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: 9882)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

For the year ended 31 December

	2024	2023	+/(-)
RESULTS *(in HK$'000)*			
Revenue	**114,644**	143,779	(20.3%)
Gross profit	**26,269**	60,789	(56.8%)
Operating profit	**7,846**	27,393	(71.4%)
Profit attributable to the owners of the Company	**6,290**	22,039	(71.5%)
Basic and diluted earnings per share *(HK cents per share)*	**0.8**	2.8	(71.4%)

	As at 31 December 2024	As at 31 December 2023	+/(-)
KEY BALANCE SHEET ITEMS *(in HK$'000)*			
Total current assets	**145,088**	139,994	3.6%
Total assets	**167,967**	164,857	1.9%
Net current assets	**114,713**	122,945	(6.7%)
Total equity	**135,430**	147,660	(8.3%)

ANNUAL RESULTS

The board ("**Board**") of Directors (the "**Directors**") of Best Linking Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	**2024**	2023
		HK$'000	*HK$'000*
Revenue	*3*	**114,644**	143,779
Cost of sales	*4*	**(88,375)**	(82,990)
Gross profit		**26,269**	60,789
Other income		**1,222**	555
Other (losses)/gains, net		**(136)**	158
Selling and distribution expenses	*4*	**(2,056)**	(3,367)
Administrative expenses	*4*	**(17,453)**	(30,742)
Operating profit		**7,846**	27,393
Finance income		**788**	725
Finance cost		**(321)**	(15)
Finance income, net		**467**	710
Profit before income tax		**8,313**	28,103
Income tax expense	*5*	**(2,023)**	(6,064)
Profit for the year attributable to owners of the Company		**6,290**	22,039
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Currency translation differences		**(2,520)**	(1,944)
Total comprehensive income for the year		**3,770**	20,095
Earnings per share for profit attributable to equity holders of the Company for the year			
Basic *and diluted earnings per share (HK cents per share)*	*6*	**0.8**	2.8

Non-HKFRS measures

	2024	2023
	HK$'000	*HK$'000*
Profit for the year	**6,290**	22,039
Add: Non-recurring items		
— Listing expenses	**–**	12,363
— Donation	**–**	3,000
Adjusted profit for the year *(Note)*	**6,290**	37,402

Note: Adjusted profit for the year refers to profit for the year excluding non recurring listing expenses and donation. This non-HKFRS financial data is a supplemental financial measure that is not required by, or presented in accordance with, the HKFRS and is therefore referred to as a "non-HKFRS" financial measure. It is not a measurement of our financial performance under the HKFRS and should not be considered as an alternative measure to profit from operations or any other performance measures derived in accordance with the HKFRS, or as an alternative measure to cash flows from operating activities or as a measure of our liquidity.

CONSOLIDATED BALANCE SHEET
As at 31 December 2024

	Note	**2024**	2023
		HK$'000	*HK$'000*
Assets			
Non-current assets			
Property, plant and equipment		**20,875**	23,372
Intangible assets		**1,603**	–
Prepayments and deposits		**166**	919
Deferred tax assets		**235**	572
		22,879	24,863
Current assets			
Inventories		**35,157**	23,125
Trade receivables	*7*	**24,764**	44,291
Prepayments, deposits and other receivables		**8,305**	12,648
Current income tax recoverable		**2,334**	11
Pledged bank deposit		**15,076**	5,028
Cash and cash equivalents		**59,452**	54,891
		145,088	139,994
Total assets		**167,967**	164,857
Equity			
Equity attributable to owners of the Company			
Share capital	*8*	**4,000**	4,000
Reserves		**131,430**	143,660
Total equity		**135,430**	147,660
Liabilities			
Non-current liability			
Lease liabilities		**1,731**	148
Deferred tax liabilities		**431**	–
		2,162	148
Current liabilities			
Trade payables	*9*	**11,576**	4,812
Bank borrowings	*10*	**9,854**	8,093
Contract liabilities		**4,084**	–
Accruals and other payables		**3,841**	3,901
Lease liabilities		**1,020**	243
		30,375	17,049
Total liabilities		**32,537**	17,197
Total equity and liabilities		**167,967**	164,857

NOTES TO THE 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 Act (2022 Revision) (as consolidated or revised from time to time) of the Cayman Islands. Its shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 31 October 2019 and were transferred to the listing on the Main Board of the Stock Exchange on 28 September 2023. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The ultimate holding company of the Company is C Centrum Holdings Limited, a company incorporated in British Virgin Islands and wholly-owned by Mr. Chan Yuk Pan.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and trading of slewing rings, and trading of machineries, mechanical parts and minerals (the "**Business**").

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

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under historical cost convention. The preparation of consolidated 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the 2024 annual report.

2.1 Amended standards and interpretations issued adopted by the Group

The Group has applied the following amended standards and interpretations issued for its annual reporting period beginning on 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current liabilities with covenants
Amendments to HKFRS 16	Lease liabilities in sale and lease back
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the above amended standards and interpretations issued did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.2 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 not mandatory for financial year beginning on or after 1 January 2024 and have not been early adopted by the Group. These are:

		Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of the impact of these new and amended standards and interpretations of HKFRS and is not yet in a position to state whether they would have a significant impact on the Group's results and financial position.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue from major customers who had individually contributed 10% or more of total revenue of the Group

For the year ended 31 December 2024, there were four customers (2023: three), which individually contributed over 10% of our Group's total revenue. Revenue contributed from our major customers were as follows:

	2024	2023
	HK$'000	*HK$'000*
Customer A	**15,120**	15,020
Customer B	**14,284**	2,966
Customer C*	**13,465**	–
Customer D	**12,327**	26,799

* The customer was a new customer for the year ended 31 December 2024.

(b) Segment revenue by customers' geographical location

Our Group is domiciled in the PRC and Hong Kong. Our Group's revenue by geographical location, which is determined by the location of customers, is as follows:

	2024	2023
	HK$'000	*HK$'000*
Hong Kong	**59,402**	32,204
The Philippines	**22,978**	33,637
Singapore	**19,200**	44,043
The PRC	**4,785**	4,261
The USA	**2,279**	–
Malaysia	**2,174**	18,906
Vietnam	**1,796**	1,670
Canada	**1,142**	590
Taiwan	**311**	4,326
Japan	**188**	3,974
New Zealand	**185**	31
Others *(Note)*	**204**	137
	114,644	143,779

Note:

Others include Ireland and Thailand.

(c) Non-current assets by geographical location

The total of non-current assets other than deferred tax assets, broken down by location of the assets, is shown in the following:

	2024	2023
	HK$'000	*HK$'000*
The PRC	**16,271**	20,742
Hong Kong	**6,373**	3,549
	22,644	24,291

4. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	2024	2023
	HK$'000	*HK$'000*
Raw materials and consumables used	**92,473**	75,273
Changes in inventories of finished goods and work in progress	**(14,480)**	(3,464)
Provision for slow moving inventories, net	**1,038**	146
Employee benefit expenses, including directors' emoluments	**14,347**	14,182
Depreciation — Property, plant and equipment	**4,938**	3,871
Amortisation — Intangible assets	**27**	–
Legal and professional fees	**2,111**	1,516
Listing expenses	**–**	12,363
Auditors' remuneration		
— Audit services	**1,000**	1,250
— Non-audit services	**207**	50
Donation	**31**	3,000
Utilities	**835**	1,197
Transportation expenses	**1,213**	2,976
Other expenses	**4,144**	4,739
Total cost of sales, selling and distribution expenses and administrative expenses	**107,884**	117,099

5. INCOME TAX EXPENSE

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

	2024	2023
	HK$'000	*HK$'000*
Current income tax		
— The PRC enterprise income tax ("**EIT**")	**641**	2,401
— Hong Kong profits tax	**638**	3,683
— (Over)/under provision of prior periods	**(24)**	77
Total current income tax	**1,255**	6,161
Deferred income tax	**768**	(97)
Income tax expense	**2,023**	6,064

(i) Hong Kong profits tax

In accordance with the two-tiered profits tax rates regime effective from 1 January 2018, Hong Kong profits tax is calculated at 8.25% on the first HK$2,000,000, and 16.5% on the remaining balance of the estimated assessable profits of an operating subsidiary for the years ended 31 December 2023 and 2024.

