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BEST LINKING GROUP HOLDINGS LIMITED

永聯豐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8617)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2021

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

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

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

*This announcement, for which the directors (the “**Directors**”) of Best Linking Group Holdings Limited (the “**Company**”, and 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 and its subsidiaries (collectively refer to as the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited quarterly condensed consolidated results of the Group for the three months ended 31 March 2021 (the “**Reporting Period**”), which has been reviewed by the audit committee of the Company, together with the comparative unaudited figures for the corresponding period in 2020 as follows:

UNAUDITED QUARTERLY CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2021

		Three months ended 31 March	
	Note	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	14,079	7,338
Cost of sales		(9,559)	(4,087)
Gross profit		4,520	3,251
Other income		32	37
Other gains/(losses), net		(90)	(80)
Selling and distribution expenses		(197)	(44)
Administrative expenses		(2,549)	(1,336)
Operating profit		1,716	1,828
Finance income		6	1
Finance expenses		(15)	(35)
Finance income/(expenses), net		(9)	(34)
Profit before income tax	4	1,707	1,794
Income tax expense	5	(121)	(258)
Profit for the period		1,586	1,536
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		(263)	(793)
Total comprehensive income for the period		1,323	743
Earnings per share for profit attributable to shareholders of the Company for the period			
Basic and diluted earnings per share (HK cents per share)	6	0.40	0.38

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month ended 31 March 2021

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Combined capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 <i>Note a</i>	Statutory reserve HK\$'000 <i>Note b</i>	Exchange reserve HK\$'000 <i>Note c</i>	Retained earnings HK\$'000	
Balance at 1 January 2020 (audited)	4,000	–	42,511	13,000	2,170	(636)	31,353	92,398
Profit for the period	–	–	–	–	–	–	1,536	1,536
Other comprehensive income/(loss):								
Currency translation differences	–	–	–	–	–	(793)	–	(793)
Total comprehensive (loss)/income for the period	–	–	–	–	–	(793)	1,536	743
Transactions with equity holders:								
Issuance of ordinary shares pursuant to the capitalisation	–	–	–	–	–	–	–	–
Issuance of ordinary shares pursuant to the listing	–	–	–	–	–	–	–	–
Listing related expenses charged to share premium	–	–	–	–	–	–	–	–
Dividend paid	–	–	–	–	–	–	–	–
Transfer to statutory reserve	–	–	–	–	62	–	(62)	–
	–	–	–	–	62	–	(62)	–
Balance at 31 March 2020 (unaudited)	<u>4,000</u>	<u>–</u>	<u>42,511</u>	<u>13,000</u>	<u>2,232</u>	<u>(1,429)</u>	<u>32,827</u>	<u>93,141</u>

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Combined capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 <i>Note a</i>	Statutory reserve HK\$'000 <i>Note b</i>	Exchange reserve HK\$'000 <i>Note c</i>	Retained earnings HK\$'000	
Balance at 1 January 2021 (audited)	4,000	–	34,511	13,000	2,676	2,396	44,491	101,074
Profit for the period	–	–	–	–	–	–	1,586	1,586
Other comprehensive income/(loss):								
Currency translation differences	–	–	–	–	–	(263)	–	(263)
Total comprehensive (loss)/income for the period	–	–	–	–	–	(263)	1,586	1,323
Transactions with equity holders:								
Issuance of ordinary shares pursuant to the capitalisation	–	–	–	–	–	–	–	–
Issuance of ordinary shares pursuant to the listing	–	–	–	–	–	–	–	–
Listing related expenses charged to share premium	–	–	–	–	–	–	–	–
Dividend paid	–	–	–	–	–	–	–	–
Transfer to statutory reserve	–	–	–	–	137	–	(137)	–
	–	–	–	–	137	–	(137)	–
Balance at 31 March 2021 (unaudited)	4,000	–	34,511	13,000	2,813	2,133	45,940	102,397

Notes

a) Capital reserve

Capital reserve of the Group represents 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 issued in exchange thereof.

b) Statutory reserve

The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the profit after income tax (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holders. All statutory reserves are created for specific purposes. A PRC company is required to appropriate an amount of not less than 10% of statutory profit after income tax to statutory surplus reserves, prior to distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the company, to expand the company's operation or to increase the capital of the company. In addition, a company may make further contribution to the discretionary surplus reserve using its post-tax profits. In accordance with resolutions of the board of directors.

c) Exchange reserve

Exchange reserve of the Group comprises all currency translation differences arising from translation difference of the financial statements of the Group's subsidiary in the PRC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 26 October 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and trading of slewing rings and machinery products. The ultimate holding company of the Company is C Centrum Holdings Limited ("C Centrum"). The ultimate shareholder of the Group is Mr. Chan Yuk Pan ("Mr. YP Chan").

