

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

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

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

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

*This announcement, for which the directors (the “**Directors**”) of Best Linking Group Holdings Limited (the “**Company**” 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.*

INTERIM RESULTS (UNAUDITED)

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated interim results of the Group for the three months and six months ended 30 June 2020 (the “**Reporting Period**”), which has been reviewed by the audit committee of the Company, together with the comparative unaudited figures for the corresponding periods in 2019 as follows:

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2020

		Three months ended 30 June		Six months ended 30 June	
	Note	(Unaudited) HK\$'000 2020	(Unaudited) HK\$'000 2019	(Unaudited) HK\$'000 2020	(Unaudited) HK\$'000 2019
Revenue	3	15,296	21,565	22,634	32,860
Cost of sales		(10,234)	(10,938)	(14,321)	(16,840)
Gross profit		5,062	10,627	8,313	16,020
Other income		347	326	384	372
Other gains/(losses), net		(2)	(170)	(82)	(144)
Selling and distribution expenses		(129)	(198)	(173)	(358)
Administrative expenses		(2,577)	(9,395)	(3,913)	(13,767)
Operating profit		2,701	1,190	4,529	2,123
Finance income		11	2	12	3
Finance expenses		(31)	(31)	(66)	(135)
Finance income, net		(20)	(29)	(54)	(132)
Profit before income tax	4	2,681	1,161	4,475	1,991
Income tax expense	5	(562)	(947)	(820)	(1,569)
Profit for the period		2,119	214	3,655	422
Other comprehensive loss:					
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		12	(1,088)	(781)	(278)
Total comprehensive income for the period		2,131	(874)	2,874	144
Attributable to:					
Shareholders of the Company		2,131	(874)	2,874	144
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	0.53	0.07	0.91	0.14

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Note</i>	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	6,712	7,425
Intangible asset		47	75
Prepayments and deposits		2,192	2,235
Deferred tax assets		62	64
		<u>9,013</u>	<u>9,799</u>
Current assets			
Inventories		24,498	23,194
Trade receivables	9	14,116	16,884
Prepayments, deposits and other receivables		7,505	2,129
Cash and cash equivalents		39,182	49,040
		<u>85,301</u>	<u>91,247</u>
Total assets		<u>94,314</u>	<u>101,046</u>
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		4,000	4,000
Reserves		83,272	88,398
Total equity		<u>87,272</u>	<u>92,398</u>

		As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
LIABILITIES			
Non-current liability			
Lease liabilities		<u>2,370</u>	<u>2,338</u>
		<u>2,370</u>	<u>2,338</u>
Current liabilities			
Trade payables	<i>10</i>	1,233	1,503
Accruals and other payables		1,805	2,306
Current income tax liabilities		1,355	2,124
Lease liabilities		<u>279</u>	<u>377</u>
		<u>4,672</u>	<u>6,310</u>
Total liabilities		<u>7,042</u>	<u>8,648</u>
Total equity and liabilities		<u>94,314</u>	<u>101,046</u>

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**

For the six months ended 30 June 2020

	Share capital <i>HK\$'000</i>	Combined capital <i>HK\$'000</i>	Attributable to owners of the Company				Exchange reserve <i>HK\$'000</i> <i>Note c</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
			Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i> <i>Note a</i>	Statutory reserve <i>HK\$'000</i> <i>Note b</i>				
Balance at 1 January 2019 (audited)	-	-	-	13,000	1,222	55	25,338	39,615	
Profit for the period	-	-	-	-	-	-	422	422	
Other comprehensive income									
Currency translation differences	-	-	-	-	-	(278)	-	(278)	
Total comprehensive (loss)/income for the period	-	-	-	13,000	1,222	(223)	25,760	39,759	
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	-	-	-	-	-	-	-	-	
Transfer to statutory reserve	-	-	-	-	562	-	(562)	-	
	-	-	-	-	562	-	(562)	-	
Balance at 30 June 2019 (unaudited)	-	-	-	13,000	1,784	(223)	25,198	39,759	