(ii) The PRC EIT

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**"), the applicable income tax rate for Kyoei Seiki Co., Limited ("**Kyoei Seiki**") and Best Linking Import & Export (Shenzhen) Co., Limited ("**Import & Export**"), the subsidiaries in the PRC is 25%.

Pursuant to the New EIT Law, with respect to a new and high technology enterprise, the tax levied on its income will be charged at a preferential rate of 15% after obtaining the High New Technology Enterprise Certificate (the "**Certificate**") and completing the tax reduction and exemption filing with the tax authorities. Kyoei Seiki renewed the Certificate when it expired on 8 November 2023 and the renewed Certificate will expire on 28 December 2026. As a result of Kyoei Seiki is qualified for High New Technology Enterprise status, and the applicable tax rate of Kyoei Seiki was 15% for the years ended 31 December 2023 and 2024.

With respect to small low-profit enterprise, the tax levied on its income will be charged at a preferential rate of 5%. Import & Export is qualified to be treated as a small low-profit enterprise and the applicable tax rate of Import & Export is 5%.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the Group entities as follows:

	2024	2023
	HK$'000	*HK$'000*
Profit before income tax	**8,313**	28,103
Tax calculated at tax rates applicable to profits of the respective subsidiaries	**1,145**	4,187
Income not subject to tax	**(547)**	(238)
Expenses not deductible for tax purposes	**1,848**	2,491
Research and development tax credit *(Note)*	**(373)**	(453)
(Over)/under provision of prior periods	**(24)**	77
Tax exemption	**(26)**	–
Income tax expense	**2,023**	6,064

Note:

According to relevant laws and regulations promulgated by the State Tax Bureaus of the PRC, enterprises engaging in research and development activities are entitled to claim 100% of the research and development expenses. The aggregate research and development expenses charged to statement of comprehensive income amounted to HK$2,487,000 for the year ended 31 December 2024 (2023: HK$3,021,000).

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	2024	2023
Profit attributable to equity holders of the Company *(HK$'000)*	**6,290**	22,039
Weighted average number of shares in issue *(thousand) (Note)*	**800,000**	800,000
Basic earnings per share *(HK cents per share)*	**0.8**	2.8

Note:

The weighted average number of ordinary shares for the purpose of basic earnings per share for the years ended 31 December 2024 and 2023 has been adjusted for the share subdivision on 21 May 2024 as if they have taken place since the beginning of the year.

The comparative figures for the basic earnings per share for the year ended 31 December 2023 are restated to take into account of the effect of the above share subdivision during the year retrospectively as if they have taken place since the beginning of the comparative year.

Diluted earnings per share for the years ended 31 December 2024 was the same as the basic earnings per share as there was no potentially dilutive instrument outstanding during the year (2023: Same).

On 17 May 2024, the shareholders of the Company ("**Shareholder(s)**") in the annual general meeting of the Company approved the share subdivision of which each issued and unissued existing ordinary share of a par value of HK0.01 each in the share capital of the Company was subdivided into two ordinary shares of a par value of HK0.005 each (the "**Subdivided Share(s)**") in the share capital of the Company (the "**Share Subdivision**") .

7. TRADE RECEIVABLES

Trade receivables are amounts due from customers for goods sold and delivered in the ordinary course of business.

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**23,653**	44,291
Amount due from a related party	**1,111**	–
	24,764	44,291

As at 31 December 2024, due to the short-term nature of the trade receivables, the carrying amounts of trade receivables was considered to be the same as their fair values.

The Group's sales were on credit terms primarily from 60 days to 120 days.

The ageing analysis of the trade receivables by due date, were as follows:

	2024	2023
	HK$'000	*HK$'000*
Current	**13,058**	32,761
1–30 days past due	**1,491**	5,343
31–60 days past due	**2,350**	2,274
61–90 days past due	**1,582**	1,901
Over 90 days past due	**6,283**	2,012
	24,764	44,291

The carrying amounts of the Group's trade receivables were denominated in the following currencies:

	2024	2023
	HK$'000	*HK$'000*
HK$	**10,383**	23,127
USD	**14,152**	21,135
RMB	**229**	29
	24,764	44,291

The maximum exposure to credit risk as at 31 December 2023 and 2024 was the carrying value of the receivables mentioned above.

Trade receivables are generally due for settlement from 60 days to 120 days and therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies are provided in the 2024 annual report.

As at 31 December 2023 and 2024, no provision of impairment for trade receivables was made as the expected loss rate was minimal.

8. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	**Nominal value of ordinary share**
		HK$'000
Authorised:		
As at 31 December 2023 and 1 January 2024	10,000,000,000	100,000
Share Subdivision of authorised share capital on 21 May 2024 *(Note a)*	10,000,000,000	–
As at 31 December 2024	20,000,000,000	100,000

	Note	**Number of ordinary shares**	**Nominal value of ordinary share**	**Share premium**
			HK$'000	*HK$'000*
Issued and paid:				
As at 1 January 2023		400,000,000	4,000	10,511
Dividends paid	*(b)*	–	–	(10,511)
As at 31 December 2023 and 1 January 2024		400,000,000	4,000	–
Share Subdivision on 21 May 2024	*(a)*	400,000,000	–	–
As at 31 December 2024		800,000,000	4,000	–

Notes:

(a) On 17 May 2024, the Shareholders in the annual general meeting of the Company approved the Share Subdivision of which every issued and unissued existing ordinary share of a par value of HK0.01 each in the share capital of the Company was subdivided into two ordinary shares of a par value of HK0.005 each in the share capital of the Company. Upon the Share Subdivision becoming effective, 800,000,000 Subdivided Shares are in issue and fully paid or credited as fully paid. The authorised share capital of the Company of HK$100,000,000 is divided into 20,000,000,000 Subdivided Shares of par value of HK0.005 each. Details were set out in the Company's circular dated 15 April 2024. The Share Subdivision was effective on 21 May 2024.

(b) On 16 June 2023, the proposed final dividend of HK4.0 cents per share (or equivalent to HK2.0 cents per Subdivided Share), amounting to HK$16,000,000 for the year ended 31 December 2022 was approved. Such dividend was recorded as a reduction of share premium and retained earnings of the Group pursuant to the Articles of Association and the Companies Act (as consolidated or revised from time to time) of the Cayman Islands. The final dividend was paid on 5 July 2023.

9. TRADE PAYABLES

Trade payables at the end of each reporting period comprise amounts outstanding to contract creditors and suppliers. The average credit period taken for trade purchase is generally from 0–90 days.

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**4,982**	4,812
Amount due to a related party	**6,594**	–
	11,576	4,812

As at 31 December 2024 and 2023, the ageing analysis of the trade payables, based on invoice date, were as follows:

	2024	2023
	HK$'000	*HK$'000*
Up to 30 days	**160**	2,482
31–60 days	**161**	230
61–90 days	**–**	–
Over 90 days	**11,255**	2,100
	11,576	4,812

The carrying amounts of trade payable were denominated in the following currencies:

	2024	2023
	HK$'000	*HK$'000*
RMB	**2,332**	2,712
HK$	**6,635**	2,100
USD	**2,609**	–
	11,576	4,812

As at 31 December 2024, the carrying amounts of trade payables approximated their fair values (2023: Same).