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the unaudited condensed consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance (Cap. 622). The unaudited condensed consolidated financial statements have been prepared under historical cost convention.

The preparation of unaudited condensed consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.1.1 New and amended standards and interpretations

- (a) New and amended standards and interpretations adopted by the company

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2020, as described in those annual consolidated financial statements. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

- (b) New and amended standards and interpretations which have been issued but are not yet effective and have not been early adopted by the Group:

Certain new and amended standards and interpretations have been published that are mandatory for financial year beginning on or after 1 January 2021 have not been early adopted by the Company. These are:

		Effective for accounting periods beginning on or after
Amendments to HKFRS 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, HKFRS16 and HKAS 41	1 January 2022
HKFRS 17	Insurance contract	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of assets between an investor and its associate or joint venture	To be determined

3 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive Directors.

Management has determined the operating segments based on the information reviewed by our executive Directors for the purpose of allocating resources and assessing performance. The only component in internal reporting to the executive Directors is our Group’s manufacturing and trading of slewing rings and machinery products for the Reporting Period.

In this regard, management considers there is only one operating segment under the requirements of HKFRS 8 “Operating Segments”.

The performance of the operating segment is assessed by our executive Directors based on a measure of revenue and gross profit.

All of our Group’s revenue are from contracts with customers and are recognised at a point in time.

4 PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	Three months ended	
	31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of inventories and consumable	7,759	2,452
Wages, salaries, bonuses and other benefits	2,095	1,617
Pension costs — defined contribution plans	197	107
Mandatory provident fund scheme	15	13
Employee benefit expenses, including directors' emoluments	2,307	1,737
Amortisation	—	4
Depreciation	30	409
Legal and professional fees	611	92
Listing related expenses	—	—
Other expenses	1,598	773
	12,305	5,467

5 INCOME TAX EXPENSE

The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

	Three months ended	
	31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax		
— PRC enterprise income tax	53	35
— Hong Kong profits tax	68	225
Total current income tax	121	260
Deferred income tax	—	(2)
Income tax expense	121	258

6 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of our Company by the weighted average number of ordinary shares in issue. The weighted average number of ordinary shares for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the capitalisation of shares.

	Three months ended	
	31 March	
	2021	2020
	(unaudited)	(unaudited)
Profit attributable to equity holders of our Company (<i>HK\$'000</i>)	1,586	1,536
Weighted average number of shares in issue (<i>thousand</i>)	400,000	400,000
Basic earnings per share (<i>HK cents per share</i>)	0.40	0.38

Diluted earnings per share for the Reporting Period were the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the periods.

7 DIVIDENDS

The Board does not recommend the payment of dividend for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a premium manufacturer of slewing rings and other mechanical parts, and also a “one-stop service” provider as it is able to source other slewing rings, machineries and mechanical parts and components for machineries for its customers. A slewing ring is a necessary transmission part for some large-size machineries and equipment, which can ensure the relative rotational motion between objects, as well as bearing the axial force, radial force and tilting moment simultaneously. In order to cope with the Group’s business expansion, the shares of the Company (the “**Shares**”) were successfully listed on GEM of the Stock Exchange on 15 November 2019 (the “**Listing Date**”).

The outbreak of the novel coronavirus (COVID-19) pandemic (the “**COVID-19 outbreak**”) in 2020 has caused many organisations and companies to rethink and reconfigure their businesses for a changed world. The Group’s “one-stop service” provider with competitive advantages has been even more accentuated in amid of COVID-19 outbreak, with the surging demand for sourcing other slewing rings, machineries, mechanical parts and components for its customers. The Group has taken a prudent approach and adjusted its business strategies to face the challenges, when appropriate. The sourcing part of the business in Hong Kong has played an important role and it has emerged stronger and healthier after a swift recovery from the public health crisis.

