rates are based on corresponding historical credit losses experienced up to 6 months and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. As of 31 December 2023, the balance of loss allowance in respect of collectively assessed trade receivables was EUR117,587 (2022: EUR117,587).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

As of 31 December 2023, and 2022, the ageing analysis of trade receivables, net of loss allowance made, based on due date, is as follows:

31 December 2023	Gross EUR	Provision on individual basis EUR	ECL rate	ECL EUR	Net EUR
Less than 30 days	6,722,150	–		–	6,722,150
31 to 60 days	146,706	–		–	146,706
61 to 90 days	157,752	–		–	157,752
More than 90 days	2,297,169	(136,619)	5%	(117,587)	2,042,963
	<b>9,323,777</b>	<b>(136,619)</b>		<b>(117,587)</b>	<b>9,069,571</b>

31 December 2022	Gross EUR	Provision on individual basis EUR	ECL rate	ECL EUR	Net EUR
Less than 30 days	6,666,764	–		–	6,666,764
31 to 60 days	428,675	–		–	428,675
61 to 90 days	383,158	–		–	383,158
More than 90 days	1,979,407	(221,312)	7%	(117,587)	1,640,508
	<b>9,458,004</b>	<b>(221,312)</b>		<b>(117,587)</b>	<b>9,119,105</b>

The closing loss allowance for all trade receivables reconcile to the opening loss allowance is as follows:

	EUR
Loss allowance as at 31 December 2022 and 1 January 2023	338,899
Decrease in loss allowance	(84,693)
Loss allowance as at 31 December 2023	254,206

In respect of other receivables excluding prepayments, the credit quality is assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. The directors are of the opinion that the credit risk of other receivables is low due to the sound collection history of the receivables due from them.

Therefore, expected credit loss rate of other receivables excluding prepayments is assessed to be close to zero and no loss allowance was made as of 31 December 2023 (2022: same).

## Notes to the Consolidated Financial Statements

(Expressed in EURO unless otherwise indicated)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenant, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet their liquidity requirements in the short and longer term.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at each of respective reporting dates to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interests payments computed using contractual rates, or if floating, based on the current rates at the year end dates for the year ended 31 December 2023 and 2022. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. Balance due after 12 months are the contractual undiscounted cash flows.

	On demand EUR	Less than 1 year or on demand EUR	Between 1-5 years EUR	Over 5 years EUR	Total EUR
As at 31 December 2023					
Trade payables	-	4,933,859	-	-	4,933,859
Borrowings	7,316,725	7,316,725	-	-	7,316,725
Loan from related parties	-	4,372,365	-	-	4,372,365
Accruals	-	2,350,212	-	-	2,350,212
License fee payable	-	498,801	1,109,032	-	1,607,833
Lease liabilities	-	119,425	131,984	-	251,409
	7,316,725	19,591,387	1,241,016	-	20,832,403
As at 31 December 2022					
Trade payables	-	7,354,293	-	-	7,354,293
Borrowings	9,733,579	9,733,579	-	-	9,733,579
Loan from related parties	-	2,768,635	-	-	2,768,635
Accruals	-	3,080,243	-	-	3,080,243
License fee payable	-	557,070	1,446,335	-	2,003,405
Lease liabilities	-	123,560	8,010	-	131,570
	9,733,579	23,617,380	1,454,345	-	25,071,725

The table that follows summarises the maturity analysis of borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (d) Liquidity risk (Continued)

	Less than 1 year EUR	Between 1 and 2 years EUR	Between 2 and 5 years EUR	More than 5 years EUR	Total EUR
<b>As at 31 December 2023</b>					
Borrowings	6,214,517	287,920	817,864	493,309	7,813,610
<b>As at 31 December 2022</b>					
Borrowings	8,387,752	610,840	856,736	467,386	10,322,714

#### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of shareholders' equity and total borrowings. Capital is managed so as to maximise the return to shareholders while maintaining a capital base to allow the Group to operate effectively in the marketplace and sustain future development of the business. The Group monitors capital on the basis of the net gearing ratio and the Group will have sufficient financial resources and banking facilities to meet its commitments and working capital requirements. 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 gearing ratio as of 31 December 2023 and 2022 are as follows:

	2023 EUR	2022 EUR
Total borrowings	11,689,090	12,502,314
Less: cash and cash equivalents	(1,121,572)	(2,464,451)
Net debt	10,567,518	10,037,863
Total equity	7,815,588	7,778,851
Total capital	18,383,106	17,816,714
Net gearing ratio	57%	56%

#### 3.3 Fair value estimation

The table below analyses the Group's financial liabilities carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## Notes to the Consolidated Financial Statements

(Expressed in EURO unless otherwise indicated)

### 3 FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.3 Fair value estimation *(Continued)*

	Level 2 EUR
<b>As of 31 December 2023</b>	
Financial liabilities at fair value through profit or loss	1,340
<b>As of 31 December 2022</b>	
Financial liabilities at fair value through profit or loss	26,498

#### Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices from banks or dealer quotes for similar instruments.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

There were no transfers between level 1, 2 and 3 for the year ended 31 December 2023 and 2022.

### 4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### (a) Impairment of trade receivables

The Group makes provision for impairment in trade receivables based on an assessment of the risk of default and expected loss rates of receivables. This assessment is based on the credit history of its customers and other debtors, the current market condition as well as forward looking estimates at the end of each reporting period. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation.

#### 4 CRITICAL ESTIMATES AND JUDGEMENTS *(Continued)*

##### **(b) Impairment of intangible assets**

The Group has significant intangible assets. The Group is required to estimate the useful lives of intangible assets in order to ascertain the amount of amortisation charges for each reporting period. The Group also reviews internal and external sources of information to identify indications that intangible assets may be impaired.

The useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including declines in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

Determining intangible assets impairment requires an estimation of the value in use of the cash generating units. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

##### **(c) Provision for inventories**

Inventories are carried at the lower of cost and net realisable value. The cost of inventories is written down to net realisable value when there is an objective evidence that the cost of inventories may not be recoverable. The cost of inventories may not be recoverable if those inventories are aged and damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs to be incurred to make the sales have increased. The amount written off to the consolidated income statement is the difference between the carrying value and net realisable value of the inventories. In determining whether the inventories can be recoverable, significant judgement is required. In making this judgement, the Group evaluates, among other factors, the duration and extent by all means to which the amount will be recovered.

