

ATLINKS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8043



Third Quarterly Report

2018

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

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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 remained stable at approximately EUR25.4 million for the nine months ended 30 September 2018 versus 30 September 2017.

The Group recorded a loss attributable to the equity holders of the Company of approximately EUR0.3 million for the nine months ended 30 September 2018 as compared to a loss of approximately EUR1.2 million for the nine months ended 30 September 2017. Such decrease was mainly due to a lower amount of non-recurring listing expenses recognised during the nine months ended 30 September 2018.

The Directors do not recommend the payment of any dividend in respect of the nine months ended 30 September 2018.

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 nine months ended 30 September 2018, together with the unaudited comparative figures for the corresponding period in 2017.

BUSINESS REVIEW AND OUTLOOK

The Group’s revenues remained stable at approximately EUR25.4 million for both the nine months ended 30 September 2017 and the nine months ended 30 September 2018.

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

	For the three months ended 30 September 2018 (Unaudited)		2017 (Unaudited)	
	EUR'000	% of total revenue	EUR'000	% of total revenue
Home telephone	7,252	89.6%	5,956	83.5%
Office telephone	759	9.4%	987	13.8%
Others (Note)	80	1.0%	193	2.7%
Total	8,091	100.0%	7,136	100.0%

	For the nine months ended 30 September 2018 (Unaudited)		2017 (Unaudited)	
	EUR'000	% of total revenue	EUR'000	% of total revenue
Home telephone	21,554	85.0%	21,409	84.4%
Office telephone	2,405	9.5%	3,152	12.4%
Others (Note)	1,402	5.5%	811	3.2%
Total	25,361	100.0%	25,372	100.0%

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

The home telephone segment remained relatively stable at approximately EUR21.6 million and represented approximately 85.0% of our total revenue for the nine months ended 30 September 2018.

The office telephone segment was approximately EUR2.4 million and represented 9.5% of our total revenue for the nine months ended 30 September 2018. There was a drop compared to the corresponding period in 2017, due to drop of sales of analog business phone being faster than the growth of IP phone.

The sales of others product category has grown by approximately 72.9%, mainly attributable to the range of devices under this segment, such as new elderly products. This category is expected to grow at a relatively faster rate in 2018.

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

	For the three months ended 30 September			
	2018 (Unaudited)		2017 (Unaudited)	
	EUR'000	% of total revenue	EUR'000	% of total revenue
France	4,635	57.2%	4,854	68.0%
Latin America (<i>Note 2</i>)	1,914	23.7%	329	4.6%
Other European countries (<i>Note 3</i>)	564	7.0%	993	13.9%
APAC/Russia/MEA (<i>Note 4</i>)	978	12.1%	960	13.5%
Total	8,091	100.0%	7,136	100.0%

	For the nine months ended 30 September			
	2018 (Unaudited)		2017 (Unaudited)	
	EUR'000	% of total revenue	EUR'000	% of total revenue
France	13,648	53.8%	13,651	53.8%
Latin America (<i>Note 2</i>)	4,659	18.4%	3,953	15.6%
Other European countries (<i>Note 3</i>)	4,313	17.0%	4,438	17.5%
APAC/Russia/MEA (<i>Note 4</i>)	2,741	10.8%	3,330	13.1%
Total	25,361	100.0%	25,372	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. Latin America includes Argentina, Chile, Mexico, Peru and others.
3. Other European countries includes but not limited to Germany, Greece, Italy, Portugal, Spain and Switzerland but excludes France.
4. APAC/Russia/MEA includes but not limited to Asia Pacific Region, Russia and Middle East area.

Management Discussion and Analysis

The Group's sales to France remained relatively stable at approximately 53.8% of our total revenue for both the nine months ended 30 September 2018 and the nine months ended 30 September 2017.

Sales in other European countries represented approximately 17.0% of our total revenue for the nine months ended 30 September 2018 and approximately 17.5% of that for the corresponding period in 2017.

The Group's sales to Latin America for the nine months ended 30 September 2018 has increased by approximately EUR0.7 million or approximately 17.9% as compared to that of the corresponding period in 2017. Such increase was mainly due to the revenue derived from new customers.

The Group recorded unfavourable results from Asia Pacific Region, Russia and Middle East area. The revenue decreased by approximately EUR0.6 million or approximately 17.7% for the nine months ended 30 September 2018 as compared to that of the corresponding period in 2017 due to deteriorated purchasing power in the region driven by strong USD.