	Share capital HK\$'000	Combined capital HK\$'000	Attributable to owners of the Company				Retained earnings HK\$'000	Total HK\$'000
			Share premium HK\$'000	Capital reserve HK\$'000 Note a	Statutory reserve HK\$'000 Note b	Exchange reserve HK\$'000 Note c		
Balance at 1 January 2020 (audited)	4,000	-	42,511	13,000	2,170	(636)	31,353	92,398
Profit for the period	-	-	-	-	-	-	3,655	3,655
Other comprehensive income								
Currency translation differences	-	-	-	-	-	(781)	(165)	(946)
Total comprehensive (loss)/income for the period	4,000	-	42,511	13,000	2,170	(1,417)	34,843	95,107
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	-	-	(8,000)	-	-	-	-	(8,000)
Transfer to statutory reserve	-	-	-	-	165	-	-	165
	-	-	(8,000)	-	165	-	-	(7,835)
Balance at 30 June 2020 (unaudited)	4,000	-	34,511	13,000	2,335	(1,417)	34,843	87,272

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 INTERIM 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 interim 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 interim 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 interim 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 condensed consolidated interim financial statements have been prepared under historical cost convention.

The preparation of unaudited condensed consolidated interim financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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 Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

HKFRS 3 (Amendment)	Definition of a Business	1 January 2020
HKAS 1 and HKAS 8 (Amendment)	Definition of Material	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020

(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:*

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	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 the executive Directors for the purpose of allocating resources and assessing performance. The only component in internal reporting to the executive Directors is the Group's manufacturing of slewing rings and machinery products for both period. In this regard, management considers there is only one operating segment under the requirements of HKFRS 8 "Operating Segments".

The executive Directors assess the performance of the operating segment based on a measure of revenue and gross profit.

4 PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at the following figures:

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cost of inventories and consumable	9,064	5,675	11,606	9,456
Wages, salaries, bonuses and other benefits	1,925	2,260	3,541	3,597
Pension costs — defined contribution plans	139	178	246	356
Mandatory provident fund scheme	16	16	29	28
Employee benefit expenses, including directors' emoluments	2,080	2,454	3,816	3,981
Amortisation	23	–	27	1
Depreciation	411	524	820	1,071
Legal and professional fees	1,169	10	1,261	34
Listing related expenses	–	7,317	–	10,066
	12,747	15,980	17,530	24,609

5 INCOME TAX EXPENSE

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

	Three months ended 30 June		Six months ended 30 June	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Current income tax				
— PRC enterprise income tax	89	181	124	561
— Hong Kong profits tax	473	766	698	1,008
Total current income tax	562	947	822	1,569
Deferred income tax	—	—	(2)	—
Income tax expense	562	947	820	1,569

6 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the 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 30 June		Six months ended 30 June	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Profit attributable to shareholders of the Company (HK\$'000)	2,119	214	3,655	422
Weighted average number of shares in issue (thousand)	400,000	300,000	400,000	300,000
Basic earnings per share (HK cents per share)	0.53	0.07	0.91	0.14

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

7 DIVIDENDS

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

The Board declared and a final dividend out of the share premium account of the Company amounted to HK\$8,000,000 at HK\$0.02 per share in respect of the financial year ended 31 December 2019 and was approved at the annual general meeting held on 29 May 2020 (the “**Annual General Meeting**”). The final dividend was despatched to shareholders on 30 June 2020.

8 PROPERTY PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired property, plant and equipment of approximately HK\$261,000 (six months ended 30 June 2019: Nil).

9 TRADE RECEIVABLES

The ageing analysis of the trade receivables, based on invoice date, is as follows:

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Up to 30 days	9,386	4,628
31–60 days	1,016	4,171
61–90 days	955	4,881
91–120 days	–	3,204
120–240 days	2,759	–
	<u>14,116</u>	<u>16,884</u>

The Group's sales are on credit terms primarily from 30 days to 120 days.