10. BANK BORROWINGS

	2024	2023
	HK$'000	*HK$'000*
Bank borrowings — import loans	**9,854**	8,093

As at 31 December 2024, the bank borrowings were interest bearing at the Hong Kong Interbank Offered Rate plus 2% per annum (2023: Same). The bank borrowings were dominated in RMB and USD and their carrying amounts approximated to the fair values. The bank borrowings were repayable in January and February 2025.

Banking facilities

As at 31 December 2024, the Group had aggregate banking facilities of approximately HK$56,000,000 (2023: HK$31,000,000) for import loans. There were undrawn facilities of approximately HK$46,146,000 (2023: HK$22,907,000) as at 31 December 2024.

As at 31 December 2024, the banking facilities were secured by the following:

(i) An aggregate charge over deposits which amounted to HK$15,076,000; and

(ii) Unlimited guarantee provided by the Company.

The Group has complied with the financial covenants of its bank borrowings during the year ended 31 December 2024.

11. DIVIDENDS

(a) Dividends declared and paid during the year

	2024	2023
	HK$'000	*HK$'000*
Final dividends declared in 2023 and paid in 2024 of HK4.0 cents per share (declared in 2022 and paid in 2023: HK4.0 cents)*	**16,000**	16,000

(b) Dividends for the year

	2024	2023
	HK$'000	*HK$'000*
Proposed final dividends of HK Nil cents per share (2023: HK4.0 cents**) *(Note)*	**–**	16,000

Note:

* or equivalent to HK2.0 cents per Subdivided Share in respect of final dividend declared in 2023 and paid in 2024 (declared in 2022 and paid in 2023: HK2.0 cents)

** or equivalent to HK2.0 cents per Subdivided Share in respect of proposed final dividend in 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading premium slewing ring manufacturer in the PRC. We are also a comprehensive products provider for mechanical parts and components and machineries which are used mainly in construction and mining sites.

We manufacture slewing rings that conform to the JIS, which is regarded as a standard with higher quality control requirements than that produced in many other countries in the world. Since 2020, the Group has developed new products and a wider range of servicing by manufacturing other mechanical parts and components for machineries besides slewing rings to seize the business opportunities and to satisfy the need of our customers. The machineries and mechanical parts supplied by the leading suppliers in Japan were fit for the Group's sourcing needs and with specifications not commonly supplied by other market suppliers.

We expanded our capability to include manufacturing of mechanical parts and components such as sprocket, track shoes and rollers, which are commonly sought by our customers alongside our slewing rings, on ODM basis. We also source other mechanical parts and components for our customers. Further, as a supplier of slewing rings under OEM basis to leading suppliers in Japan for over 10 years, we are in a position to source excavators and other heavy duty machineries directly. We further extend our heavy duty machineries offering other types of machineries such as pile drivers, wheel loaders and trucks.

It was a transformative year for the Group in 2023. Despite the adverse market condition, because of the broadened range of products offered by the Group, the Group achieved a significant growth in its business. However, 2024 was a year full of challenges. The lack of momentum for economic recovery in certain countries, compounded by the looming shadow of high interest rates, posed challenges to the global business environment. The global growth is expected to be less than moderate before recovering gradually at a slow pace in the second half of 2024. At the same time, economic development in China was still hit by a number of factors, such as the default in the repayment of debts of renowned property developers and the slump of the property market. As a result, even after the Covid-19 pandemic tapered off and the cross border activities between Hong Kong and the PRC resumed, the degree of economy rebound in Hong Kong and the PRC in 2024 are still not up to the level of expectation.

With a well-established industry presence of over 15 years, the Group has demonstrated remarkable risk resilience, underpinned by a wealth of industry expertise, substantial capital financials and a base of international and local customers. The Group reported revenue of HK$114.6 million and gross profit of HK$26.3 million for the Reporting Period. The overall performance of the Group during the Reporting Period has decreased as compared with the year ended 31 December 2023 ("**FY2023**"). The Group's revenue decreased by 20.3% to HK$114.6 million for the Reporting Period, as compared to HK$143.8 million for FY2023. This was mainly attributable to i) the persistent decline in market demand from Hong Kong and the Association of Southeast Asian Nations (ASEAN) region throughout 2024 which created a negative impact on the revenue. The decline was attributed to the economic downturn, the local and global economic uncertainties as well as the lack of momentum in recovering from the downturn of the construction activities. As a result, there was a decline in the sales of slewing rings, mechanical parts and components we manufacture or source. The decline in the sales of machineries was also attributed by the longer-than expected sales cycles and the postponement in the commencement of new construction projects and completion of the existing construction projects experienced by a number of our customers; and ii) the decrease in gross profit margin was attributable to the change in product mix, marked by a decrease in the sales of slewing rings (which has a higher profit margin), despite there was an increase in the sales of brand new machineries and minerals (with a lower profit margin).

The Group's principal business faced challenges posed by the keen competition in the market and economic uncertainties. The Directors are well aware of the importance for the Group to continue identifying new business opportunities. In early 2024, the Group decided to expand its product coverage in sourcing to include minerals and related products. Since the Company's transfer of listing to the Main Board of the Stock Exchange in September 2023 (the "**Transfer of Listing**"), the Group's customers have increasingly made enquiries on whether the Group could provide a wider scope of products, most notably in connection with excavation machineries used for mining. Our Group sees opportunities in the trading of minerals, and wishes to capture such business opportunity and synergies in broadening its business scope. It will also create more opportunities for the Group to sell more mechanical parts and components and machineries directly to the mine owners, thus strengthening the business and profitability of the Group. During the Reporting Period, the Group has established a network of supply of minerals excavated from such mines, for resale to customers of the Group.

Slewing rings

The Group manufactures slewing rings for local and overseas customers primarily on original design manufacturing ("**ODM**"), original equipment manufacturing ("**OEM**") and original brand manufacturing ("**OBM**") basis. Meanwhile, the Group also sources slewing rings not manufactured by the Group for its customers. The Group's business leverages on its in-depth market knowledge and know-how accumulated through years of experience since the Group's inception. The Group is able to produce a diverse range of slewing rings for its customers. The Group can also manufacture slewing rings which have already ceased production for its customers.

Our business is primarily focused on manufacturing slewing rings for local and overseas customers on an ODM basis. Our ODM customers include companies engaged in the wholesale and trading of heavy duty machineries and their related parts and components. They re-sell the products supplied by the Group to end-users in the market. We work out the design as well as all technical specifications from start to finish for our ODM customers, based on their preliminary inputs. The products we sold are used to replace worn out slewing rings of existing machineries under usage, or for assembly of new machineries. In the case of slewing rings used for replacement purposes, we are able to customise our production process to manufacture slewing rings which have already ceased production to suit machineries which are not in production any more. Being in a position to produce slewing rings up to the premium standard under JIS is of significant importance to our ODM customers and this standard is hence applicable to our slewing rings sold to our customers on an ODM basis.

In addition, the Group manufactures for some overseas customers on an OEM basis. Our OEM customers include leading Japanese manufacturers of various machineries and equipments or their affiliates. Our OEM business involves the manufacture and sale of products based on customers' specifications and guidelines. In respect of our OEM customers, we are usually provided with technical drawings and we are not required to participate in the design of these products. Our OEM customers normally provide us with all specifications and standards they require and we have to strictly adhere to the standards required during the production process. Slewing rings so produced will be applied by our OEM customers directly on their heavy duty machineries. Most of our OEM customers are Japanese manufacturers or their affiliates, which require us to produce slewing rings in conformity to the JIS.