OUTLOOK

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

FINANCIAL REVIEW

Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised of cost of inventories and depreciation and amortisation. The cost of sales has remained stable at approximately EUR18.3 million for the nine months ended 30 September 2017 and the nine months ended 30 September 2018. The gross profit margin also remained stable at approximately 27.7% for the nine months ended 30 September 2018 as compared to that of approximately 27.8% for the nine months ended 30 September 2017.

Selling and Distribution Expenses

The selling and distribution expenses increased from approximately EUR2.3 million for the nine months ended 30 September 2017 to approximately EUR2.7 million for the nine months ended 30 September 2018, mainly due to the Group's participation in more trade shows in various countries and due to increased transportation cost with the global increase in oil and gas prices.

Administrative Expenses

The administrative expenses decreased from approximately EUR5.7 million for the nine months ended 30 September 2017 to approximately EUR4.9 million for the nine months ended 30 September 2018, which was mainly due to a lower amount of non-recurring listing expenses recognised during the nine months ended 30 September 2018.

Loss attributable to the Equity Holders of the Company

The Group recorded a loss attributable to the equity holders of the Company of approximately EUR0.3 million for the nine months ended 30 September 2018, compared to a loss of approximately EUR1.2 million for the nine months ended 30 September 2017. Such decrease was mainly due to a lower amount of non-recurring listing expenses recognised during the nine months ended 30 September 2018.

Dividend

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

Use of Proceeds from the Listing

On 19 January 2018, 100,000,000 ordinary shares of the Company were allotted at HK\$0.5 and the net proceeds from Public Offer and Placing (as defined in the Prospectus) received by the Company were approximately HK\$23.1 million (after deduction of any related expenses). The Company intends to continue to apply the net proceeds in accordance with the proposed applications set out below.

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

	Actual net proceeds allocated HK\$ Million	Amount utilised up to 30 September 2018 HK\$ Million	Balance as at 30 September 2018 HK\$ Million
Developing the office telephone products	2.9	–	2.9
Developing the elderly telecommunications products	5.3	(2.2)	3.1
Strengthening and enhancing sales channels	3.7	(1.5)	2.2
Expanding the staff team	5.8	(0.8)	5.0
Developing the other products including IP cameras and smart home products	1.3	–	1.3
Expanding the geographical coverage	3.0	(0.2)	2.8
General working capital	1.1	(0.9)	0.2
	23.1	(5.6)	17.5

Other Information

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares for the nine months ended 30 September 2018.

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Share Option Scheme**") was conditionally adopted pursuant to a resolution passed by the Company's shareholders on 21 December 2017 for the primary purposes of enabling the Company to attract, retain and motivate talented participants and, to strive for future developments and expansion of the Group. Eligible participants of the Share Option Scheme include any employees, any executives, non-executive Directors (including independent non-executive Directors), advisors, consultants of the Company or any of its subsidiaries. Further details of the Share Option Scheme are set out in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to the Prospectus.

No share options have been granted/exercised/cancelled/lapsed under the Share Option Scheme during the nine months ended 30 September 2018. As at 30 September 2018, 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 30 September 2018, the interests and short positions of the Directors and the chief executive 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 ("**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%

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interest	Number and class of securities	Approximate percentage of shareholding
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	1,000 ordinary shares	100%

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. TOHL is wholly-owned 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.

Save as disclosed above, as at 30 September 2018, none of the Directors and chief executive 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' 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 nine months ended 30 September 2018.

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

As at 30 September 2018, 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 (<i>Note 1</i>)	Interest of controlled corporation	300,000,000	75%
Mr. Long (<i>Note 2</i>)	Interest of spouse	300,000,000	75%

Notes:

1. 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 was wholly-owned by Ms. Chu. As such, Ms. Chu is deemed or taken to be interested in all the Shares which are beneficially owned by Eiffel Global.
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.

Save as disclosed above, as at 30 September 2018, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive 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.

COMPLIANCE ADVISER'S INTERESTS

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Lego Corporate Finance Limited ("**Lego**") to be the compliance adviser. Lego, being the sponsor to the listing, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Save as the above, neither Lego nor any of its associates and none of the directors or employees of Lego who have been involved in providing advice to the Company as the sponsor, has or may, as a result of the share offer, have any interest in any securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities).

The compliance adviser's appointment is for a period commencing on the listing date and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the despatch of its annual report of the financial results for the second full financial year commencing after the listing date, i.e. for the year ending 31 December 2020, or until the compliance adviser agreement is terminated, whichever is earlier.

CORPORATE GOVERNANCE PRACTICE

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

AUDIT COMMITTEE

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

The condensed consolidated financial statement of the Group for the nine months ended 30 September 2018 are unaudited, but have been reviewed by the Audit Committee.