Furthermore, the Group has been developing new products and services by manufacturing other mechanical parts and components for machineries, in addition to slewing rings. These new products enable the Group to broaden the scope of its business with existing customers. Such mechanical parts and components are fundamental parts of machineries which the Group had sourced for its customers in the past.

In 2021, the Group continued to demonstrate its competence and business resilience even in such adverse times, with continuous sales successes worldwide and further reinforcement of the Group’s brand recognition and awareness, positioning the Group as one of the world’s fast growing “one-stop service” provider. The Group will continue its effort to promote its brand as well as to provide quality products and seize business opportunities in various regions.

REVENUE

The Group's revenue increased by 91.9% or HK\$6.7 million from HK\$7.4 million for the three months ended 31 March 2020 ("Q1 2020") to HK\$14.1 million for the Reporting Period.

The following table sets forth the breakdown of our revenue by product category for the three months ended 31 March 2021 and 2020:

	For the three months ended 31 March				+ / (-)	
	2021		2020		HK\$'000	(%)
	HK\$'000	(%)	HK\$'000	(%)	HK\$'000	(%)
	(unaudited)		(unaudited)			
Revenue						
Slewing rings	7,269	51.6	5,716	77.9	1,553	27.2
Other machineries and parts	6,810	48.4	1,622	22.1	5,188	319.9
Total	14,079	100.0	7,338	100.0	6,741	91.9
Quantities sold						
	Sets	(%)	Sets	(%)		
Slewing rings	564	44.5	511	62.0	53	10.4
Other machineries and parts	703	55.5	313	38.0	390	124.6
Total	1,267	100.0	824	100.0	443	53.8

Slewing rings

The Group manufactures slewing rings for local and overseas customers primarily on ODM, OEM and OBM basis. Revenue from slewing rings increased by approximately HK\$1.6 million to HK\$7.3 million for the Reporting Period, compared to Q1 2020, representing an increase of 27.2%. The low revenue and volume for Q1 2020 was mainly attributed to the mandatory extension of holidays in China and quarantine measures taken by multiple countries led to the temporary suspension of operation of the Group's manufacturing plant during the COVID-19 outbreak.

The overall quantities of the slewing rings sold for the Reporting Period increased by 53 sets, representing an increase of 10.4%.

Other machineries and parts

The Group also sources other slewing rings, machineries and mechanical parts and components for its customers. Such machineries, mechanical parts and components included but not limited to excavators and undercarriage parts such as track chains, rollers and track shoes. Since 2020, the Group has developed new products and wider range of servicing by manufacturing other mechanical parts and components for machineries besides slewing rings. Revenue from the other machineries and parts increased by 319.9% period-on-period or HK\$5.2 million to HK\$6.8 million for the Reporting Period.

The increase in revenue from other machineries and parts was mainly due to the fact that there have been more customers enjoying the Group's "one-stop service" and thus, ordering more machineries and mechanical parts during the Reporting Period, when compared to Q1 2020.

COST OF SALES

The cost of sales primarily consists of costs of inventories and consumables, depreciation on plant and machinery, overheads and direct labour costs relating to its production. The Group's cost of sales increased from approximately HK\$4.1 million for Q1 2020 by approximately 134.1% or HK\$5.5 million to HK\$9.6 million for the Reporting Period, which was primarily due to the increase in direct labour costs, as well as the increase in revenue and having different product mix during the year. The percentage increase in cost of sales is higher than the percentage increase in revenue due to the gross profit margin for other machineries and parts which was comparatively lower than that for slewing rings.

During the Reporting Period, the product mix of slewing rings and other machineries and parts were approximately 51.6% and 48.4%, respectively.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group for the Reporting Period increased from HK\$1.3 million for Q1 2020 by approximately 92.3% or HK\$1.2 million to approximately HK\$2.5 million. Such increase was mainly due to the increase in staff cost by approximately HK\$0.4 million while the increase in office expenses by approximately HK\$0.1 million and the net increase in other administrative expenses by approximately HK\$0.7 million. Other administrative expenses mainly represent the provision for auditor's remuneration and the legal and professional fees, which assisted the Group to enhance its corporate governance and compliance aspects.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Profit attributable to equity holders of the Company was approximately HK\$1.6 million for the Reporting Period, as compared to approximately HK\$1.5 million for Q1 2020.

