

ATLINKS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8043

First Quarterly Report 2023



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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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Financial Highlights

The Group's revenue increased from approximately EUR7.5 million for the three months ended 31 March 2022 to approximately EUR8.3 million for the three months ended 31 March 2023, representing an increase of approximately 11.3%. This was mainly due to sales increased in the home telephone segment in France and in Other European countries.

The Group recorded a profit attributable to the equity holders of the Company of approximately EUR0.1 million for the three months ended 31 March 2023, compared to a loss of approximately EUR0.3 million for the three months ended 31 March 2022.

The Directors do not recommend the payment of any dividend in respect of the three months ended 31 March 2023.

Management Discussion and Analysis

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2023, together with the unaudited comparative figures for the corresponding period in 2022.

BUSINESS REVIEW

The Group’s revenue increased from approximately EUR7.5 million for the three months ended 31 March 2022 to approximately EUR8.3 million for the three months ended 31 March 2023, representing an increase of approximately 11.3%. This was mainly due to sales increased in the home telephone segment in France and in other European countries.

The following table shows the breakdown of our revenue by product categories for the three months ended 31 March 2022 and 2023.

	For the three months ended 31 March			
	2023 (Unaudited)		2022 (Unaudited)	
	EUR'000	% of total revenue	EUR'000	% of total revenue
Home telephone	6,459	77.5%	5,206	69.5%
Senior products	1,072	12.9%	1,368	18.3%
Office telephone	770	9.2%	897	12.0%
Others (<i>Note</i>)	36	0.4%	19	0.2%
Total	8,337	100.0%	7,490	100.0%

Note: Others include IP devices and other miscellaneous products.

Sales of home telephone segment for the three months ended 31 March 2023 has increased approximately 24.1% as compared to the corresponding period in 2022, with sales of approximately EUR6.5 million.

Sales of the senior products category dropped by approximately EUR0.3 million or 21.6%.

Sales of the office telephone was approximately EUR0.8 million which represents approximately 9.2% of our total revenue for the three months ended 31 March 2023.

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

	For the three months ended 31 March			
	2023 (Unaudited)		2022 (Unaudited)	
	EUR'000	% of total revenue	EUR'000	% of total revenue
France	4,279	51.4%	3,844	51.3%
Other European countries (<i>Note 2</i>)	2,403	28.8%	1,934	25.8%
APAC/MEA (<i>Note 3</i>)	1,196	14.3%	988	13.2%
Latin America (<i>Note 4</i>)	459	5.5%	724	9.7%
Total	8,337	100.0%	7,490	100.0%

Notes:

1. The geographical breakdown was prepared based on shipping destination without taking into account the re-export or onward sales (if any) of our products by our customers.
2. Other European countries include but are not limited to Germany, 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 three months ended 31 March 2023 has risen by approximately 11.3% to approximately EUR4.3 million as compared to the corresponding period in 2022. This represented approximately 51.4% of our total revenue for the three months ended 31 March 2023.

Sales to other European countries for the three months ended 31 March 2023 has risen by approximately 24.3% to approximately EUR2.4 million as compared to the corresponding period in 2022.

Our sales to the Asia Pacific Region and the Middle East area, added together with sales to Latin America was relatively stable at approximately EUR1.7 million for the three months ended 31 March 2022 and 2023.

OUTLOOK

Q1 2023 revenue recorded a growth of 11.3% compared to the same period in 2022. This figure is in line with our budget but comes in lower than our expectations. We believe political uncertainty and high inflation in Europe has softened market demand which makes it difficult to gauge our Group revenue this year. That said, our energetic and competent team is working hard to aim and achieve the 2023 target.

Gross margin has improved from 27.7% in Q1 2022 to 32.8% in Q1 2023, depending on the product mix, we expect to achieve a similar profit margin throughout 2023.

Last year, we spent significant engineering resources on the development of an alternative product solution to mitigate our component shortage issues. We have now resumed our product roadmap development. Our goal remains the same, that is to gain market share in the home telephone business 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 continue to look at this complex business environment as an opportunity for Atlinks. Customer demand has been robust. Together with our strong distribution network, and a good engineering team, we are confident of achieving a solid result in 2023.

FINANCIAL REVIEW

Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised of cost of inventories, depreciation and amortisation. The cost of sales increased by approximately 3.6% from approximately EUR5.4 million for the three months ended 31 March 2022 to approximately EUR5.6 million for the three months ended 31 March 2023, which is in line with increase in revenue.