The Group also derives its revenue from the sales of our proprietary branded products under OBM basis. We sold our OBM products under our own brands to customers located in six locations including the PRC, Hong Kong, Taiwan, Malaysia, the Philippines and Thailand. Our OBM customers are mainly wholesalers or traders. For slewing rings manufactured under the OBM basis, we are in-charge of the product packaging including its design. Similar to our ODM products, the level of our participation in the design of slewing rings so produced depends on whether our OBM customers will provide us with the technical details. The slewing rings sold to our OBM customers commonly adopt a quenching standard of JIS.

The Group sources slewing rings not manufactured by the Group for its customers. These slewing rings are mainly models which we do not manufacture currently as (i) they maybe of lower quality and their production may require raw materials which we do not have; or (ii) they are of small quantity and not commercially justifiable for us to spend efforts on product development for such small scale productions; or (iii) they are of sizes which we do not manufacture.

The Group has an international customer base and is able to produce slewing rings which on one hand conform to the JIS, and at the same time meet the requirements of both ODM and OBM customers. Because of the Group's edge over other suppliers, the Group attracted several new ODM customers which contributed to the increasing revenue of both the manufacturing and the sourcing business since 2021. These new customers included a nominated supplier of a theme park and resort in Hong Kong, which the Group sourced slewing rings for and delivered to the theme park as instructed by such nominated supplier and a subsidiary of a then listed company on the Singapore Exchange Limited which has been the Group's customer for over 10 years. Such group was principally engaged in the distribution of heavy machineries and diesel engine parts and has an international customer base. Furthermore, one of our largest customers has enlarged its customer base and increased the demand of our larger size slewing rings which led to the increase in our revenue and profits.

Mechanical parts and components

To implement our business strategy to expand our slewing rings business, we have utilised part of the net proceeds from the listing on GEM to acquire a number of new equipments which enabled us to expand our production capability to include manufacturing of mechanical parts and components such as sprocket, track shoes and rollers, which are commonly sought by our customers alongside our slewing rings. These mechanical parts and components are manufactured on ODM basis where our customers require mechanical parts and components to fulfil specific functions and specifications to suit their needs. The manufacturing of these mechanical parts and components requires production techniques and multiple production processes which are similar to the production of slewing rings. Depending on the quantities, our capabilities and availability of machines as well as marketing strategies, we may either fulfil customer's orders by procuring semi- finished parts and components for further manufacturing or sourcing the finished products from the market.

The expansion of our business into the sale of mechanical parts and components is complementary to our principal business of manufacturing and sales of slewing rings. It enables us to offer a comprehensive line of products to our customers which had further strengthened our business relationships with our customers, resulting in recurring purchase orders being placed with us. The mechanical parts and components we sourced were broad in range, including telescopic boom, clamshell, bolts, oil seal kits, etc. We sold over 10 different kinds of mechanical parts and components. Similar to slewing rings, these mechanical parts and components are consumable parts which require routine replacement over a period of usage.

Machineries

As a supplier of slewing rings under OEM basis to a leading machinery and parts supplier in Japan for over 10 years, we have developed a long term business relationship with this leading Japanese heavy duty machinery brand and are in a position to source excavators and heavy duty machineries directly from its affiliates. We have also developed a long term business relationship with a long established second-hand heavy equipment wholesaler, for over five years. To cater the needs of our customers, upon receiving their requests, we will source both brand new or used Japanese brand excavators for them for construction and/or mining purposes.

With the expansion of our customer and supplier base alongside our business operations over the years and as a supplier of slewing rings to a number of Japanese brand machinery manufacturers, we received requests from our customers from time to time when they were in need of other machineries such as pile drivers, trucks and wheel loaders. Depending on the availability of such products from our suppliers, we may procure these machineries for them on an ad-hoc basis.

On 1 November 2024, the Group entered into the agreement (the "**Purchase Frameworks Agreement**") in relation to the purchase of heavy duty machineries from South Wing Machinery Company Limited ("**South Wing**"), which is a connected person of the Group. For detail of the continuing connected transaction, please refer to the announcement of the Company published on 1 November 2024 and Report of the Directors in the 2024 annual report. Given South Wing has over 25 years of experience with vast and established connections in the sales of heavy duty machineries, as well as having acted as a distributor of brand new construction machineries from the brands of Sumitomo, IHI, Nippon Sharyo and Kubota for resale in the South-East Asia region, including in particular Hong Kong, Japan, South Korea and Singapore, the Group intends to mainly purchase brand new excavators and generators from South Wing. The Directors consider that the Purchase Framework Agreement will facilitate the Group to acquire a range of products for resale to the Group's customers, thus implementing the business development plan of broadening the range of products offered by the Group and diversifying the suppliers network.

FINANCIAL REVIEW

REVENUE

The Group's revenue decreased by 20.3% to HK$114.6 million for the Reporting Period, as compared to HK$143.8 million for FY2023.

The following table sets forth the breakdown of quantities of products sold under different segments for the years ended 31 December 2024 and 2023:

	For the year ended 31 December					
	2024		2023		+/(-)	
	Sets	***(%)***	*Sets*	*(%)*	*Sets*	*(%)*
Revenue						
Slewing rings						
— ODM	**1,758**	**2.0**	4,043	9.3	(2,285)	(56.5)
— OEM	**173**	**0.2**	86	0.2	87	101.2
— OBM	**126**	**0.1**	147	0.3	(21)	(14.3)
— Others	**330**	**0.4**	4,816	11.1	(4,486)	(93.1)
	2,387	**2.7**	9,092	20.9	(6,705)	(73.7)
Mechanical parts and components						
— ODM	**25,085**	**27.9**	5,417	12.5	19,668	363.1
— Others	**62,194**	**69.3**	28,768	66.4	33,426	116.2
	87,279	**97.2**	34,185	78.9	53,094	155.3
Machineries						
— Machineries	**109**	**0.1**	69	0.2	40	58.0
	109	**0.1**	69	0.2	40	58.0
Total	**89,775**	**100.0**	43,346	100.0	46,429	107.1

	For the year ended 31 December					
	2024		2023		+/(-)	
	Tonnes'000	***(%)***	*Tonnes'000*	*(%)*	*Tonnes'000*	*(%)*
Minerals						
— NICKEL ORE	**211**	**100**	–	–	211	N/A
Total	**211**	**100**	–	–	211	N/A

The following table sets forth the breakdown of our revenue by product segments for the years ended 31 December 2024 and 2023:

	For the year ended 31 December					
	2024		2023		+/(-)	
	HK$'000	***(%)***	*HK$'000*	*(%)*	*HK$'000*	*(%)*
Revenue						
Slewing rings						
— ODM	**23,629**	**20.6**	56,718	39.5	(33,089)	(58.3)
— OEM	**353**	**0.3**	276	0.2	77	27.9
— OBM	**2,039**	**1.8**	2,325	1.6	(286)	(12.3)
— Others	**1,040**	**0.9**	10,983	7.6	(9,943)	(90.5)
	27,061	**23.6**	70,302	48.9	(43,241)	(61.5)
Mechanical parts and components						
— ODM	**5,321**	**4.6**	6,641	4.6	(1,320)	(19.9)
— Others	**10,989**	**9.6**	16,972	11.8	(5,983)	(35.3)
	16,310	**14.2**	23,613	16.4	(7,303)	(30.9)
Machineries						
— Machineries	**46,878**	**40.9**	49,864	34.7	(2,986)	(6.0)
	46,878	**40.9**	49,864	34.7	(2,986)	(6.0)
Minerals						
— NICKEL ORE	**24,395**	**21.3**	–	–	24,395	N/A
	24,395	**21.3**	–	–	24,395	N/A
Total	**114,644**	**100.0**	143,779	100.0	(29,135)	(20.3)

Slewing rings

The Group manufactures slewing rings for local and overseas customers primarily on ODM, OEM and OBM basis, and sources slewing rings not manufactured by the Group for its customers. Revenue from slewing rings decreased by approximately HK$43.2 million from HK$70.3 million to HK$27.1 million for the Reporting Period, as compared to FY2023, representing a decrease of 61.5%.