PROSPECTS

The Group will continue to keep an eye on the development of the COVID-19 pandemic, maintain close communication with customers and suppliers, as well as review and timely adjust its strategies. In addition to serving our customers, employees' health and well-being is also the Group's top priority. The Group established a pandemic prevention and control measures to safeguard employees' health and safety, introducing flexible remote working arrangement and implementing efficient social distancing measures across all our offices globally.

Our goal is to strengthen our position as a premium slewing ring manufacturer, and to leverage on our competitive advantages as "one-stop service" provider to expand the scale of our operation and increase our profit margin. We also aim to increase our competitiveness in this fragmented slewing rings manufacturing industry by (i) increasing our efficiency and productivity; (ii) raising the quality of our products; and (iii) reducing our costs of production and our reliance on manpower. To achieve such objectives, the Group will continue to implement the following strategies:

- acquiring and replacing machineries and equipment with an aim to enhance and expand our production capacity at our production facilities in Dongguan, the PRC;
- enlarging our market share and strengthening our marketing efforts;
- increasing our level of automation;
- establishing our enterprise resource planning (ERP) system;
- expanding our finance department; and
- enhancing staff training.

OTHER INFORMATION

DISCLOSURE OF INTERESTS — DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

Directors' and Chief Executive Interests in Shares and Share Options

As at 31 March 2021, the interests or short positions of the Directors and the chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance 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 which they are taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in shares and underlying shares of the company

Name of substantial shareholder capacity/nature of interest	Total number of share(s) held	Percentage of interest in our Company's issued capital
Mr. Chan Yuk Pan's Interest in controlled corporation ^(Note 1)	300,000,000 shares (L) ^(Note 2)	75%

Note 1: Mr. YP Chan legally and beneficially owns the entire issued share capital of C Centrum Holdings Limited ("C Centrum") and is its sole director. Accordingly, Mr. YP Chan is deemed to be interested in the Shares held by C Centrum by virtue of the SFO.

Note 2: The letter "L" denotes "Long position" in such shares.

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company or Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which he was taken or deemed to have under provision of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

DISCLOSURE OF INTERESTS — SUBSTANTIAL SHAREHOLDER’S INTERESTS

Substantial Shareholder’s Interests in Shares and Share Options

As at 31 March 2021, so far as known by the Directors, the following persons/entities (not being a Director or Chief Executive of the Company) have an interest or short position in shares or underlying shares and debentures of Company and its associated corporation which would be required to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follow:

Name of substantial shareholder capacity	Nature of interest	Total number of share(s) held	Percentage of interest in our Company’s issued capital
C Centrum ^(Note 1)	Beneficial owner	300,000,000 shares (L) ^(Note 3)	75%
Ms. Leung Tak Yee ^(Note 2)	Interest of Spouse	300,000,000 shares (L) ^(Note 3)	75%

Note 1: The entire issued share capital of C Centrum is legally and beneficially owned by Mr. YP Chan. Accordingly, Mr. YP Chan is deemed to be interested in the 300,000,000 Shares held by C Centrum by virtue of the SFO.

Note 2: Ms. Leung Tak Yee is the spouse of Mr. YP Chan and is deemed to be interested in all the underlying Shares that Mr. YP Chan is interested through C Centrum by virtue of the SFO.

Note 3: The letter “L” denotes “Long position” in such shares.

Save as disclosed above, as at 31 March 2021, no other person (other than Director or chief executive of the Company) had any interest or short position in the Shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALES AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

None of the Directors or their respective close associates is or was interested in any business apart from the Group’s business that competes or competed or is or was likely to compete, either directly or indirectly, with the Group’s business at any time during the Reporting Period and up to the date of this announcement.

LOAN AGREEMENT WITH COVENANT RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

On 10 September 2020, Best Linking Limited (“**Best Linking**”), an indirect wholly-owned subsidiary of the Company, as borrower; DBS Bank (Hong Kong) Limited (“**Lender**”) as lender; and the Company as corporate guarantor, entered into a banking facility letter (the “**Facility Letter**”) under which the Lender agreed to make available to Best Linking a trading facility, of up to HK\$8,000,000 (the “**Facility**”), on the terms and conditions therein contained, including the Lender’s right to review any time and the Lender’s customary overriding right to demand repayment, as well as the right to call for cash cover on demand for prospective or contingent liability.