The gross profit margin increased from approximately 27.7% for the three months ended 31 March 2022 to approximately 32.8% for the three months ended 31 March 2023 which is mainly driven by the decrease in costs of materials when comparing the three months ended 31 March 2023 to the corresponding period in 2022.

Selling and Distribution Expenses

The selling and distribution expenses increased from approximately EUR0.8 million for the three months ended 31 March 2022 to approximately EUR0.9 million for the three months ended 31 March 2023, which mainly resulted from the increase of marketing expenses.

Administrative Expenses

The administrative expenses was relatively stable at approximately EUR1.3 million for the three months ended 31 March 2022 and approximately EUR1.4 million for the three months ended 31 March 2023, respectively.

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

The Group recorded a profit of approximately EUR0.1 million for the three months ended 31 March 2023, compared to a loss of approximately EUR0.3 million for the three months ended 31 March 2022.

Dividend

The Board does not recommend the payment of a dividend for the three months ended 31 March 2023.

Other Information

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares for the three months ended 31 March 2023.

SHARE OPTION SCHEME

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

No share options have been granted/exercised/cancelled/lapsed under the Share Option Scheme during the three months ended 31 March 2023. As at 31 March 2023, the Company has no outstanding share option under the Share Option Scheme.

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

At 31 March 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
Didier Paul Henri Goujard ("Mr. Goujard") (Note 1)	Eiffel Global Limited ("Eiffel Global")	Interest in a controlled corporation	1,183 ordinary shares	11.83%
Jean-Alexis René Robert Duc ("Mr. Duc") (Note 2)	Eiffel Global	Beneficial owner	967 ordinary shares	9.67%
Ho Dora ("Ms. Ho") (Note 2)	Eiffel Global	Beneficial owner	350 ordinary shares	3.5%
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%
Tong Chi Hoi ("Mr. Tong")	TOHL	Interest in a controlled corporation	490 ordinary shares	49%

Notes:

- (1) These Shares were held by Argento Investments Limited ("AIL"), which is wholly-owned by Mr. Goujard.
- (2) 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. 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.

Other Information

Save as disclosed above, as at 31 March 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

There is no contract of significance to which the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries was a party and in which the Directors had a material interest, whether directly or indirectly, subsisted during or at the end of the three months ended 31 March 2023.

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

As at 31 March 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 (<i>Note 1</i>)	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 (<i>Note 2</i>)	Interest of spouse	300,000,000	75%
Ng Ching Yi Doris ("Ms. Ng") (<i>Note 3</i>)	Interest of spouse	300,000,000	75%

Notes:

1. TOHL is deemed or taken to be interested in all 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 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 March 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.

COMPETING BUSINESS

During the reporting period 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.

CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules. The Board is of the opinion that the Company has complied with the CG Code during the three months ended 31 March 2023 and up to the date of this report.

AUDIT COMMITTEE

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

The condensed consolidated financial statements of the Group for the three months ended 31 March 2023 are unaudited, but have been reviewed by the Audit Committee.

PUBLICATION OF INFORMATION ON WEBSITES

This first quarterly report is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.atlinks.com.

By the order of Board

Long Hak Kan
Chairman

12 May 2023

Unaudited Condensed Consolidated Income Statement

For the three months ended 31 March 2023

The Board is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2023, together with the comparative figures for the corresponding period in 2022 which have been reviewed and approved by the audit committee of the Company (the “**Audit Committee**”), as follows:

	Notes	Three months ended 31 March	
		2023 EUR (Unaudited)	2022 EUR (Unaudited)
Revenue	3	8,337,295	7,489,757
Cost of sales		(5,606,270)	(5,413,256)
Gross profit		2,731,025	2,076,501
Selling and distribution expenses		(948,982)	(790,330)
Administrative expenses		(1,420,513)	(1,318,968)
		361,530	(32,797)
Other gain/(loss)			
– Exchange difference		16,376	(135,875)
– Fair value changes on financial assets/ liabilities at fair value through profit or loss		(64,920)	–
Operating profit/(loss)		312,986	(168,672)
Finance income		1,579	243
Finance costs		(167,345)	(113,969)
Finance costs, net		(165,766)	(113,726)
Profit/(loss) before income tax		147,220	(282,398)
Income tax credit	4	475	5,876
Profit/(loss) for the period		147,695	(276,522)
Attributable to:			
Equity holders of the Company		147,695	(276,522)
Non-controlling interests		–	–
		147,695	(276,522)
Earnings/(Loss) per share			
– Basic and diluted (expressed in Euro cents per share)	5	0.04	(0.07)