The decrease in revenue was mainly attributed to the decrease of sales of slewing rings in the ODM and sourcing business, of approximately HK$33.1 million and HK$9.9 million, respectively, while the revenue generated in the sales of slewing rings under OEM basis remained stable. The decrease in ODM business was caused by a decline in the sales of products to Japan and the Association of Southeast Asian Nations (ASEAN) region by approximately HK$31.0 million during the Reporting Period. Despite strong tourism activity from many countries, the downturn in manufacturing, construction, mining and property market caused by high interest rates and impact from tight monetary policy, led to the drop in the sales of ODM products by 2,285 units, and the total number of ODM customers decreased from 23 in FY2023 to 21 during the Reporting Period.

The revenue generated through the slewing rings that we sourced for our customers decreased by approximately HK$9.9 million, or 90.5%, from approximately HK$11.0 million for FY2023 to approximately HK$1.0 million for the Reporting Period, which was mainly due to the slow down in the demand of slewing rings from the local market and the switch from sourcing slewing rings from us to directly ordering slewing rings manufactured by us, as the slewing rings manufactured by us were of a very high quality which surpassed the quality of the slewing rings sourced by us.

The sales of slewing rings accounted for approximately 23.6% and 48.9% of our total revenue for the Reporting Period and FY2023, respectively, and approximately 50.7% and 65.2% of the Group's total gross profit for the Reporting Period and FY2023, respectively. The overall quantities of the slewing rings sold during the Reporting Period decreased by 6,705 units, representing a decrease of 73.7% as compared to FY2023.

Mechanical parts and components

The Group manufactures and sources mechanical parts and components for customers. Such machineries and mechanical parts and components included but not limited to excavators and undercarriage parts such as track chains, rollers and track shoes. It complements the main line of our business which enables our customers to enjoy a comprehensive line of products. Revenue from the mechanical parts and components decreased by approximately 30.9% year-on-year or HK$7.3 million, from HK$23.6 million for FY2023 to HK$16.3 million for the Reporting Period.

The decrease in revenue was mainly attributed to the decrease of sales in sourcing business, of approximately HK$6.0 million. The decrease in revenue of sourcing mechanical parts was mainly attributable to the decline in the sales to customers in the Philippines, as the customers in Philippines are mainly contractors. Caused by decline in the construction and mining business, it led to a decline in the need of mechanical parts and components for machineries used in the construction and mining sites. The construction and mining activities in the Philippines were adversely affected by strong rains and winds as the rainy season started early in 2024. The revenue from the sourcing of mechanical parts and components to the Filipino market dropped to approximately HK$4.1 million for the Reporting Period, as compared to HK$11.6 million for FY2023, respectively.

The revenue from the sale of mechanical parts and components on ODM basis amounted to approximately HK$5.3 million and HK$6.6 million for the Reporting Period and FY2023, respectively. The drop in revenue for ODM mechanical parts was mainly attributable to the decrease in the order from the customers in Singapore. Most of the mechanical parts imported into Singapore are eventually re-exported to other regions such as the U.S. and Malaysia etc.

The sales for the mechanical parts and components accounted for approximately 14.2% and 16.4% of the total revenue of the Group for the Reporting Period and FY2023, respectively, and amounting to approximately 21.2% and 12.8% of the Group's total gross profit for the Reporting Period and FY2023, respectively.

Machineries

We source heavy duty machineries, which are mainly excavators, for our customers. Our revenue from the sales of machineries amounted to approximately HK$46.9 million and HK$49.9 million for the Reporting Period and FY2023, respectively. The revenue from such sales decreased by approximately HK$3.0 million or 6.0% from HK$49.9 million to HK$46.9 million for FY2023 and the Reporting Period, respectively.

The decline of revenue of used machineries was mainly attributed to the longer-than expected sales cycles and the postponement in the commencement of new construction projects and completion of the existing construction projects experienced by a number of our customers, including but not limited to the projects concerning the third runway of the Hong Kong International Airport. The decrease in revenue generated from the Philippines and Hong Kong region was also attributed to the drop in sales of the other machineries, which amounted to HK$5.5 million in FY2023, such as articulated haulers and bulldozer, which bear a high sale price per unit from a Hong Kong construction contractor and a Philippines construction contractor, respectively, which we did not have such sales during the Reporting Period.

On the other hand, despite that the decline in the orders placed by contractor customers in Hong Kong, with the sales in used machineries including excavators and other machineries amounted to HK$7.3 million during the Reporting Period as compared to HK$13.0 million in FY2023, offsetted by the increase in the sales in new machineries which amounted to HK$19.7 million during the Reporting Period as compared to HK$10.3 million in FY2023 in the Hong Kong region.

The sales of new machineries that we sourced for our customers increased by approximately HK$9.4 million, or 91.3%, from approximately HK$10.3 million for FY2023 to approximately HK$19.7 million for the Reporting Period. During 2024, we were able to purchase heavy duty machineries from South Wing, a connected person of the Group. The sales raised from the purchase of new excavators of the Sumitomo brand amounted to approximately HK$15.1 million for a customer which is a construction contractor responsible for an industrial landfill construction project in Hong Kong. Nevertheless, the gross profit margin from the sales of machineries decreased from 26.7% in FY2023 to 10.4% during the Reporting Period. The decrease in gross profit margin was attributed to the much lower profit margin in the sales of new machineries when compared with the sales of used machineries.

The sales of machineries accounted for approximately 40.9% and 34.7% of our total revenue for the Reporting Period and FY2023, respectively, and approximately 18.6% and 21.9% of the Group's total gross profit for the Reporting Period and FY2023, respectively.

Minerals

At the beginning of 2024, the Group decided to expand its products coverage in sourcing to include minerals and related products. Since the Company's transfer of listing to the Main Board of the Stock Exchange, the Group's customers have increasingly made enquiries on whether the Group could provide a wider scope of products, most notably in connection with the excavation machineries used for mining. The Group sees opportunities in the trading of minerals, and wishes to capture such business opportunity and synergies in broadening its business scope. It will also create more opportunities for the Group to sell more mechanical parts and components and machineries directly to the mine owners, thus strengthening the business base and profitability of the Group. During the Reporting Period, the Group has established a network of supply of minerals excavated from such mines, for resale to customers of the Group.

Our revenue from sales of minerals amounted to approximately HK$24.4 million and nil for the Reporting Period and FY2023. During the Reporting Period, the Group had negotiations with several mine owners based in the Southeast Asia region and we were able to secure the purchase of minerals excavated from such mines for resale to our customers. The minerals we sold during the Reporting Period included nickel ore, a natural mineral which is extensively used in alloying — particularly with chromium and other metals to produce stainless and heat-resisting steels.

The minerals accounted for approximately 21.3% and nil in the total revenue of the Group for the Reporting Period and FY2023, respectively, amounting to approximately 9.5% and nil% of the Group's total gross profit for the Reporting Period and FY2023, respectively.