10 TRADE PAYABLES

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

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Up to 30 days	957	965
31–60 days	277	209
61–90 days	–	329
Over 3 months	–	–
	<u>1,233</u>	<u>1,503</u>

The average credit period taken for trade purchase is generally from 0–90 days.

11 RELATED PARTY TRANSACTIONS

a) Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had no transaction with any related party during the Reporting Period.

b) Key management compensation

Key management include executive Directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Salaries, allowances and benefits in kind	978	552
Retirement benefit costs — defined contribution plans	32	27
	<u>1,010</u>	<u>579</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a premium manufacturer of slewing rings and also a “one-stop service” provider as it is able to source other slewing rings, machineries and other mechanical parts and components of machineries for 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 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 and the resulting 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. This suspension of operation and the continually challenging local and global market condition had a material impact on the Group’s overall performance and financial results for the Reporting Period. Nevertheless, its production activities resumed in late March 2020. Given the current development of the COVID-19 outbreak, the Group anticipates a challenging year ahead.

Globally, the Group’s customers and suppliers may also face challenges during the COVID-19 outbreak. The challenges caused by the pandemic have affected the operation and business performance of many industries in many countries in the short run. The resulting uncertainties may also bring deeper impact in the long run. The crisis has prompted many industry players and management to re-examine and refine their business development plans.

Nevertheless, 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. Those mechanical parts and components are some fundamental parts of machineries that the Group has also sourced for its customers in the past. Furthermore, the Group will continue its efforts to promote its brand as well as to provide quality products and seize business opportunities in various regions.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 31.1% or HK\$10.3 million from HK\$32.9 million for the six months ended 30 June 2019 to HK\$22.6 million for the Reporting Period.

The following table sets forth the breakdown of the revenue by product category for the Reporting Period and the six months ended 30 June 2019:

	For the six months ended 30 June					
	2020		2019		+ / (-)	
	HK\$'000	(%)	HK\$'000	(%)	HK\$'000	(%)
	(unaudited)		(unaudited)			
Revenue						
Slewing rings	11,678	51.6	30,674	93.3	(18,996)	(61.9)
Other machineries and parts	10,956	48.4	2,186	6.7	8,770	40.2
Total	<u>22,634</u>	<u>100.0</u>	<u>32,860</u>	<u>100.0</u>	<u>(10,226)</u>	<u>(31.1)</u>
Quantities sold						
	Sets	(%)	Sets	(%)		
Slewing rings	1,182	57.3	2,475	46.4	(1,293)	(52.2)
Other machineries and parts	880	42.7	2,860	53.6	(1,980)	(69.2)
Total	<u>2,062</u>	<u>100.0</u>	<u>5,335</u>	<u>100.0</u>	<u>(3,273)</u>	<u>(61.3)</u>

Slewing rings

The Group manufactures slewing rings for local and overseas customers. Revenue from slewing rings dropped by HK\$19.0 million to HK\$11.7 million, representing a decrease of 61.9%. The decrease was mainly attributed to the mandatory extension of holidays in China and temporary suspension of operation of the Group's manufacturing plant during the COVID-19 outbreak in Q1 2020 and the crisis continued to have an impact in Q2 2020. Globally, the Group's customers may also face challenges during the COVID-19 outbreak. The challenges caused by the pandemic have affected the operation and business performance of many industries and in many countries in the short run such as Singapore, Malaysia, Japan, the U.S. and other European countries where most of the Group's customers are located.

The overall quantities of the slewing rings sold decreased by 1,293 sets, representing a decrease of 52.2%.

Other machineries and parts

The Group also sources other slewing rings, machineries and mechanical parts and components for its customers. Such mechanical parts and components included but not limited to undercarriage parts such as track chains, rollers and track shoes. Revenue from the other machineries and parts increased by 401.2% period-on-period or HK\$8.8 million to HK\$11.0 million.