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2023

	Three months ended 31 March	
	2023 EUR (Unaudited)	2022 EUR (Unaudited)
Profit/(loss) for the period	147,695	(276,522)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	1,292	122,012
Other comprehensive income for the period	1,292	122,012
Total comprehensive income/(loss) for the period	148,987	(154,510)
Attributable to:		
Equity holders of the Company	148,987	(154,510)
Non-controlling interests	–	–
	148,987	(154,510)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2023

	Share capital EUR	Merger reserve EUR	Share premium EUR	Other reserve EUR	Retained earnings/ (accumulated losses) EUR	Total EUR
Balances at 1 January 2022						
(Audited)	417,819	4,386,123	3,557,226	232,104	(284,218)	8,309,054
Comprehensive loss						
Loss for the period	-	-	-	-	(276,522)	(276,522)
Other comprehensive income						
Currency translation difference	-	-	-	122,012	-	122,012
Other comprehensive income	-	-	-	122,012	-	122,012
Total comprehensive income/ (loss) for the period	-	-	-	122,012	(276,522)	(154,510)
Balances at 31 March 2022						
(Unaudited)	417,819	4,386,123	3,557,226	354,116	(560,740)	8,154,544
Balances at 1 January 2023						
(Audited)	417,819	4,386,123	3,557,226	591,797	(1,174,114)	7,778,851
Comprehensive income						
Profit for the period	-	-	-	-	147,695	147,695
Other comprehensive income						
Currency translation difference	-	-	-	1,292	-	1,292
Other comprehensive income	-	-	-	1,292	-	1,292
Total comprehensive income for the period	-	-	-	1,292	147,695	148,987
Balances at 31 March 2023						
(Unaudited)	417,819	4,386,123	3,557,226	593,089	(1,026,419)	7,927,838

Notes to the Unaudited Condensed Consolidated Financial Statements

1 GENERAL INFORMATION

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

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

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

2 BASIS OF PREPARATION

This unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2023 has been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of the Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”). The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group in the annual report for the year ended 31 December 2022 (“**2022 Annual report**”). The accounting policies used in the preparation of this unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the 2022 Annual Report, except for the adoption of new and revised HKFRSs which are effective for accounting periods beginning on or after 1st January 2023.

3 REVENUE AND SEGMENT INFORMATION

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

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

3 REVENUE AND SEGMENT INFORMATION *(Continued)***(a) Revenue by product type**

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

	Three months ended 31 March	
	2023 EUR (Unaudited)	2022 EUR (Unaudited)
Revenue		
Home telephone	6,459,216	5,205,337
Senior products	1,071,419	1,368,203
Office telephone	770,418	897,132
Others	36,242	19,085
	8,337,295	7,489,757

(b) Revenue by location

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

	Three months ended 31 March	
	2023 EUR (Unaudited)	2022 EUR (Unaudited)
France	4,279,066	3,843,457
Other European countries <i>(Note i)</i>	2,402,853	1,933,779
APAC/MEA <i>(Note ii)</i>	1,196,165	988,344
Latin America <i>(Note iii)</i>	459,211	724,177
	8,337,295	7,489,757

Notes:

- i. Other European countries include but are not limited to Germany, UK, Benelux, Spain, Italy, Portugal 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.

4 INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the three months ended 31 March 2023 (2022: 16.5%).

Corporate income tax on profits from a subsidiary operating in Mainland China has been calculated at 25% for the three months ended 31 March 2023 (2022: 25%).

Corporate income tax on profits from a subsidiary operating in France has been calculated at 25% in accordance with the relevant France tax laws and regulations for the three months ended 31 March 2023 (2022: 25%).

Income tax credit

	Three months ended 31 March	
	2023 EUR (Unaudited)	2022 EUR (Unaudited)
Current income tax	–	–
Deferred income tax	(475)	(5,876)
	(475)	(5,876)

5 EARNINGS/(LOSS) PER SHARE**(a) Basic earnings/(loss) per share**

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

	Three months ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
Profit/(loss) attributable to equity holders of the Company (Euro)	147,695	(276,522)
Number of shares in issue (thousands)	400,000	400,000
Basic earnings/(loss) per share (expressed in Euro cents per share)	0.04	(0.07)

5 EARNINGS/(LOSS) PER SHARE *(Continued)*

(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 issued during the respective period.

6 DIVIDEND

No dividend has been paid or declared by the Company during the three months ended 31 March 2023 and 2022.