## Notes to the Consolidated Financial Statements

(Expressed in EURO unless otherwise indicated)

### 5 REVENUE AND SEGMENT INFORMATION

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

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

#### (a) Revenue by product type

The Group is principally engaged in designing, development, and selling home and office telecommunication product. Revenue recognised for the year analysed by type of products is as follows:

	2023 EUR	2022 EUR
Revenue from contracts from customers recognised at a point in time		
Home telephone	21,058,479	22,054,430
Senior products	4,753,185	4,947,363
Office telephone	3,628,798	2,727,808
Others (Note)	289,058	231,715
	<b>29,729,520</b>	29,961,316

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:

	2023 EUR	2022 EUR
France	13,914,662	14,406,044
Other European countries (Note i)	9,516,507	7,226,727
APAC/MEA (Note ii)	4,912,793	3,812,161
Latin America (Note iii)	1,385,558	4,516,384
	<b>29,729,520</b>	29,961,316

Notes:

- i. Other European countries include but are not limited to Germany, Greece, Italy, Portugal, Spain and Switzerland but excludes France.
- ii. APAC/MEA include but are not limited to Asia Pacific Region and Middle East area.
- iii. Latin America includes Argentina, Chile, Mexico, Peru and others.

No customer contributes over 10% of the total revenue of the Group for the years ended 31 December 2023 and 2022.



## 6 OTHER NET GAIN/(LOSS)

	2023 EUR	2022 EUR
Exchange difference	334,571	537,227
Fair value changes on financial liabilities at fair value through profit or loss	(1,340)	(26,498)
	<b>333,231</b>	510,729

## 7 EXPENSES BY NATURE

The following expenses/(income) are included in cost of sales, selling and distribution expenses and administrative expenses:

	2023 EUR	2022 EUR
Expenses related to short-term leases	57,442	49,173
Employee benefit expenses other than directors' emoluments (Note 8)	2,939,336	2,776,496
Legal and professional fees	340,240	365,228
Auditor's remuneration	95,971	97,776
Advertising and marketing expense	508,433	670,850
Directors' emoluments (Note 9)	924,831	805,157
Cost of inventories	19,493,790	20,857,133
Freight and transportation	703,580	1,249,415
Depreciation of property, plant and equipment (Note 14(a))	280,941	390,448
Depreciation of right-of-use assets (Note 14(b))	116,095	141,066
Reversal of loss allowance on trade receivables (Note 3.1(c))	(84,693)	(17,019)
Removal and decoration expense	-	557
Provision for product warranty (Note 24)	275,835	-
Commission fee	682,380	674,223
Storage fee	575,092	446,322
Amortisation of intangible assets (Note 15)	321,098	320,122
Bank charge	127,746	104,994
Accounts receivables insurance premium	111,539	110,008
Design and engineering expenses	581,252	494,635
Office supplies	22,000	47,950
Inspection fee	273,141	339,817
Others	898,821	1,221,719
Total cost of sales, selling and distribution expenses and administrative expense	<b>29,244,870</b>	31,146,070

## 8 EMPLOYEE BENEFIT EXPENSES OTHER THAN DIRECTORS' EMOLUMENTS

	2023 EUR	2022 EUR
Salaries, bonus and allowances	2,289,206	2,110,125
Retirement benefit expenses		
– Defined contribution pension costs	578,503	616,777
– Defined benefit pension costs (Note 28)	5,904	19,288
Other employee benefits	65,723	30,306
	<b>2,939,336</b>	2,776,496

Notes:

- (a) The Group participates in certain pension schemes for its employees in Hong Kong and France.

Under the Mandatory Provident Fund (“MPF”), each of the Group and its employees in Hong Kong make monthly contributions to the scheme at 5% of the employee’s relevant income, as defined in the Hong Kong Mandatory Provident Fund Scheme Ordinance. Both the Group’s and the employee’s mandatory contributions are subject to a cap of HK\$1,500 per month. The Group has no further obligations for post-retirement benefits beyond the contributions.

Under the defined contribution scheme in France, each employee is entitled to receive a basic pension plus a complementary pension from defined contribution schemes, namely Association pour le regime de retraite complementaire des salaries (“ARRCO”) and Association generale des institutions de retraite des cadres (“AGIRC”) (solely for management). Under ARRCO-AGIRC, the Group makes monthly contributions of 9.87% (2022: 9.87%) and its employees make monthly contributions of 6.6% (2022: 6.6%) of the employee’s relevant income to the scheme. For the years ended 31 December 2023 and 2022, the monthly social security is subject to a cap of EUR3,428.

Under the French Social Security Code, retirement allowances for life must by law be paid by the employer when employees retire (Note 28).

At 31 December 2023, the Group had no forfeited contributions to reduce its future contributions to retirement benefits schemes (2022: nil).

### (a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2023 include three directors (2022: three), whose emoluments are reflected in the analysis presented in Note 9. The emoluments payable to the remaining two (2022: two) individuals during the years ended 31 December 2023 and 2022 are as follows:

	2023 EUR	2022 EUR
Salaries and other allowances	189,908	205,409
Pension cost		
– Defined contribution scheme	91,206	82,101
– Defined benefit scheme	7,603	16,546
	<b>288,717</b>	304,056

The emoluments fell within the following bands:

	2023	2022
Emolument bands (in HK\$)		
NIL to HK\$1,000,000	–	–
HK\$1,000,000 to HK\$1,500,000	2	2

During the years ended 31 December 2023 and 2022, no director or any members of the five highest paid individuals received any emoluments from the Group as an inducement to join, upon joining the Group, to leave the Group or as compensation for loss of office.

## 9 BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive is set out below:

#### For the Year ended 31 December 2023

Name	Fee EUR	Salaries EUR	Other allowances EUR	Discretionary Bonuses EUR	Defined contribution pension cost EUR	Defined benefit pension costs EUR	Total EUR
<b>Executive directors</b>							
Tong Chi Hoi (Chief executive officer)	-	183,099	169,014	79,618	9,155	-	440,886
Ho Dora	-	105,634	57,807	-	15,913	-	179,354
Long Shing	-	46,538	14,085	-	4,546	-	65,169
Jean Alexis René Robert Duc	-	103,089	2,790	13,721	57,024	7,339	183,963
<b>Non-executive directors</b>							
Long Hak Kan (Chairman)	-	-	-	-	-	-	-
Didier Paul Henri Goujard	13,204	-	-	-	-	-	13,204
<b>Independent non-executive directors</b>							
Lam Lai Ting Maria Goretti	14,085	-	-	-	-	-	14,085
Chan Cheuk Man Vivian	14,085	-	-	-	-	-	14,085
Lee Kit Ying Catherine	14,085	-	-	-	-	-	14,085
	55,459	438,360	243,696	93,339	86,638	7,339	924,831