Starting in the late Q2 2020, the Group has also been developing new products and services by manufacturing other mechanical parts and components of machineries besides slewing rings. New products enable the Group to broaden the scope of its business with existing customers. Those mechanical parts and components are some fundamental parts of machineries that the Group has also sourced for its customers in the past.

The increase of revenue was mainly due to the difference in product mix of other machineries and parts and the expansion of product categories for the Reporting Period while the sourcing function in Hong Kong had a comparatively minor impact during the COVID-19 outbreak.

Cost of sales

The cost of sales primarily consists of cost of inventories and consumables, depreciation on plant and machinery, overheads and direct labour costs relating to the Group's production. The Group's cost of sales decreased from HK\$16.8 million for the six months ended 30 June 2019 by 15% or HK\$2.5 million to HK\$14.3 million for the Reporting Period, which was primarily due to the decrease in revenue and the increase direct labour costs during the Reporting Period. The rate of decrease in cost of sales was lower than the rate of decrease in revenue was mainly due to the difference in product mix of other machineries and parts for both periods while the gross profit margin for other machineries and parts were comparatively lower than that for slewing rings.

Administrative expenses

The administrative expenses of the Group for the Reporting Period amounted to approximately HK\$3.9 million, decreased from HK\$13.8 million for the six months ended 30 June 2019 by 72% or HK\$9.9 million. Such decrease was mainly due to the decrease in non-recurring listing related expenses of approximately HK\$10.1 million, the decrease in staff cost by approximately HK\$0.1 million, and the net increase in other administrative expenses by approximately HK\$0.2 million. Other administrative expenses mainly represent the depreciation and the legal and professional fees, which assisted the Group to enhance its corporate governance and compliance aspects after its listing on GEM of the Stock Exchange on 15 November 2019 (the "**Listing**").

Profit attributable to shareholders of the Company

Profit attributable to shareholders of the Company was approximately HK\$3.7 million for the Reporting Period, as compared to approximately HK\$0.4 million for the six months ended 30 June 2019. Excluding the non-recurring listing related expenses of approximately HK\$10.1 million, being charged to the unaudited interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2019, profit attributable to shareholders of the Company would have been approximately HK\$10.5 million for the corresponding period in 2019.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has financed its business with internally generated cash flows and proceeds received from the Listing. As at 30 June 2020, the Group's cash and cash equivalents were HK\$39.2 million, decreased by 20% or HK\$9.8 million, as compared with HK\$49.0 million as at 31 December 2019. The decrease was mainly attributable to payment of a final dividend out of the share premium account of the Company amounted to HK\$8,000,000 at HK\$0.02 per share in respect of the financial year ended 31 December 2019 and was approved at the Annual General Meeting. The final dividend was despatched to shareholders on 30 June 2020. Bank deposits and cash were principally denominated in Hong Kong dollar, United States dollar and Renminbi. The Group will continue to use the internally generated cash flows and proceeds received from the Listing as a source of funding for future developments.

As at 30 June 2020, the Group's total current assets and current liabilities were HK\$85.3 million (as at 31 December 2019: HK\$91.2 million) and HK\$4.7 million (as at 31 December 2019: HK\$6.3 million) respectively, representing a current ratio of 18.1 times (as at 31 December 2019: 14.5 times). As at 30 June 2020, the Group did not have any bank borrowings (as at 31 December 2019: Nil). As at 30 June 2020, the gearing ratio of the Group was not applicable as it had no outstanding debt (as at 31 December 2019: Nil). The gearing ratio equals total interest-bearing borrowings divided by total equity and multiplied by 100%.

CAPITAL STRUCTURE

As at 30 June 2020, the share capital of the Group comprised only ordinary shares. The capital structure of the Group mainly consists of obligations under finance leases and equity attributable to owners of the Group, comprising issued share capital, share premium, retained profits and other reserves.