Geographical location

The following table sets forth a breakdown of our revenue by geographical location of our customers for the Reporting Period and FY2023:

	For the year ended 31 December					
	2024		2023		+/(-)	
	HK$'000	***(%)***	*HK$'000*	*(%)*	*HK$'000*	*(%)*
Hong Kong	**59,402**	**51.8**	32,204	22.4	27,198	84.5
The Philippines	**22,978**	**20.0**	33,637	23.4	(10,659)	(31.7)
Singapore	**19,200**	**16.7**	44,043	30.6	(24,843)	(56.4)
The PRC	**4,785**	**4.2**	4,261	3.0	524	12.3
The USA	**2,279**	**1.9**	–	0.0	2,279	N/A
Malaysia	**2,174**	**1.9**	18,906	13.1	(16,732)	(88.5)
Vietnam	**1,796**	**1.6**	1,670	1.2	126	7.5
Canada	**1,142**	**1.0**	590	0.4	552	93.6
Taiwan	**311**	**0.3**	4,326	3.0	(4,015)	(92.8)
Japan	**188**	**0.2**	3,974	2.8	(3,786)	(95.3)
New Zealand	**185**	**0.2**	31	0.0	154	496.8
Others *(Note)*	**204**	**0.2**	137	0.1	67	48.9
	114,644	**100.0**	143,779	100.0	(29,135)	(20.3)

Note: Others include Ireland and Thailand

Association of Southeast Asian Nations (ASEAN) countries continue to be the key market for the Group, especially the Singaporean, the Filipino and Malaysian markets where the Group has footprints for over 10 years. Singapore, as an international trading centre with well-established networking is experiencing rapid urbanisation and there is a growing demand for smart machinery. Similarly, Malaysia also serves as an entreport in Southeast Asia. Most of the slewing rings and mechanical parts imported into Singapore and Malaysia are eventually re-exported to other regions such as the U.S, Europe, the Middle East, etc. We have built a strong foundation with customers in these countries. At the same time, the traditional demand for natural resources from forestry and mining activities for construction and heavy equipments also benefited our Group. Furthermore, construction machinery production in the Philippines has grown in recent years, along with the country serving as an entrepot in re-exporting the slewing rings to other economies.

The lack of momentum for economic recovery in certain countries, compounded by the looming shadow of high interest rates, posed challenges to the global business environment. The global growth is expected to be less than moderate before recovering gradually at a slow pace in the second half of 2024. The decrease in revenue was attributed from Japan and other major countries in the ASEAN region and the sales to customers of the region decreased by approximately HK$55.9 million from HK$102.2 million in FY2023 to HK$46.3 million during the Reporting Period. Despite strong tourism activity from many countries, the downturn in manufacturing, construction, mining and property market were affected by high interest rates and impact from tight monetary policy, leading to the decrease in revenue mainly in ODM business.

As the customers in the Philippines and Malaysia are mainly contractors and wholesalers, because of the decline in the construction, forestry and mining business, it led to a decline in the need for mechanical parts and components for machineries used in construction, resources and mining sites. The construction and mining activities in Philippines were adversely affected by strong rains and winds as the rainy season started early in 2024. The revenue generated from the Filipino and Malaysian markets decreased from HK$33.6 million and HK$18.9 million for FY2023, by approximately 31.7% and 88.5% or HK$10.6 million and HK$16.7 million to HK$23.0 million and HK$2.2 million for the Reporting Period, respectively.

The Singaporean market has been one of the Group's largest market for years, with two customers out of our top 10 customers being located in Singapore. They are mostly traders and wholesalers, when most of our slewing rings were sold onward to other countries such as the United States and the Netherlands through these customers. The manufacturing sectors in Netherlands and other European markets suffered contraction and weak performance in 2024. This downturn was driven by a sharp decline in new orders, particularly from international markets, with export orders falling at a fast rate over the year, largely due to reduced demand from other countries in the European market. Revenue generated from the Singaporean market decreased from approximately HK$44.0 million for FY2023 by approximately 56.4% or HK$24.8 million to HK$19.2 million for the Reporting Period. The decrease was mainly attributed to a significant drop in the placement of orders for slewing rings we sourced for one of the major customers in Singapore by HK$8.8 million and at the same time, as well as the drop in the sales of slewing rings manufactured by us of HK$15.0 million.

The depreciation of the Japanese currency against other major currencies had a serious impact on import activities. The revenue generated from the Japanese market, because of the currency situation decreased from approximately HK$4.0 million for FY2023 by approximately 95.3% or HK$3.8 million to HK$0.2 million for the Reporting Period.

The Group is well aware of the importance for the Group to continue identifying new business opportunities. Revenue generated from the local markets including Hong Kong and the PRC increased in aggregate, from approximately HK$36.5 million for FY2023 to approximately HK$64.2 million for the Reporting Period, which was mainly attributable to (i) the increase in sales of minerals amounted to approximately HK$24.4 million and nil for the Reporting Period and FY2023, respectively and (ii) the increase in sales of new machineries of approximately HK$9.4 million (which was mainly due to the sourcing from South Wing) for the Reporting Period.

COST OF SALES

The following table sets out the breakdown of our costs of sales for the years ended 31 December 2024 and 2023:

	For the year ended 31 December					
	2024		2023		+/(-)	
	HK$'000	*(%)*	*HK$'000*	*(%)*	*HK$'000*	*(%)*
Cost of sales						
Cost of inventories and consumables	**77,993**	**88.3**	71,809	86.5	6,184	8.6
Depreciation	**2,859**	**3.2**	2,076	2.5	783	37.7
Overheads	**2,494**	**2.8**	2,750	3.3	(256)	(9.3)
Direct labour costs	**5,029**	**5.7**	6,355	7.7	(1,326)	(20.9)
Total	**88,375**	**100.0**	82,990	100.0	5,385	6.5

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$83.0 million for FY2023 by approximately 6.5% or HK$5.4 million to HK$88.4 million for the Reporting Period, which was primarily due to the change in product mix, marked by a decrease in the sales of slewing rings (which incurred lower cost of sales),despite there was an increase in the sales of brand new machineries and minerals (which incurred higher cost of sales).

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group decreased from HK$30.7 million for FY2023 by approximately 43.0% or HK$13.2 million to approximately HK$17.5 million for the Reporting Period. Such decrease was attributed to a decrease in donation fee of approximately HK$3.0 million, a decrease in listing expenses related to the Transfer of Listing of approximately HK$12.4 million, offset by the increase in depreciation charges of approximately HK$0.3 million, an increase in salaries of approximately HK$1.3 million, and a net increase in other administrative expenses of approximately HK$0.6 million, as compared to FY2023. 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$6.3 million for the Reporting Period, as compared to approximately HK$22.0 million for FY2023. Excluding the non-recurring listing expenses related to the Transfer of Listing of approximately HK$12.4 million and donation of HK$3.0 million, being charged to the condensed consolidated statement of comprehensive income for FY2023, profit attributable to Shareholders would have been approximately HK$37.4 million for FY2023.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has financed its business with internally generated cash flows and proceeds received from the Listing. As at 31 December 2024, the Group's cash and cash equivalents and pledged bank deposit were HK$74.6 million, increased by approximately 24.3% or HK$14.6 million, as compared with HK$60.0 million as at 31 December 2023. The increase was mainly attributable to profit generated and net off by dividend paid during the Reporting Period. Bank deposits and cash were principally denominated in Hong Kong dollars, United States dollars, Japanese Yen and Renminbi. The Group will continue to use the internally generated cash flows as a source of funding for future developments.

As at 31 December 2024, the Group's total current assets and current liabilities were approximately HK$145.1 million (as at 31 December 2023: HK$140.0 million) and HK$30.4 million (as at 31 December 2023: HK$17.0 million) respectively, representing a current ratio of 4.8 times (as at 31 December 2023: 8.2 times). As at 31 December 2024, the Group had bank borrowings of approximately HK$9.9 million (31 December 2023: HK$8.1 million) and the gearing ratio of the Group was 9.3% (as at 31 December 2023: 5.7%). The gearing ratio was calculated by dividing total debt by total equity. Total debt is defined as bank borrowings and lease liabilities by the Group.