#### For the year ended 31 December 2022

Name	Fee EUR	Salaries EUR	Other allowances EUR	Discretionary Bonuses EUR	Defined contribution pension cost EUR	Defined benefit pension costs EUR	Total EUR
<b>Executive directors</b>							
Tong Chi Hoi (Chief executive officer)	-	174,545	174,545	-	8,728	-	357,818
Ho Dora	-	145,454	29,091	-	16,000	-	190,545
Long Shing	-	44,364	14,545	-	3,993	-	62,902
Jean Alexis René Robert Duc	-	101,496	-	-	43,464	5,297	150,257
<b>Non-executive directors</b>							
Long Hak Kan (Chairman)	-	-	-	-	-	-	-
Didier Paul Henri Goujard	-	-	-	-	-	-	-
<b>Independent non-executive directors</b>							
Lam Lai Ting Maria Goretti	14,545	-	-	-	-	-	14,545
Chan Cheuk Man Vivian	14,545	-	-	-	-	-	14,545
Lee Kit Ying Catherine	14,545	-	-	-	-	-	14,545
	43,635	465,859	218,181	-	72,185	5,297	805,157

## Notes to the Consolidated Financial Statements

(Expressed in EURO unless otherwise indicated)

### 9 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

#### (a) Directors' and chief executive's emoluments *(Continued)*

The remuneration shown above represents remuneration received and receivable from the Group by these directors in their capacity as management to the Group during the years ended 31 December 2023 and 2022.

There was no arrangement under which a director waived or agreed to waive any emoluments during the years ended 31 December 2023 and 2022.

#### (b) Directors' retirement benefits and termination benefits

Save as disclosed in Note 9(a), the directors did not receive any other retirement benefits or termination benefits during the years ended 31 December 2023 and 2022.

#### (c) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2023 and 2022, no consideration was provided to or receivable by third parties for making available directors' services.

#### (d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2023 and 2022, there were no loans, quasi-loans and other dealing arrangements in favour of directors, their controlled bodies corporate and connected entities.

#### (e) Director's material interests in transactions, arrangements or contracts

Save as disclosed in Note 31, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the years ended 31 December 2023 and 2022.

### 10 FINANCE COSTS, NET

	2023 EUR	2022 EUR
<i>Finance income</i>		
Bank interest revenue	9,024	3,664
<i>Finance costs</i>		
Interest expense on factoring	269,786	149,271
Interest expense on bank borrowings	267,261	216,285
Interest expense on retirement benefit obligations (Note 28)	10,963	3,544
Interest expense on loans from related parties (Note 31)	119,231	81,547
Interest expense on license fee payables	77,693	96,017
Interest expense on lease liabilities (Note 14(b))	2,353	5,810
	<b>747,287</b>	552,474
Finance costs, net	<b>738,263</b>	548,810

## 11 INCOME TAX 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 2023 (2022: 16.5%).

Corporate income tax is charged on a subsidiary operating in Mainland China at 25% for the year ended 31 December 2023 (2022: 25%).

Corporate income tax is charged on a subsidiary operating in France at 25% in accordance with the relevant French tax laws and regulations for the year ended 31 December 2023 (2022: 25%).

### (a) Income tax credit

	2023 EUR	2022 EUR
Current income tax:		
Current tax (credit)/expense on profits/(loss) for the year	(16,587)	39,351
Over provision in prior year	(16,266)	(22,905)
	<b>(32,853)</b>	16,446
Deferred income tax expense/(credit) (Note 26)	7,292	(349,385)
	<b>(25,561)</b>	(332,939)

### (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:

	2023 EUR	2022 EUR
Profit/(loss) before income tax	79,618	(1,222,835)
Calculated at a taxation rate of 16.5% (2022:16.5%)	13,137	(201,768)
Expenses not deductible for tax purpose	19,114	123,805
Income not subject to tax	(23,802)	(27,778)
Effect of different tax rates in other jurisdictions	(5,124)	(297,295)
Utilisation of tax loss not recognised	(12,620)	(9,263)
Remeasurement of deferred tax by change in tax rate in France (Note)	–	102,265
Over provision in prior years	(16,266)	(22,905)
Income tax credit	<b>(25,561)</b>	(332,939)

Note: For the year ended 31 December 2023 and 2022, the applicable statutory Corporate Income Tax rate in France is 25%. According to the French 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.

No deferred tax assets have been recognised in respect of the tax losses of EUR230,586 (2022: EUR286,704) due to the unpredictability of future profits streams in the Group's PRC operations.

## Notes to the Consolidated Financial Statements

(Expressed in EURO unless otherwise indicated)

### 12 EARNINGS/(LOSS) PER SHARE

#### (a) Basic earnings/(loss) per share

Basic earnings/(loss) per share for the years ended 31 December 2023 and 2022 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.

	2023	2022
Profit/(loss) attributable to equity holders of the Company (EUR)	105,179	(889,896)
Weighted average number of shares in issue (thousands)	400,000	400,000
Basic earnings/(loss) per share (expressed in Euro cents)	0.03	(0.22)

#### (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.

### 13 SUBSIDIARIES

The following is a list of principal subsidiaries as at 31 December 2023 and 2022:

Name of entity	Place of incorporation, kind of legal entity and date of incorporation	Principal activities	Issued shares and paid up capital	Ownership interest held by the Group	
				2023 %	2022 %
<b>Directly held</b>					
Atlinks Industries Limited	British Virgin Islands, limited liability company, 13 July 2017	Investment holding	EUR1 (2022: EUR1)	100	100
<b>Indirectly held</b>					
Atlinks Holdings Limited	Hong Kong, limited liability company, 13 January 2012	Investment holding	EUR3,069,564 (2022: EUR3,069,564)	100	100
Atlinks Asia Limited	Hong Kong, limited liability company, 3 December 2009	Trading and development of telecommunication equipment	HK\$1 (2022: HK\$1)	100	100
Atlinks Research & Development Technologies Limited	Hong Kong, limited liability company, 20 December 2023	Investment holding	HK\$100 (2022: Nil)	100	Not Applicable
Atlinks Europe SAS	France, limited liability company, 30 October 2008	Trading and development of telecommunication equipment	EUR2,500,000 (2022: EUR1,500,000)	100	100
Atlinks UK Limited	UK, limited liability company, 29 December 2021	Trading and development of telecommunications equipment	GBP1,000 (2022: GBP 1,000)	100	100
Atlinks Technology (Shenzhen) Limited	China, limited liability company, 6 March 2014	Trading and development of telecommunication equipment	HK\$1,700,000 (2022: HK\$1,700,000)	100	100
Atlinks Mexico S.A. de C.V.	Mexico, limited liability company, 14 December 2009	Trading and development of electrical equipment including radio communication equipment	MXN50,000 (2022: MXN50,000)	100	100
Swissvoice International SA	Switzerland, limited liability company, 14 November 2016	Management of trademarks and trading of telecommunication equipment	CHF380,000 (2022: CHF380,000)	100	100

Unless otherwise stated, the principal country of operation of each subsidiary is the same as its country of incorporation.