USE OF NET PROCEEDS FROM THE LISTING

On 15 November 2019, the Company issued a total of 100,000,000 shares by way of Hong Kong public offering and placing at a price of HK\$0.55 per share, and successfully listed its shares on the GEM of the Stock Exchange. The net proceeds of the share offer received by the Company in relation to the Listing after the deduction of underwriting fees and commissions and all related expenses were approximately HK\$28.4 million. As at the report date, the Directors consider that these proceeds have been applied in accordance with the proposed application set out in the section headed “Future Plans and Proposed Use of Proceeds” in the prospectus of the Company dated 31 October 2019 (the “**Prospectus**”).

Comparison of business objectives and actual business progress

The following is a comparison between the Group’s business plans as set out in the Prospectus and the Group’s actual business progress for the period from the Listing Date to 30 June 2020:

Use of proceeds	Percentage of net proceeds	Net proceeds HK’000	2019 Q4 Amount utilized HK’000	2020 Q1 Amount utilized HK’000	2020 Q2 Amount utilized HK’000	Amount remaining HK’000
1 To acquire and replace machineries and equipment with an aim to enhance and expand its production capacity at its production facilities in Dongguan, the PRC	60.6%	17,210	(3,360)	–	–	13,850
2 To enlarge its market share and strengthen its marketing efforts	14.6%	4,146	(25)	(28)	(25)	4,068
3 To increase its level of automation	7.6%	2,158	–	–	–	2,158
4 To establish its ERP system	6.0%	1,704	–	–	–	1,704
5 To expand its finance department	5.0%	1,420	–	–	–	1,420
6 To enhance staff training	0.8%	227	(1)	–	(6)	220
7 To maintain sound working capital for operation	5.4%	1,535	(282)	(261)	(677)	315
Total	100.0%	28,400	(3,668)	(289)	(708)	23,735

Business plan as set out in the Prospectus

To acquire and replace machineries and equipment with an aim to enhance and expand its production capacity at its production facilities in Dongguan, the PRC

To enlarge its market share and strengthen its marketing efforts

To increase its level of automation

To establish its enterprise resource planning (ERP) system

To expand its finance department

To enhance staff training

To maintain sound working capital for operation

Actual business progress as at 30 June 2020

The Group was in the process of purchasing 3 units of machines and had committed and paid deposits amounted to approximately HK\$3.4 million for the machineries.

During the Reporting Period, the Group had taken action including enrolment in various exhibitions. However, due to the COVID-19 outbreak and quarantine measures taken by multiple countries and travel restrictions, the Group had withdrawn their enrolment and will refine its marketing plans.

On the other hand, the Group expanded the sales department by employing 1 staff during the Reporting Period. In addition, the Group increased its marketing efforts by appointing marketing agent for preparing marketing tools such as website and brochures.

The Group is in the process of identifying and appointing the consultant company for such purpose.

The Group is in the process of identifying and appointing the system service provider.

The Group is in the process of identifying suitable and quality candidates for the purpose of filling its open positions.

The Group had taken action by providing several training courses to staff and preparing other training courses for staff enrolment.

The Group had utilised approximately HK\$1.2 million as working capital for on-going operation.

SIGNIFICANT INVESTMENTS

As at 30 June 2020, the Group did not hold any significant investment.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group had no material acquisition or disposal of subsidiaries, associates or joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had 78 employees (as at 31 December 2019: 83 employees). Remuneration is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. The emoluments of the Directors are recommended by the remuneration committee of the Company, with reference to their respective contribution of time, efforts and expertise on the Company's matters. In addition, employees are entitled to performance and discretionary year-end bonuses.

CHARGES ON ASSETS

As at 30 June 2020, the Group did not have any mortgage or charge over its assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk of loss due to changes in foreign exchange rates. The Group operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in these currencies. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of HKD or RMB may have an impact on the operating results of the Group.

The management considers that the foreign exchange risk with respect to USD is not significant as HKD is pegged to USD and transactions denominated in USD are mainly carried out by entities with the same functional currency. The exchange rate of RMB to HKD is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liability.

PROSPECTS

Notwithstanding the current development of the COVID-19 outbreak, the Group's production activities already resumed in late March 2020. The Group anticipates a challenging year ahead. However, the Group will continue its efforts to promote its brand as well as to provide quality products and seize business opportunities in various regions.