PUBLICATION OF INFORMATION ON WEBSITES

This third 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

9 November 2018

Unaudited Condensed Consolidated Income Statement

For the nine months ended 30 September 2018

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

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018	2017	2018	2017
		EUR (Unaudited)	EUR (Unaudited)	EUR (Unaudited)	EUR (Unaudited)
Revenue	4	8,091,364	7,135,980	25,361,175	25,371,686
Cost of sales		(5,867,466)	(4,957,997)	(18,348,565)	(18,318,984)
Gross profit		2,223,898	2,177,983	7,012,610	7,052,702
Other income		16,134	3,365	54,596	73,498
Other gain/(loss)					
– Exchange difference		126,565	39,403	257,648	520,700
– Fair value changes on derivative financial instruments		(74,554)	(48,503)	274,317	(631,544)
Selling and distribution expenses		(991,778)	(873,715)	(2,674,549)	(2,326,254)
Administrative expenses					
– Legal and professional fee for listing preparation		–	(684,479)	(189,789)	(1,174,598)
– Others		(1,443,120)	(1,284,192)	(4,704,433)	(4,484,612)
Operating profit/(loss)		(142,855)	(670,138)	30,400	(970,108)
Finance income		1,261	230	19,827	788
Finance costs		(116,344)	(100,032)	(270,967)	(301,532)
Finance costs, net		(115,083)	(99,802)	(251,140)	(300,744)
Loss before income tax		(257,938)	(769,940)	(220,740)	(1,270,852)
Income tax expenses	5	42,701	(78,763)	(99,761)	74,912
Loss for the period		(215,237)	(848,703)	(320,501)	(1,195,940)
Attributable to:					
Equity holders of the Company		(215,868)	(848,710)	(316,637)	(1,178,842)
Non-controlling interests		631	7	(3,864)	(17,098)
		(215,237)	(848,703)	(320,501)	(1,195,940)
Loss per share					
– Basic and diluted (expressed in Euro cents per share)	6	(0.05)	(0.28)	(0.08)	(0.39)

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the nine months ended 30 September 2018

	Three months ended 30 September		Nine months ended 30 September	
	2018 EUR (Unaudited)	2017 EUR (Unaudited)	2018 EUR (Unaudited)	2017 EUR (Unaudited)
Loss for the period	(215,237)	(848,703)	(320,501)	(1,195,940)
Other comprehensive income/(loss)				
<i>Items that may be reclassified to profit or loss:</i>				
Currency translation differences	5,044	(474,724)	(33,350)	(808,142)
<i>Items that may not be reclassified to profit or loss:</i>				
Remeasurement of defined benefit retirement plans, net of tax	–	–	–	8,918
Other comprehensive income/(loss) for the period	5,044	(474,724)	(33,350)	(799,224)
Total comprehensive loss for the period	(210,193)	(1,323,427)	(353,851)	(1,995,164)
Attributable to:				
Equity holders of the Company	(210,324)	(1,323,434)	(349,987)	(1,973,976)
Non-controlling interests	631	7	(3,864)	(21,188)
	(210,193)	(1,323,427)	(353,851)	(1,995,164)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2018

	Attributable to equity holders of Atlinks Group Limited						Non-controlling interest (Note 1)	Total
	Share capital	Merger reserve	Other reserve	Retained earnings	Total	Total		
	EUR	EUR	EUR	EUR	EUR	EUR		
Balances at 1 January 2017 (Audited)	-	4,386,134	864,481	2,758,934	8,009,549	71,427	8,080,976	
Comprehensive loss								
Loss for the period	-	-	-	(1,178,842)	(1,178,842)	(17,038)	(1,195,940)	
Other comprehensive loss								
Currency translation difference	-	-	(804,052)	-	(804,052)	(4,090)	(808,142)	
Remeasurement of defined benefit retirement plans, net of tax	-	-	8,918	-	8,918	-	8,918	
Other comprehensive loss	-	-	(795,134)	-	(795,134)	(4,090)	(799,224)	
Total comprehensive loss for the period	-	-	(795,134)	(1,178,842)	(1,973,976)	(21,188)	(1,995,164)	
Balances at 30 September 2017 (Unaudited)	-	4,386,134	69,347	1,580,092	6,035,573	50,239	6,085,812	
Balances at 1 January 2018 (Audited)	11	4,386,123	183,070	1,590,429	6,159,633	46,862	6,206,495	
Comprehensive loss								
Loss for the period	-	-	-	(316,637)	(316,637)	(3,864)	(320,501)	
Other comprehensive loss								
Currency translation difference	-	-	(33,350)	-	(33,350)	-	(33,350)	
Other comprehensive loss	-	-	(33,350)	-	(33,350)	-	(33,350)	
Total comprehensive loss for the period	-	-	(33,350)	(316,637)	(349,987)	(3,864)	(353,851)	
Transactions with owners								
Issuance of shares	417,808	4,734,254	-	-	5,152,062	-	5,152,062	
Shares issuance cost	-	(1,177,028)	-	-	(1,177,028)	-	(1,177,028)	
Balances at 30 September 2018 (Unaudited)	417,819	7,943,349	149,720	1,273,792	9,784,680	42,998	9,827,678	