## 14(a) PROPERTY, PLANT AND EQUIPMENT

	Furniture and office equipment EUR	Leasehold improvements EUR	Tooling EUR	Testing equipment EUR	Office premises held for own use EUR	Total EUR
<b>Year ended 31 December 2023</b>						
Opening net book amount	13,168	257,813	354,348	3,970	791,028	1,420,327
Additions	35,160	8,380	112,870	15,400	-	171,810
Currency translation difference	-	-	(13,890)	(72)	-	(13,962)
Depreciation charge	(13,423)	(33,399)	(199,463)	(1,697)	(32,959)	(280,941)
<b>Closing net book amount</b>	<b>34,905</b>	<b>232,794</b>	<b>253,865</b>	<b>17,601</b>	<b>758,069</b>	<b>1,297,234</b>
<b>At 31 December 2023</b>						
Cost	510,721	429,410	3,538,837	484,264	823,980	5,787,212
Accumulated depreciation	(475,816)	(196,616)	(3,284,972)	(466,663)	(65,911)	(4,489,978)
<b>Net book amount</b>	<b>34,905</b>	<b>232,794</b>	<b>253,865</b>	<b>17,601</b>	<b>758,069</b>	<b>1,297,234</b>
<b>Representing:</b>						
Cost	34,905	232,794	253,865	17,601	-	539,165
Valuation	-	-	-	-	758,069	758,069
<b>Year ended 31 December 2022</b>						
Opening net book amount	30,808	253,800	442,142	4,587	823,980	1,555,317
Additions	3,621	33,140	216,389	1,932	-	255,082
Currency translation difference	170	94	(130)	242	-	376
Depreciation charge	(21,431)	(29,221)	(304,053)	(2,791)	(32,952)	(390,448)
<b>Closing net book amount</b>	<b>13,168</b>	<b>257,813</b>	<b>354,348</b>	<b>3,970</b>	<b>791,028</b>	<b>1,420,327</b>
<b>At 31 December 2022</b>						
Cost	475,601	421,030	3,465,473	468,955	823,980	5,655,039
Accumulated depreciation	(462,433)	(163,217)	(3,111,125)	(464,985)	(32,952)	(4,234,712)
<b>Net book amount</b>	<b>13,168</b>	<b>257,813</b>	<b>354,348</b>	<b>3,970</b>	<b>791,028</b>	<b>1,420,327</b>
<b>Representing:</b>						
Cost	13,168	257,813	354,348	3,970	-	629,299
Valuation	-	-	-	-	791,028	791,028

For the year ended 31 December 2023 and 2022, depreciation expense amounted to EUR280,941 and EUR390,448 respectively, of which EUR199,463 and EUR304,053 has been charged in "cost of sales", and EUR81,478 and EUR86,395 has been charged in "administrative expenses".



**14(b) LEASES****(i) Amounts recognised in the consolidated statement of financial position**

The consolidated statement of financial position shows the following amounts relating to leases:

	2023 EUR	2022 EUR
<b>Right-of-use assets</b>		
Office	237,669	126,338
	<b>237,669</b>	126,338
<b>Lease liabilities</b>		
Within 1 year	110,090	121,151
After 1 year but within 2 years	117,725	7,986
After 2 years but within 5 years	10,106	–
	<b>237,921</b>	129,137

During the year ended 31 December 2023, additions to the right-of-use assets amounted to EUR230,197 (2022: Nil).

**(ii) Amounts recognised in the consolidated income statement**

The consolidated income statement shows the following amounts relating to leases:

	Note	2023 EUR	2022 EUR
<b>Depreciation charge of right-of-use assets</b>			
Office		116,095	118,457
Equipment		–	22,609
	7	<b>116,095</b>	141,066
Interest expense (included in finance cost)	10	<b>2,353</b>	5,810
Expense relating to short-term leases (included in administrative expenses)	7	<b>57,442</b>	49,173

For the year ended 31 December 2023, the total cash outflow for leases amounted to EUR120,995 (2022: EUR147,107).

**(iii) The Group's leasing activities and how these are accounted for**

The Group leases various offices and equipment. Rental contracts are typically made for fixed periods of 1 year to 5 years, but may have extension options as described in (iv) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

**(iv) Extension and termination options**

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

## 15 INTANGIBLE ASSETS

	Licensing right EUR	Trademarks EUR	Design patent EUR	Domain name and website EUR	Total EUR
<b>Year ended 31 December 2023</b>					
Opening net book amount	1,350,149	1,638,023	142,985	8,467	3,139,624
Amortisation	(270,029)	(29,260)	(19,603)	(2,206)	(321,098)
Currency translation differences	(2)	86,213	188	379	86,778
Closing net book amount	1,080,118	1,694,976	123,570	6,640	2,905,304
<b>At 31 December 2023</b>					
Cost	4,860,530	1,857,813	196,383	22,766	6,937,492
Accumulated depreciation	(3,780,412)	(162,837)	(72,813)	(16,126)	(4,032,188)
Net book amount	1,080,118	1,694,976	123,570	6,640	2,905,304
<b>Year ended 31 December 2022</b>					
Opening net book amount	1,620,178	1,586,554	162,308	10,117	3,379,157
Amortisation	(270,029)	(28,383)	(19,570)	(2,140)	(320,122)
Currency translation differences	–	79,852	247	490	80,589
Closing net book amount	1,350,149	1,638,023	142,985	8,467	3,139,624
<b>At 31 December 2022</b>					
Cost	4,860,530	1,763,964	195,809	21,616	6,841,919
Accumulated depreciation	(3,510,381)	(125,941)	(52,824)	(13,149)	(3,702,295)
Net book amount	1,350,149	1,638,023	142,985	8,467	3,139,624

For the years ended 31 December 2023 and 2022, amortisation charge amounted to EUR321,098 and EUR320,121 respectively, of which EUR317,789 and EUR316,911 has been charged in “cost of sales”, and EUR3,309 and EUR3,210 has been charged in “administrative expenses”.