The Group's goal is to strengthen its position as a premium slewing ring manufacturer, and to leverage on its competitive advantages to expand the scale of its operation and increase its profit margin. The Group also aims to increase its competitiveness in this fragmented slewing rings manufacturing industry by (i) increasing its efficiency and productivity; (ii) raising the quality of its products; and (iii) reducing its costs of production and its reliance on manpower. To achieve such objective, the Group will continue to implement the following strategies:

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

OTHER INFORMATION

DISCLOSURE OF INTERESTS

Directors' and Chief Executive Interests in Shares and Share Options

As at 30 June 2020, 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 Company

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

Notes:

- (1) Mr. YP Chan legally and beneficially owns the entire issued share 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.
- (2) The letter "L" denotes "Long position" in such shares.

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executives has any interest or short position 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.

Substantial Shareholder's Interests in Shares and Share Options

As at 30 June 2020, 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 a short position in shares or underlying shares and debentures of the 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 the Company's issued capital
C Centrum (<i>Note 1</i>)	Beneficial owner	300,000,000 share (L) (<i>Note 3</i>)	75%
Ms. Leung Tak Yee (<i>Note 2</i>)	Interest of spouse	300,000,000 share (L) (<i>Note 3</i>)	75%

Notes:

- (1) The entire issued shares of C Centrum is legally beneficially owned by Mr. Chan Yuk Pan. Accordingly, Mr. Chan Yuk Pan is deemed to be interested in the 300,000,000 Shares held by C Centrum by virtue of the SFO.
- (2) Ms. Leung Tak Yee is the spouse of Mr. Chan Yuk Pan and is deemed to be interested in all the underlying Shares that Mr. Chan Yuk Pan is interested through C Centrum by virtue of the SFO.
- (3) The letter "L" denotes "Long position" in such shares.

Save as disclosed above, as at 30 June 2020, 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

Save as disclosed in the section headed "History, Reorganisation and Group Structure" in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”), which was approved by written resolutions passed by the sole shareholder on 21 October 2019 and became unconditional on 15 November 2019. The 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 the 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 21 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 the six months ended 30 June 2019: nil).

The Board declared a final dividend out of the share premium account of the Company amounted to HK\$8,000,000 at HK\$0.02 per share in respect of the financial year ended 31 December 2019 and was approved at the Annual General Meeting. The final dividend was despatched to the shareholders on 30 June 2020.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

None of the Directors nor 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 period from the Listing Date up to the date of this announcement.

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 30 June 2020.

CODE OF CONDUCT FOR SECURITIES BY DIRECTORS

The Group has adopted a code of conduct regulating the securities transactions of the Directors, its employees, and the directors and employees of its subsidiaries and holding companies, who may likely possess inside information on the Company or its securities, Directors and executive officers 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**”). Having made specific enquiry with all the Directors, all of them confirmed that they had fully complied with the required standard of dealings as set out in the Model Code during the Reporting Period.

CODE ON CORPORATE GOVERNANCE

The Company recognizes 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. Chan Yuk Pan currently holds both positions for the Reporting Period and up to the date of this announcement. As Mr. Chan Yuk Pan 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. Chan Yuk Pan is the suitable candidate to continue to hold both positions.

AUDIT COMMITTEE

The 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 is 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 interim financial statements for the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and will continue to be implemented in Hong Kong and the PRC. The Board is of the view that the ultimate impact of the virus on the Group’s business is uncertain and beyond prediction as it will be highly dependent on the future development. The Board will closely and continuously monitor the situation and assess the COVID-19 outbreak’s impact to the Group.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the GEM website at <http://www.hkgem.com> and the Company's website at www.blg.hk. Printed version of the 2020 interim report of Company containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and published on the above respective websites in due course in accordance with the requirements under the GEM Listing Rules.

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

Hong Kong, 7 August 2020

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 GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company's website at www.blg.hk.