Pursuant to the terms of the Facility Letter, among other things, during the term of the Facility Letter, (i) Best Linking shall remain an indirect wholly owned subsidiary of the Company; (ii) the Company shall procure Mr. YP Chan, the controlling shareholder of the Company, to remain as the director of the Company and Best Linking; and (iii) Mr. YP Chan shall continue to be the single largest shareholder and hold not less than 50% beneficial interest of the Company and Best Linking. As at the date of this announcement, Mr. YP Chan’s beneficial interest in each of the Company and Best Linking is 75%.

Please refer to the announcement of the Company dated 10 September 2020 for more details.

Share Option Scheme

Our Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”), which was approved by written resolutions passed by its shareholders on 21 October 2019 and became unconditional on 15 November 2019. Our directors consider the purpose of the Share Option Scheme is to reward the participants defined under the Share Option Scheme for their past contribution to the success of the Group and to provide incentive to them to further contribute to our Group. The principal terms of the Share Option Scheme are summarized under the paragraph headed “13. Share Option Scheme” in Appendix IV to the Prospectus and in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been granted under Share Option Scheme since its adoption.

DIVIDEND

The Board does not recommend the payment of any dividend for the Reporting Period (for Q1 2020: nil).

INTEREST OF COMPLIANCE ADVISER

As notified by the Company’s compliance adviser, LY Capital Limited (“**LY Capital**”), neither LY Capital nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser agreement entered into between the Company and LY Capital on 27 March 2019) as at the date of this announcement.

CORPORATE GOVERNANCE

The Company recognises that good corporate governance is vital to the success of the Group and to sustain the development of the Group. The Company aims at complying with, where appropriate, all code provisions (“**Code Provisions**”) of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules. The Company’s corporate governance practices are based on the principles and the Code Provisions set out in the CG Code of the GEM Listing Rules.

Throughout the Reporting Period, the Company has complied, to the extent applicable and permissible, with all Code Provisions set out in CG Code with the exception of Code A.2.1. Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. YP Chan currently holds both positions for the Reporting Period and up to the date of this announcement. As Mr. YP Chan has been responsible for the overall management of the Group, including strategic planning as well as sales and business development, the Board considered that Mr. YP Chan is the suitable candidate to continue to hold both positions.

DIRECTORS’ SECURITIES TRANSACTIONS

The Group has adopted a code regulating the securities transactions of Directors and executive officers named in this announcement, on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). Specific enquiry had been made to all Directors and relevant employees. They have confirmed that they have complied with the Model Code throughout the Reporting Period. The Company has also established written guidelines regulating the transactions of securities of the Company by senior management and employees who are likely to be in possession of any inside information of the Company.

AUDIT COMMITTEE

Our Company established an audit committee on 21 October 2019 with written terms of reference in compliance with Rule 5.28 to 5.33 of the GEM Listing Rules and paragraphs C3.3 and C3.7 of the CG Code. The audit committee comprises three independent non-executive Directors; namely Mr. Chan Wan Tsun Adrian Alan, Ms. Tam Ho Ting and Ms. Tsang Hau Lam. Mr. Chan Wan Tsun Adrian Alan, who has appropriate professional qualification and experience in accounting matters, was appointed as the chairman of the audit committee.

The Company’s audit committee has reviewed the accounting policies and practices adopted by the Group and has discussed with the management regarding the auditing and financial reporting matters. The audit committee has discussed and reviewed the unaudited condensed consolidated financial statements for the Reporting Period.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed, the Company does not have any other disclosure obligations under Rules 17.22,17.23 and 17.24 of the GEM Listing Rules.

By order of the Board
Best Linking Group Holdings Limited
Chan Yuk Pan
Chairman

Hong Kong, 10 May 2021

As at the date of this announcement, the executive Directors are Mr. Chan Yuk Pan and Mr. Chan Lung Pan; and the independent non-executive Directors are Mr. Chan Wan Tsun Adrian Alan, Ms. Tsang Hau Lam and Ms. Tam Ho Ting.

This announcement will remain on the “Latest Listed Company Information” page on The Stock Exchange of Hong Kong Limited website at www.hkexnews.hk for at least 7 days from the date of its publication and on the Company’s website at www.blg.hk.