Impairment assessment on the trademark with indefinite useful life of the Group has been conducted by the management as at 31 December 2023 and 2022 according to HKAS 36 “Impairment of assets”. For the purposes of impairment assessment, the recoverable amount of the trademark with indefinite useful life is determined based on value-in-use calculations which use cash flow projections based on financial budgets of the respective CGUs covering a five-year period.

Assumed growth rate is used to extrapolate the cash flows in the following years. The financial budgets are prepared based on a five-year business plan which is appropriate after considering the sustainability of business growth, stability of core business developments and achievement of business targets. The financial model assumes a terminal growth rate of 3% (2022: 3%) taking into account of long term gross domestic product growth, inflation rate and other relevant economic factors and a pre-tax discount rate of 12% (2022: 12%) per annum.

The directors of the Company believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGUs to exceed the its recoverable amount.

## 16 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 EUR	2022 EUR
Foreign exchange forward contracts	27,838	26,498
	<b>27,838</b>	26,498

The financial liabilities at fair value through profit or loss at 31 December 2023 mainly consist of the following contracts:

	2023 EUR
Foreign exchange forward contracts in respect of EUR against RMB – Notional principal amounts – Maturities as at year end	<b>RMB27,595,900</b> <b>Range from 1 month</b> <b>to 6 months</b>

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

	2023 EUR	2022 EUR
<b>Financial assets</b>		
Financial assets at amortised cost		
– Trade receivables	9,069,571	9,119,105
– Deposits and other receivables	638,977	192,494
– Pledged bank deposits	1,067,384	1,937,523
– Cash and cash equivalents	1,121,572	2,464,451
	<b>11,897,504</b>	13,713,573
<b>Financial liabilities</b>		
Financial liabilities at fair value through profit or loss	27,838	26,498
Financial liabilities at amortised cost		
– Trade payables	4,933,859	7,354,293
– Accruals	2,350,212	3,080,243
– License fee payables	1,607,833	2,003,405
– Other payables	8,086	–
– Loan from related parties	4,372,365	2,768,735
– Bank borrowings	7,316,725	9,733,579
– Lease liabilities	237,921	129,137
	<b>20,827,001</b>	25,069,392

## 18 INVENTORIES

	2023 EUR	2022 EUR
Finished goods	8,781,781	9,616,323
Provision for impairment	(289,585)	(289,585)
	<b>8,492,196</b>	9,326,738

The cost of inventories included in cost of sales during the years ended 31 December 2023 and 2022 amounted to approximately EUR19,493,790 and EUR20,857,133 respectively. Movements on the provision for impairment of inventories are as follows:

	EUR
At 1 January 2022	284,826
Exchange difference	4,759
At 31 December 2022 and 1 January 2023	289,585
Exchange difference	–
At 31 December 2023	289,585

## 19 TRADE RECEIVABLES

	2023 EUR	2022 EUR
Trade receivables	9,323,777	9,458,004
Loss allowance	(254,206)	(338,899)
	<b>9,069,571</b>	9,119,105

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

As at 31 December 2023 and 2022, the ageing analysis of trade receivables, net of loss allowance made, based on invoice date, is as follows:

	2023 EUR	2022 EUR
1 to 30 days	2,450,809	3,724,135
31 to 60 days	2,437,087	2,124,579
61 to 90 days	1,652,645	1,241,560
More than 90 days	2,529,030	2,028,831
	<b>9,069,571</b>	9,119,105

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. Note 3.1(c) provides further information about expected credit loss provision.

Credit losses are recognised in consolidated income statement within “administrative expenses”. Note 2.10(iv) provides information about how credit losses are calculated.

## Notes to the Consolidated Financial Statements

(Expressed in EURO unless otherwise indicated)

### 19 TRADE RECEIVABLES *(Continued)*

The carrying amounts of trade receivables approximated their fair values as at 31 December 2023 and 2022, and were denominated in the following currencies:

	2023 EUR	2022 EUR
US\$	1,215,658	1,988,353
EUR	7,257,301	6,978,063
GBP	438,829	–
RMB	157,443	150,625
HKD	340	2,064
<b>Total</b>	<b>9,069,571</b>	9,119,105

As at 31 December 2023 and 2022, the Group had factored trade receivables of EUR4,720,122 and EUR4,731,267 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 Group's liabilities and included in borrowings as "Factoring loans" (Note 25).

### 20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 EUR	2022 EUR
Prepayments	2,996,171	3,650,820
Deposits	46,023	46,023
Other receivables		
– VAT receivables	–	566,530
– Others (Note)	592,954	146,471
	<b>3,635,148</b>	4,409,844
Less: non-current deposits	<b>(42,309)</b>	(42,309)
	<b>3,592,839</b>	4,367,535

Note: It mainly represents proceeds receivables from bank due to factoring of trade receivables.

The carrying amounts of deposits and other receivables approximated their fair values as at 31 December 2023 and 2022.

As at 31 December 2023 and 2022, the Group did not hold any collateral as security.

### 21 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2023 EUR	2022 EUR
Cash on hand	1,075	2,138
Cash at bank	1,120,497	2,462,313
Cash and cash equivalents	<b>1,121,572</b>	2,464,451
Pledged bank deposits – as collateral for banking facilities	<b>1,067,384</b>	1,937,523
	<b>2,188,956</b>	4,401,974
Maximum exposure to credit risk	<b>2,187,881</b>	4,399,836

## 21 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (Continued)

The pledged bank deposits and cash and cash equivalents were denominated in the following currencies:

	2023 EUR	2022 EUR
HK\$	94,732	632,940
US\$	815,058	1,719,208
RMB	558,436	23,621
EUR	707,632	2,011,142
Others	13,098	15,063
	<b>2,188,956</b>	<b>4,401,974</b>

## 22 SHARE CAPITAL AND RESERVES

### (a) 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 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	4,000,000,000	40,000,000	4,315,579
Issued and fully paid: At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	400,000,000	4,000,000	417,819