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

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

Notes to the Unaudited Condensed Consolidated Financial Information

1 GENERAL INFORMATION

Atlinks Group Limited (the “Company”) was incorporated in the Cayman Islands on 3 August 2017 as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered address of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Island.

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

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

The unaudited condensed consolidated financial statements are presented in EURO unless otherwise stated.

2 BASIS OF PREPARATION

This unaudited condensed consolidated third quarterly financial information of the Group for the nine months ended 30 September 2018 has been prepared in accordance of 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 the GEM of the Stock Exchange (the “GEM Listing Rules”). The unaudited condensed consolidated third quarterly financial information should be read in conjunction with the consolidated financial statements of the Group in the annual report for the year ended 31 December 2017 (“2017 Annual report”). The accounting policies used in the preparation of this unaudited condensed consolidated third quarterly financial information are consistent with those followed in the preparation of the 2017 Annual Report, except for the adoption of new and revised HKFRSs which are effective for accounting periods beginning on or after 1st January 2018. Apart from the changes in accounting policies as set out in Note 3 below, the adoption of those new and revised HKFRSs has no material impact on the Group’s results and financial position for the current or priors periods and does not result in any significant change in the accounting policies of the Group.

Notes to the Unaudited Condensed Consolidated Financial Information

3 CHANGES IN ACCOUNTING POLICIES

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

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

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

4 REVENUE AND SEGMENT INFORMATION

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

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

(a) Revenue by product type

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

	Three months ended 30 September		Nine months ended 30 September	
	2018 EUR (Unaudited)	2017 EUR (Unaudited)	2018 EUR (Unaudited)	2017 EUR (Unaudited)
Revenue				
Home telephone	7,252,001	5,955,590	21,553,840	21,408,905
Office telephone	759,105	987,423	2,405,249	3,152,476
Others	80,258	192,967	1,402,086	810,305
	8,091,364	7,135,980	25,361,175	25,371,686

Notes to the Unaudited Condensed Consolidated Financial Information

4 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Revenue by location

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

	Three months ended 30 September		Nine months ended 30 September	
	2018 EUR (Unaudited)	2017 EUR (Unaudited)	2018 EUR (Unaudited)	2017 EUR (Unaudited)
France	4,635,107	4,853,310	13,648,157	13,650,591
Latin America (Note i)	1,913,811	329,252	4,659,022	3,953,535
Other European countries (Note ii)	564,453	993,365	4,313,371	4,437,658
Others (Note iii)	977,993	960,053	2,740,625	3,329,902
	8,091,364	7,135,980	25,361,175	25,371,686

Notes:

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

5 INCOME TAX EXPENSES

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

Corporate income tax on profits from a subsidiary operating in Mainland China has been calculated at 25% in accordance with the relevant People's Republic of China tax laws and regulations for the nine months ended 30 September 2018 and 2017.

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

Notes to the Unaudited Condensed Consolidated Financial Information

5 INCOME TAX EXPENSES *(Continued)*

Income tax expenses

	Three months ended 30 September		Nine months ended 30 September	
	2018 EUR (Unaudited)	2017 EUR (Unaudited)	2018 EUR (Unaudited)	2017 EUR (Unaudited)
Current income tax	12,392	49,038	55,953	125,591
Deferred income tax	(55,093)	29,725	43,808	(200,503)
	(42,701)	78,763	99,761	(74,912)

6 LOSS PER SHARE

(a) Basic loss per share

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

	Three months ended 30 September		Nine months ended 30 September	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Loss attributable to equity holders of the Company (Euro)	(215,868)	(848,710)	(316,637)	(1,178,842)
Weighted average number of shares in issue (thousands)	400,000	300,000	393,407	300,000
Basic loss per share (expressed in Euro cents per share)	(0.05)	(0.28)	(0.08)	(0.39)

(b) Diluted loss per share

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

7 DIVIDEND

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