CAPITAL STRUCTURE

Share Subdivision

On 17 May 2024, the Shareholders in the annual general meeting of the Company approved the Share Subdivision of which each issued and unissued existing ordinary share of a par value of HK $0.01 each in the share capital of the Company was subdivided into two ordinary shares of a par value of HK0.005 each in the share capital of the Company. Upon the Share Subdivision became effective, 800,000,000 Subdivided Shares are in issue and fully paid or credited as fully paid. The authorised share capital of the Company has become HK$100,000,000 divided into 20,000,000,000 Subdivided Shares of par value of HK$0.005 each. Details are set out in the Company's circular dated 15 April 2024. The Share Subdivision became effective on 21 May 2024.

As at 31 December 2024, the share capital of the Group comprised only ordinary shares. The capital structure of the Group mainly consisted of bank borrowings, 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 GEM

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 (the "**Share Offer**"), and successfully listed its shares on GEM of the Stock Exchange (the "**Listing**"). 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. Pursuant to the announcement dated 9 September 2020 issued by the Company (the "**Announcement**"), the Board announced and resolved to change the use of the net proceeds as set out in the prospectus. As at the announcement date, the Directors considered that these proceeds had 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**") and as amended in the Announcement.

Details of the revised allocation of the net proceeds, the utilisation of the net proceeds as at 31 December 2024 and the balance of the net proceeds as at 31 December 2024 are set out as follows:

Use of Net Proceeds

	Revised percentage of Net Proceeds	Revised allocation of Net Proceeds *HK$'000*	Amount of Net Proceeds utilised between 15 November 2019 and 31 December 2023 *HK$'000*	Amount of Net Proceeds utilised during the year ended 31 December 2024 *HK$'000*	Total amount of Net Proceeds utilised up to 31 December 2024 *HK$'000*	Amount of Net Proceeds remaining as at 31 December 2024 *HK$'000*	Expected timeline for the intended use
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	17,210	–	17,210	–	N/A
To enlarge our market share and strengthen our marketing efforts	4.4%	1,246	1,246	–	1,246	–	N/A
To increase our level of automation	7.6%	2,158	2,158	–	2,158	–	N/A
To establish our ERP system	6.0%	1,704	848	856	1,704	–	N/A
To expand our finance department	5.0%	1,420	1,289	131	1,420	–	N/A
To enhance staff training	0.8%	227	16	211	227	–	N/A
Working capital	15.6%	4,435	4,435	–	4,435	–	N/A
	100%	28,400	27,202	1,198	28,400	–	

As at 31 December 2024, the Group had fully utilised approximately HK$28.4 million of the net proceeds with no unutilized balance.

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 which were revised on 9 September 2020, and the Group's actual business progress for the Reporting Period:

Business plan as set out in the Prospectus	**Actual business progress as at 31 December 2024**
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	The Group purchased 21 units of machines and fully utilised the proceeds of HK$17.2 million attributable for such purpose. 20 of them (including high speed milling machines and raceway quenching machines) are currently in use for our production, while one machine is currently being tested.

Business plan as set out in the Prospectus	Actual business progress as at 31 December 2024
To enlarge our market share and strengthen our marketing efforts	In light of the COVID-19 outbreak in 2020 and the quarantine measures implemented and travel restrictions imposed by the PRC and other countries, the Group had withdrawn its enrolment to several trade exhibitions and will rework its future marketing plans. During recent years and in 2023, the Group increased the workforce in the sales department to strengthen the sales support. In addition, the Group hired a consultant to design the web pages for the Group and to provide advice on promotion strategies.
To increase our level of automation	The Group has worked with service providers concerning the development of new equipments for automation and the redevelopment of the existing equipments to enhance the automation level. The plans included the integration of smart automation solutions in the production process. The Group has installed robotic arms to increase the automation level and production in gear chamfering. The Group has also acquired an automatic packaging machine and a CNC Coordinate Measuring Machine. The major goals of these plans are to facilitate production and quality control, and to reduce manual work and process time.
To establish our enterprise resource planning (ERP) system	The Group appointed a system service provider to develop a system to enhance data management, especially in the areas of staff attendance, payroll accounting and other aspects such as document control, enabling the Group to track and monitor the production process. The modules created for the systems have been in use since late 2024, and testing of the system will continue in 2025.

Business plan as set out in the Prospectus	Actual business progress as at 31 December 2024
	Meanwhile, the Group has improved the current system by increasing the capacity and efficiency in data processing.
To expand our finance department	The Group recruited a senior accountant and an accountant in the third quarter of 2020 and the second quarter of 2021 respectively to accommodate the increase in our business scale and production capacities. We will continue to watch out for high-quality candidates to strengthen the finance department, to cope with the expanded line of businesses and revenue.
To enhance staff training	During 2020 and 2021, three of our trained employees were awarded ISO quality management system certificates. The Group prepared training courses for a number of personnel. An employee in the quality assurance department received training in metrology to further strengthen our quality assurance process. In 2022, we engaged a training organisation in Dongguan, the PRC to provide training courses for our new employees. In 2024, our senior management underwent training in relation to share capital management to further strengthen our professional and compliance knowledge and practice. Meanwhile, in the same year, we engaged a human resources organisation in Dongguan, the PRC to provide training courses to our sales team and quality assurance team.

Business plan as set out in the Prospectus	Actual business progress as at 31 December 2024
To maintain sound working capital for operation	The re-allocation of net proceeds from the strengthening of marketing efforts to supplementing the sound working capital for the operation of the Company will be beneficial to meet the current operation needs of the Group, to increase its financial flexibility, and to provide a bigger buffer to cope with the future economic uncertainty. As at 31 December 2024, the Group utilised approximately HK$4.4 million as working capital for the research and development of ongoing operations, including the development of new products and services by manufacturing mechanical parts and components for machineries besides slewing rings.

SIGNIFICANT INVESTMENTS

As at 31 December 2024, 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 31 December 2024, the Group had 84 employees (as at 31 December 2023: 96 employees). Remuneration is determined with reference to the 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, effort and expertise on the Company's matters. In addition, employees are entitled to performance and discretionary year-end bonuses.

CHARGES ON ASSETS

As at 31 December 2024, the Group is required to maintain an aggregate amount of bank deposits of at least HK$20,000,000 (as at 31 December 2023: approximately HK$10,000,000) for the Group's banking facilities of which HK$15,000,000 was charged pursuant to the terms of the banking facilities (as at 31 December 2023: HK$5,000,000).

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 any agreement or arrangement 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 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.

With respect to USD, the management considers that the foreign exchange risk 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.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities.

DIVIDEND

During the year, no interim dividend was paid. (2023: no interim dividend).

The Board does not recommend the payment of final dividend for the Reporting Period (2023: final dividend HK4.0 cents per share (or equivalent to HK2.0 cents per Subdivided Share) to the shareholders, amounting to a total sum of HK$16,000,000, was paid on 7 June 2024).

PROSPECTS

The Company has successfully transferred its listing from GEM to the Main Board of the Stock Exchange in 2023. This remarkable achievement has increased the profile and raised the public awareness of our Group as well as our recognition to existing and new customers. The Group has achieved business growth and expanded sources of income since the listing on GEM. The Directors consider that the Main Board generally enjoys a premium status and recognition by the public investors and customers and that the Transfer of Listing will further promote the Group's corporate profile and position in the industry which will assist the Company in obtaining outside financing and on better commercial terms. It has also greatly assisted the Group in its business development.