### (b) Reserves

	Merge reserve EUR (Note)	Share premium EUR	Other reserve EUR	Accumulated losses EUR	Total EUR
<b>Balance at 1 January 2022</b>	4,386,123	3,557,226	232,104	(284,218)	7,891,235
<b>Comprehensive loss:</b>					
Loss for the year	–	–	–	(889,896)	(889,896)
<b>Other comprehensive income:</b>					
Currency translation difference	–	–	293,553	–	293,553
Remeasurement of defined benefit retirement plans, net of tax	–	–	66,140	–	66,140
<b>Balance at 31 December 2022 and 1 January 2023</b>	<b>4,386,123</b>	<b>3,557,226</b>	<b>591,797</b>	<b>(1,174,114)</b>	<b>7,361,032</b>
<b>Comprehensive income:</b>					
Profit for the year	–	–	–	105,179	105,179
<b>Other comprehensive loss:</b>					
Currency translation difference	–	–	(56,434)	–	(56,434)
Remeasurement of defined benefit retirement plans, net of tax	–	–	(12,008)	–	(12,008)
<b>Balance at 31 December 2023</b>	<b>4,386,123</b>	<b>3,557,226</b>	<b>523,355</b>	<b>(1,068,935)</b>	<b>7,397,769</b>

Note: Merger reserve of the Group represented the difference between the share capital of the subsidiaries acquired pursuant to the reorganisation over the nominal value of the share capital of the Company in exchange thereof.

## 23 TRADE PAYABLES

	2023 EUR	2022 EUR
Trade payables	4,933,859	7,354,293

At 31 December 2023 and 2022, the ageing analysis of the trade payables based on invoice date were as follows:

	2023 EUR	2022 EUR
0-30 days	1,673,120	2,395,216
31-60 days	377,958	1,354,602
61-90 days	781,780	1,160,168
Over 90 days	2,101,001	2,444,307
	4,933,859	7,354,293

The carrying amounts of trade payables approximated their fair values and were denominated in the following currencies:

	2023 EUR	2022 EUR
US\$	–	2,981,911
EUR	–	–
RMB	4,933,859	4,372,382
	4,933,859	7,354,293

## 24 ACCRUALS, PROVISION AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2023 EUR	2022 EUR
Accruals for operating expenses	1,837,692	2,529,228
Accruals of sales rebate	512,520	551,015
License fee payable	1,607,833	2,003,405
Other payables	8,086	–
Provision for warranty	98,271	98,271
	4,064,402	5,181,919
Less: non-current payables	(1,109,032)	(1,446,336)
Current portion	2,955,370	3,735,583
Contract liabilities	89,072	42,294

The Group receives deposits from customers when they enter into sales agreements. The deposits are recognised as contract liabilities until the control of the goods are transferred to the customers.



## 24 ACCRUALS, PROVISION AND OTHER PAYABLES AND CONTRACT LIABILITIES

(continued)

Movement of these deposits during the year ended 31 December 2023 represented a decrease in contract liabilities as a result of recognising revenue.

Movements on the provision are as follows:

	Warranty EUR
<b>At 1 January 2022</b>	148,271
Provision made	–
Amount utilised	(50,000)
<b>At 31 December 2022 and 1 January 2023</b>	98,271
Provision made	275,835
Amount utilised	(275,835)
<b>At 31 December 2023</b>	98,271

The carrying amounts of accruals and other payables approximated their fair values as of 31 December 2023 and 2022.

## 25 BORROWINGS

	2023 EUR	2022 EUR
Secured		
Factoring loans	4,720,122	4,731,267
Bank borrowings	2,596,603	5,002,312
	<b>7,316,725</b>	9,733,579

The Group has the following undrawn borrowing facilities:

	2023 EUR	2022 EUR
Bank borrowings	80,705	1,003,052

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

	2023 EUR	2022 EUR
Pledged bank deposits	1,067,384	1,937,523
Trade receivables	4,720,122	4,731,267
Corporate guarantee (provided by Atlinks Holdings Limited)	5,045,872	5,188,679
	<b>10,833,378</b>	11,857,469

## Notes to the Consolidated Financial Statements

(Expressed in EURO unless otherwise indicated)

### 25 BORROWINGS (Continued)

In addition, the Group is required to comply with certain financial covenants imposed by the banks.

The carrying amounts of the secured borrowings approximate their fair value, as the impact of discounting is not significant.

The carrying amounts of the borrowings were denominated in the following currencies:

	2023 EUR	2022 EUR
EUR	5,311,355	5,437,619
US\$	–	3,251,196
RMB	1,072,748	–
HKD	932,622	1,044,764
	<b>7,316,725</b>	9,733,579

The effective interest rates per annum of the Group's borrowings as at 31 December 2023 and 2022 were 5.7% and 3.5% respectively.

The borrowings were repayable as follows:

	2023 EUR	2022 EUR
Within 1 year or repayable on demand	<b>7,316,725</b>	9,733,579

The borrowings were repayable, without taking into account the repayable on demand clauses, as follows:

	2023 EUR	2022 EUR
Within 1 year	6,030,289	8,212,517
Between 1 and 2 years	209,027	509,553
Between 2 and 5 years	650,692	650,198
Over 5 years	426,717	361,311
	<b>7,316,725</b>	9,733,579

## 26 DEFERRED INCOME TAX ASSETS

	<b>2023 EUR</b>	2022 EUR
Deferred income tax assets, net	<b>1,296,452</b>	1,301,057

The net movement on the deferred income tax account is as follows:

	EUR
At 1 January 2022	961,196
Credited to the consolidated income statement (Note 11)	349,385
Charged to other comprehensive income	(9,990)
Currency translation difference	466
At 31 December 2022 and 1 January 2023	<b>1,301,057</b>
Charged to the consolidated income statement (Note 11)	<b>(7,292)</b>
Credited to other comprehensive income	<b>3,002</b>
Currency translation difference	<b>(315)</b>
At 31 December 2023	<b>1,296,452</b>

The movements in deferred income tax assets and liabilities during the years ended 31 December 2023 and 2022, after taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Tax depreciation EUR	Fair value change of derivative financial instruments EUR	Tax losses EUR	Provision for retirement benefit EUR	Total EUR
As at 1 January 2022	6,721	-	850,077	104,398	961,196
(Charged)/credited to the consolidated income statement	(155)	-	351,707	(2,167)	349,385
Charged to other comprehensive income	-	-	-	(9,990)	(9,990)
Currency translation differences	466	-	-	-	466
As at 31 December 2022 and 1 January 2023	<b>7,032</b>	<b>-</b>	<b>1,201,784</b>	<b>92,241</b>	<b>1,301,057</b>
Credited/(charged) to the consolidated income statement	<b>6,927</b>	<b>(6,959)</b>	<b>(4,475)</b>	<b>(16,703)</b>	<b>(7,292)</b>
Credited to other comprehensive income	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,002</b>	<b>3,002</b>
Currency translation differences	<b>(315)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(315)</b>
As of 31 December 2023	<b>13,644</b>	<b>(6,959)</b>	<b>1,197,309</b>	<b>78,540</b>	<b>1,296,452</b>

As of 31 December 2023 and 2022, the Group had no material unrecognised deferred tax assets.

