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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Best Linking Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 31 October 2019 (the “**Prospectus**”) in relation to the listing of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the interim report of the Group for the six months ended 30 June 2020 in relation to the updates regarding use of proceeds from the Listing. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

The Board wishes to inform the Shareholders and potential investors that it resolved to change the intended use of the net proceeds from the Share Offer.

CHANGE IN USE OF PROCEEDS

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 (the “**Net Proceeds**”). As set out in the section headed “Future plans and use of proceeds” in the Prospectus, the Company intended to use the Net Proceeds for the following purposes:

1. approximately 60.6% of the Net Proceeds will be used 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;
2. approximately 14.6% of the Net Proceeds will be used to enlarge its market share and strengthen its marketing efforts;
3. approximately 7.6% of the Net Proceeds will be used to increase its level of automation;
4. approximately 6.0% of the Net Proceeds will be used to establish its ERP system;
5. approximately 5.0% of the Net Proceeds will be used to expand its finance department;

6. approximately 0.8% of the Net Proceeds will be used to enhance staff training; and
7. approximately 5.4% of the Net Proceeds will be used to maintain sound working capital for operation.

For the reasons set out in the paragraph headed “Reasons for and benefits of the change in use of proceeds” below, the Board has resolved to change the proposed use of the Net Proceeds in which approximately 10.2% of the Net Proceeds in an amount of approximately HK\$2.9 million, which were originally allocated for participating in several local and overseas trade exhibitions as set out in item (2) above, will be re-allocated to supplement the working capital of the Group. The timeframe for the use of Net Proceeds has been deferred due to the outbreak of the novel coronavirus (COVID-19) pandemic (the “**COVID-19 outbreak**”), which has also adversely impacted the business operations of our customers. Thus, the use of Net Proceeds will be revised in the following manner:

Intended use of Net Proceeds	Original percentage of Net Proceeds	Original Net Proceeds (HK\$'000)	Revised percentage of Net Proceeds	Revised allocation of Net Proceeds (HK\$'000)	Amount of Net Proceeds utilized as at the date of this announcement (HK\$'000)	Amount of Net Proceeds remaining as at the date of this announcement after the re-allocation (HK\$'000)	Expected timeline for the intended use
1 To acquire and replace machineries and equipment with an aim to enhance and expand our production capacity at our production facilities in Dongguan, the PRC	60.6%	17,210	60.6%	17,210	(3,396)	13,814	Q2 of 2021
2 To enlarge our market share and strengthen our marketing efforts	14.6%	4,146	4.4%	1,246	(120)	1,126	Q2 of 2022
3 To increase our level of automation	7.6%	2,158	7.6%	2,158	—	2,158	Q2 of 2021
4 To establish our ERP system	6.0%	1,704	6.0%	1,704	—	1,704	Q2 of 2022
5 To expand our finance department	5.0%	1,420	5.0%	1,420	—	1,420	Q2 of 2022
6 To enhance staff training	0.8%	227	0.8%	227	(7)	220	Q4 of 2021
7 To maintain sound working capital for operation	5.4%	1,535	15.6%	4,435	(1,362)	3,073	Q4 of 2021
Total	100.0%	28,400	100.0%	28,400	(4,885)	23,515	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

In view of the COVID-19 outbreak in 2020 and the quarantine measures taken by the PRC and other countries and travel restrictions, the Group had withdrawn its enrolment to several trade exhibitions and will refine its marketing plans.

As at the date of this announcement, the pandemic is not yet under control while different level of quarantine measures are still taken by the PRC and other countries and travel restrictions are being implemented in many major cities around the world. Consequently, this has an adverse effect on the Group’s ability to participate in local and overseas trade exhibitions this year.

The re-allocation of the Net Proceeds from strengthening its marketing efforts to supplementing the sound working capital for operation of the Company would be more beneficial to meet the current operation needs of the Group, increase its financial flexibility, and provide more buffer to cope with the future economic uncertainty.

The Board considers that the aforesaid change in the use of Net Proceeds is in the best interest of the Company and Shareholders as a whole and it will not have any material adverse effect on the existing business and operations of the Group. The Board also confirms that there is no material change in the business nature of the Group as set out in the Prospectus.

The Board will continuously assess the impact of the COVID-19 outbreak to the operation of the Group and the plans for the use of Net Proceeds as set out in the Prospectus, and may revise or amend such plans where necessary, to cope with the changing market conditions and strive for better business performance of the Group.

Save as disclosed in this announcement, there are no other changes on the use of Net Proceeds of the Share Offer.

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

Hong Kong, 9 September 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to 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.

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.