The Group's goal is to strengthen its position as a premium slewing rings manufacturer, and to leverage on its competitive advantages as a provider of other mechanical parts and components and machineries so as to expand the scale of its operation and increase profit margin. The Group also aims to increase its competitiveness in the fragmented slewing ring manufacturing industry by (i) increasing the Group's efficiency and productivity; (ii) raising the quality of the Group's products; and (iii) reducing the Group's costs of production and the Group's 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.

The Group is also positioned as one of the fastest growing "comprehensive products" providers in the field. Despite there are uncertainties in the global economy including high interest rate, slow down of development in the PRC and the challenges faced by the Group in its principal business, caused by the keen competition in the market and economic uncertainties, the Group will continue to identify and look for new business opportunities. Based on such belief, the Group expanded its products coverage by sourcing minerals and related products as the Group sees opportunities in the trading of minerals, and wishes to capture such business opportunity and synergies in broadening its business scope. It will also create more opportunities for the Group to sell more mechanical parts and components and machineries directly to the mine owners, thus strengthening the business and profitability of the Group. With a proven track record and strong foothold in the industry, the Group will remain cautious and endeavor to maintain a steady growth in its sourcing business and continue to broaden its business scope to maximize the return for the Company's shareholders in the present challenging business environment. Looking forward, the Group wishes to capture more business opportunities and synergies in broadening its business scope and the Directors do anticipate that the Group's sourcing business including minerals will continue to grow, to flexibly navigate market dynamics, seizing market opportunities and creating diversified income streams.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**Annual General Meeting**") is scheduled to be held on Friday, 6 June 2025. A notice convening the Annual General Meeting will be issued and dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming Annual General Meeting which will to be held on Friday, 6 June 2025, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for entitlement to attend and vote at the Annual General Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Monday, 2 June 2025.

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 the Model Code for Securities Transactions by Directors of the Listed Issuers (the "**Model Code**") in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Specific enquiry had been made to all Directors and relevant employees. They 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.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Save as disclosed, there was no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries or holding company was a party and in which any of the Company's Directors or members of its management had a material interest, whether directly or indirectly, subsisted in the year ended 31 December 2024 or at any time during the year.

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 year ended 31 December 2024.

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 year ended 31 December 2024 and up to the date of this announcement.

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. 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 our Group. The principal terms of the Share Option Scheme are summarised under the paragraph headed "12. Share Option Scheme" in Appendix IV to the listing document issued by the Company on 22 September 2023 and in accordance with the provisions of Chapter 17 of the Listing Rules. No share option has been granted under Share Option Scheme since its adoption.

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

Reference is made to the announcements dated 18 June 2021 and 14 July 2022 issued by the Company with regard to a trading facility granted by DBS Bank (Hong Kong) Limited ("**DBS**").

On 14 July 2022, DBS has pursuant to its periodic review agreed to increase the trading facility of up to HK$15,000,000 for Best Linking Limited, an indirect wholly-owned subsidiary of the Company. Best Linking Limited and the Company, as borrower and corporate guarantor respectively, entered into a revised banking facility letter with DBS (the "**Facility Letter A**") on terms and conditions contained therein, including right of DBS to review the facility from time to time, customary overriding right of DBS to demand repayment any time, 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 A, among other things, during the term of the Facility Letter A, (i) Best Linking Limited shall remain an indirect wholly-owned subsidiary of the Company; (ii) the Company shall procure Mr. Chan Yuk Pan ("**Mr. YP Chan**"), the executive Director and controlling shareholder of the Company, to remain as the director of the Company and Best Linking Limited; and (iii) Mr. YP Chan shall continue to be the single largest shareholder and hold not less than 50% of the beneficial interest of the Company and Best Linking Limited. As at the date of this announcement, Mr. YP Chan's beneficial interest in each of the Company and Best Linking Limited is 75%. Please refer to the announcement of the Company dated 14 July 2022 for more details.

On 28 February 2023, The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") as lender and the Company as corporate guarantor, entered into a banking facility letter (the "**Facility Letter B**") under which HSBC agreed to make available to Best Linking Limited a trading facility of up to HK$16,000,000, on the terms and conditions contained therein, including HSBC's right to review the facility from time to time, HSBC's customary overriding right to demand repayment any time, 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 B, among other things, during the term of the Facility Letter B, (i) Best Linking Limited shall remain an indirect wholly-owned subsidiary of the Company; (ii) the Company shall procure Mr. YP Chan to remain as the director of the Company and Best Linking Limited; and (iii) Mr. YP Chan shall continue to be the major shareholder holding more than 50% of the beneficial interest of the Company and Best Linking Limited. As at the date of this announcement, Mr. YP Chan's beneficial interest in each of the Company and Best Linking Limited is 75%. Please refer to the announcement of the Company dated 28 February 2023 for more details.

CODE ON 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 C1 to the 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 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 Provision C.2.1. Code Provision C.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 during 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 most suitable candidate to hold these two positions.

AUDIT COMMITTEE

Our Company established an Audit Committee on 21 October 2019 with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and Code Provisions D.3.3 and D.3.7 of the CG Code. The Audit Committee comprises three INEDs; namely Mr. Chan Wan Tsun Adrian Alan ("**Mr. Adrian Chan**"), Ms. Tam Ho Ting and Ms. Tsang Hau Lam. Mr. Adrian Chan, who has appropriate professional qualification and experience in accounting matters, was appointed to serve as the chairman of the Audit Committee.

During the Reporting Period and up to the date of this announcement, there was no material uncertainty relating to events or conditions that might cast significant doubt on the Company's ability to continue as a going concern. The Company's annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

EVENTS AFTER THE REPORTING PERIOD

New subsidiary incorporated in Japan

On 31 January 2025, Kyoei Corporation Limited ("**Kyoei HK**"), the indirect wholly-owned subsidiary of the Company incorporated Kyoei Corporation Japan Limited ("**Kyoei JP**"), a wholly-owned subsidiary of Kyoei HK in Japan. The Group would like to further develop its business to broaden the revenue source, and to ultimately promote its goals and maximise the contribution of revenue in slewing rings.

Loan Agreement With Covenant Relating To Specific Performance Of The Controlling Shareholders

Reference is made to the announcement dated 28 February 2023 issued by the Company with regard to the Facility Letter B.

On 15 January 2025, HSBC has pursuant to its periodic review agreed to revise the facility available under the Facility Letter B with an increased trading facility including the finance loan and combined financing for the Group's operation and a packing loan of up to an aggregate maximum amount of HK$25,800,000 for Best Linking Limited (the "**New Facility**"). Best Linking Limited and the Company, as borrower and corporate guarantor respectively, accepted the New Facility with HSBC.

It is the intention of the Company that the New Facility will be used to maintain the working capital of the Company and to facilitate Best Linking Limited to settle payments to its suppliers.

On 15 January 2025, Best Linking Limited, as the policyholder took out the life insurance policy with HSBC Life (International) Limited and placed an initial single premium, together with an initial single levy, in the sum of approximately US$1,093,177.5 in aggregate (equivalent to approximately HK$8,526,785). The policy is a life insurance of Mr. YP Chan as the insured person. Best Linking Limited is the policyholder and the beneficiary.

Please refer to the announcement of the Company dated 15 January 2025 for details.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the Stock Exchange of Hong Kong Limited website at www.hkexnews.hk and the Company's website at www.blg.hk. Printed version of the 2024 annual report of Company containing the information required by the 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 Listing Rules.

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

Hong Kong, 21 March 2025

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 website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the day of its posting. This announcement will also be published on the Company's website at www.blg.hk.