## 27 CASH FLOW INFORMATION

### (a) Cash generated from operations

	2023 EUR	2022 EUR
Profit/(loss) before income tax	79,618	(1,222,835)
Adjustments for:		
Depreciation of property, plant and equipment	280,941	390,448
Depreciation of right-of-use assets	116,095	141,066
Reversal of loss allowance of trade receivables	(84,693)	(17,019)
Amortisation of intangible assets	321,098	320,122
Loss on financial assets at fair value through profit or loss	1,340	26,498
Provision for product warranty	275,835	–
Finance costs, net	738,263	548,810
Foreign exchange difference	74,822	510,264
Operating profit before working capital changes	1,803,319	697,354
Changes in operating assets and liabilities:		
Decrease/(increase) in inventories	822,699	(2,518,485)
Decrease in trade receivables	79,504	1,421,409
Decrease/(increase) in prepayments, deposits and other receivables	672,386	(901,225)
(Decrease)/increase in trade payables	(2,420,434)	2,240,711
Decrease in accruals, provisions and other payables	(1,380,475)	(1,118,454)
Increase/(decrease) in contract liabilities	47,926	(84,674)
Cash used in operations	(375,075)	(263,364)

### (b) Reconciliation of liabilities arising from financing activities:

	Borrowings EUR	Lease liabilities EUR	Loans from related parties EUR	Total EUR
As at 1 January 2022	10,662,116	258,018	2,049,092	12,969,226
Proceeds from bank borrowings	36,253,991	–	–	36,253,991
Repayment of bank borrowings	(37,437,217)	–	–	(37,437,217)
Proceeds from loans from related parties	–	–	577,197	577,197
Interest paid	(461,573)	(5,810)	(81,547)	(548,930)
Principal elements of lease payments	–	(141,297)	–	(141,297)
Non-cash items:				
Finance cost	461,573	5,810	81,547	548,930
Foreign exchange movement	254,689	12,416	142,446	409,551
As at 31 December 2022 and 1 January 2023	9,733,579	129,137	2,768,735	12,631,451
Proceeds from bank borrowings	33,946,119	–	–	33,946,119
Repayment of bank borrowings	(36,234,479)	–	–	(36,234,479)
Proceeds from loans from related parties	–	–	1,410,392	1,410,392
Interest paid	(614,740)	(2,353)	(119,231)	(736,324)
Principal elements of lease payments	–	(118,642)	–	(118,642)
Non-cash items:				
Addition of new lease	–	230,197	–	230,197
Finance cost	614,740	2,353	119,231	736,324
Foreign exchange movement	(128,494)	(2,771)	193,238	61,973
As at 31 December 2023	7,316,725	237,921	4,372,365	11,927,011

## 28 RETIREMENT BENEFITS OBLIGATIONS

To abide by the French Social Security Code, retiring allowances are to be paid by the employer when employees retire. It provides benefits to employees in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on employees' length of service and their salaries in the final years leading up to retirement.

The amounts recognised in the consolidated statement of financial position are determined as follows:

	2023 EUR	2022 EUR
Present value of unfunded obligation	314,162	314,650
Liability in the consolidated statement of financial position	314,162	314,650

The amounts recognised in the consolidated income statement are as follows:

	2023 EUR	2022 EUR
Current service cost	15,521	19,288
Prior service cost due to plan amendment	(9,617)	–
Total expenses, included in employee benefit expenses (Note 8)	5,904	19,288
Interest expense	10,963	3,544
Total expenses, included in finance cost, net (Note 10)	10,963	3,544

Movements in the retirement benefits obligations over the years is as follows:

	2023 EUR	2022 EUR
At the beginning of the year	314,650	367,948
Current service cost	15,521	19,288
Benefit payments	(29,363)	–
Prior service cost due to plan amendment	(9,617)	–
Interest expense	10,963	3,544
Remeasurement arising from experience adjustment and changes in actuarial assumptions	12,008	(76,130)
As at end of the year	314,162	314,650

The significant actuarial assumptions as follows:

	2023	2022
Discount rate	3.20%	3.65%
Inflation	2.10%	2.20%
Salary growth rate	3.00%	2.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in France. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 64.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

## 28 RETIREMENT BENEFITS OBLIGATIONS (Continued)

	Impact on defined benefit obligation
<b>For the year ended 31 December 2023</b> – If discount rate increases by 0.25% – If discount rate decreases by 0.25%	<b>Decrease by 2.04%</b> <b>Increase by 2.10%</b>
<b>For the year ended 31 December 2022</b> – If discount rate increases by 0.25% – If discount rate decreases by 0.25%	Decrease by 3.90% Increase by 3.40%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

## 29 CONTINGENCIES

As at 31 December 2023 and 2022, the Group did not have any significant contingent liabilities.

## 30 COMMITMENTS

### (a) Capital commitments

As at 31 December 2023 and 2022, the Group had no commitment for capital expenditure.

## 31 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.

The directors are of the view that the following individuals and companies were related parties that had transactions or balances with the Group as at and during the years ended 31 December 2023 and 2022.

Name of related party	Relationship with the Group
Kan Tsang New Technology Development Limited ("Kan Tsang NT")	Controlled by Mr. Long Hak Kan (Chairman and non-executive director of the Group)
Dong Guan Kan Tsang Electroacoustic Technology Co., Ltd. ("Kan Tsang")	Controlled by Mr. Long Hak Kan (Chairman and non-executive director of the Group)
Mr. Tong Chi Hoi	Chief executive director of the Group
Ms. Chu Lam Fong	Spouse of Mr. Long Hak Kan (Chairman and Non-executive director of the Group)
Mr. Didier Paul Henri Goujard	Non-executive director of the Group

### 31 RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant related party transactions

Other than those transactions and balances disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties for the year ended 31 December 2023 and 2022:

All of 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:

	2023 EUR	2022 EUR
Purchase from a related party – Kan Tsang NT	–	4,759,286
Inspection fee charged by a related party – Kan Tsang	262,374	215,774
	2023 EUR	2022 EUR
Interest expense on loans from related parties		
– Mr. Tong Chi Hoi	77,767	39,072
– Ms. Chu Lam Fong	33,171	33,980
– Mr. Dider Paul Henri Goujard	8,293	8,495
	119,231	81,547

#### (b) Key management personnel compensation

Key management personnel are deemed to be the members of the Board of Directors of the Company who have responsibility for the planning, directing and controlling the activities of the Group.

Key management compensation are as follows:

	2023 EUR	2022 EUR
Basic salaries, allowances and benefits	737,515	727,675
Discretionary bonuses	93,339	–
Defined contribution pension costs	86,638	72,185
Defined benefit pension costs	7,339	5,297
	924,831	805,157

#### (c) Balances with related parties

	2023 EUR	2022 EUR
Loans from related parties (Note (a))		
– Mr. Tong Chi Hoi	1,500,612	1,551,603
– Ms. Chu Lam Fong	941,706	973,706
– Mr. Dider Paul Henri Goujard	235,426	243,426
Revolving loan from Mr. Tong Chi Hoi (Note (b))	1,694,621	–
Inspection fee prepaid to Kan Tsang (Note (c))	–	(59,742)
	4,372,365	2,708,993



### 31 RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

- (a) The loans from Mr. Tong Chi Hoi, Ms. Chu Lam Fong and Mr. Didier Paul Henri Goujard are unsecured, interest bearing at 3%-3.5% (2022: 3%-3.5%) per annum, repayable on 31 March 2023 (2022: 22 March 2022) and dominated in HK\$. The loans will be reviewed quarterly for extension.
- (b) On 1 June 2023, Atlinks Holdings Limited, an indirect wholly owned subsidiary of the Company, as borrower, and Mr. Tong Chi Hoi as lender, entered into a revolving loan facility agreement pursuant to which Mr. Tong agreed to provide a revolving loan facility of HK\$20,000,000, which was unsecured, interest-bearing at 3.5% per annum and for a term of 5 years ending on 31 May 2028. The terms of the agreement will be reviewed annually. As at 30 June 2023, the outstanding loan balance was HK\$14,304,400 (EUR1,694,621).
- (c) Such prepayment is presented in the consolidated statement of financial position within "prepayments, deposits and other receivables" (Note 20).

### 32 ULTIMATE HOLDING COMPANY

Management consider that Talent Ocean Holdings Limited as the ultimate holding company of the Group, which is a company incorporated in the British Virgin Islands and was wholly owned by Ms. Chu Lam Fong. On 8 July 2020, Ms. Chu Lam Fong transferred her 49% shareholding in Talent Ocean Holdings Limited to Mr. Tong Chi Hoi. Talent Ocean Holdings Limited is owned as to 51% by Ms. Chu Lam Fong and 49% by Mr. Tong Chi Hoi.

### 33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

#### Statement of financial position of the Company

Note	2023 EUR	2022 EUR
<b>ASSETS</b>		
<b>Non-current asset</b>		
Investment in subsidiaries	4,290,627	4,290,627
<b>Current assets</b>		
Amount due from subsidiaries	2,046,367	2,064,362
Cash and cash equivalents	25,774	7,779
	<b>2,072,141</b>	2,072,141
<b>Total assets</b>	<b>6,362,768</b>	6,362,768
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	417,819	417,819
Reserves	5,944,949	5,944,949
(a)		
<b>Total equity</b>	<b>6,362,768</b>	6,362,768

Statement of financial position of the Company was approved by the Board of Directors on 13 March 2024 and was signed on its behalf

Tong Chi Hoi                     )  
  )  
  )       Executive Director

### 33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Note:

(a) Reserve movement of the Company

	Merger reserve EUR	Share premium EUR	Other reserve EUR	Total EUR
<b>Balance at 1 January 2022</b>	4,290,616	3,557,226	(1,902,893)	5,944,949
<b>Total comprehensive income</b>				
Profit for the year	–	–	–	–
<b>Balance at 31 December 2022 and 1 January 2023</b>	<b>4,290,616</b>	<b>3,557,226</b>	<b>(1,902,893)</b>	<b>5,944,949</b>
<b>Total comprehensive income</b>				
Profit for the year	–	–	–	–
<b>Balance at 31 December 2023</b>	<b>4,290,616</b>	<b>3,557,226</b>	<b>(1,902,893)</b>	<b>5,944,949</b>

### 34 DIVIDEND

No interim dividend has been paid and declared during the year (2022: Nil). No final dividend has been paid or declared by the Company as for the year ended 31 December 2023 and 2022.

### 35 SUBSEQUENT EVENTS

As at the approval date on these financial statements, the Group had no significant events after reporting period which need to be disclosed.

### 36 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current year's presentation.

# Financial Summary

A summary of the published results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from this annual report and the accountant's report as contained in the Prospectus, is set out below.

	<b>2023 EUR</b>	2022 EUR	2021 EUR	2020 EUR	2019 EUR
Revenue	<b>29,729,520</b>	29,961,316	34,068,881	29,829,719	31,592,701
Gross profit	<b>9,416,699</b>	7,974,414	10,604,651	9,013,666	8,260,549
Operating profit/(loss)	<b>817,881</b>	(674,025)	722,814	1,287,990	(1,619,839)
Finance costs, net	<b>(738,263)</b>	(548,810)	(405,755)	(410,826)	(477,910)
Income tax credit/(expense)	<b>25,561</b>	332,939	(111,876)	(362,789)	408,173
Profit/(loss) for the year	<b>105,179</b>	(889,896)	205,183	514,375	(1,689,576)
Profit/(loss) for the year attributable to equity holders of the Company	<b>105,179</b>	(889,896)	205,183	514,375	(1,683,571)
	<b>2023 EUR</b>	2022 EUR	2021 EUR	2020 EUR	2019 EUR
Non-current assets	<b>5,778,968</b>	6,029,655	6,190,537	5,676,355	6,152,314
Current assets	<b>23,392,964</b>	27,300,301	27,049,802	24,997,714	22,437,050
Total assets	<b>29,171,932</b>	33,329,956	33,240,339	30,674,069	28,589,364
Non-current liabilities	<b>1,551,025</b>	1,768,972	2,259,127	2,624,737	3,193,795
Current liabilities	<b>19,805,319</b>	23,782,133	22,672,158	20,085,923	17,534,779
Total liabilities	<b>21,356,344</b>	25,551,105	24,931,285	22,710,660	20,728,574
Total equity	<b>7,815,588</b>	7,778,851	8,309,054	7,963,409	7,860,790