C-LINK SQUARED LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1463)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the "**Board**") of directors (the "**Directors**") of C-Link Squared Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**our**") for the six months ended 30 June 2022 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2021, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		For the six months ended 30 June	
		2022	2021
	Notes	***RM'000***	*RM'000*
		(Unaudited)	(Unaudited)
Revenue from contracts with customers	*4*	**59,236**	45,358
Cost of sales		**(48,648)**	(35,233)
Gross profit		**10,588**	10,125
Other income and gains	*5*	**820**	448
Administrative expenses		**(9,894)**	(6,608)
Finance costs	*6*	**(217)**	(264)
Profit before tax	*7*	**1,297**	3,701
Income tax expense	*8*	**(1,314)**	(1,794)
(Loss)/profit for the period		**(17)**	1,907

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Note	For the six months ended 30 June **2022** *RM'000* **(Unaudited)**	2021 *RM'000* (Unaudited)
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**501**	651
Other comprehensive income for the period, net of tax		**501**	651
Total comprehensive income for the period		**484**	2,558
(Loss)/profit attributable to:			
Equity holders of the Company		**(401)**	1,907
Non-controlling interests		**384**	–
		(17)	1,907
Total comprehensive income attributable to:			
Equity holders of the Company		**85**	2,558
Non-controlling interests		**399**	–
		484	2,558
(Loss)/earnings per share attributable to equity holders of the Company:			
– Basic and diluted *(RM sen)*	*10*	**(0.05)**	0.24

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	**30 June 2022** **RM'000** **(Unaudited)**	31 December 2021 *RM'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**19,175**	7,290
Right-of-use assets		**3,274**	3,432
Intangible assets		**2,426**	2,987
Prepayments		**1,011**	837
Deferred tax assets		**500**	521
		26,386	15,067
Current assets			
Inventory		**4,014**	–
Trade receivables	*11*	**22,222**	21,257
Prepayments, deposits and other receivables		**9,498**	11,282
Income tax recoverable		**610**	272
Financial asset at fair value through profit or loss		**–**	3,000
Cash and bank balances		**50,194**	66,284
		86,538	102,095
Total assets		**112,924**	117,162
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables	*12*	**2,529**	2,934
Other payables and accruals		**2,441**	3,973
Contract liabilities		**2,943**	3,005
Income tax payable		**1,378**	2,395
Loans and borrowings		**6,665**	6,919
Lease liabilities		**161**	196
		16,117	19,422
Net current assets		**70,421**	82,673

	Note	30 June 2022 RM'000 (Unaudited)	31 December 2021 RM'000 (Audited)
Non-current liabilities			
Deferred tax liabilities		**413**	500
Loans and borrowings		**8,036**	9,284
Lease liabilities		**–**	82
		8,449	9,866
Total liabilities		**24,566**	29,288
Net assets		**88,358**	87,874
Equity			
Share capital	*13*	**4,233**	4,233
Reserves		**80,999**	80,914
		85,232	85,147
Non-controlling interest		**3,126**	2,727
Total equity		**88,358**	87,874
Total equity and liabilities		**112,924**	117,162

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

C-Link Squared Limited is an exempted company with limited liability incorporated in the Cayman Islands. The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The headquarters and principal place of business of the Company is located at No. 1, Persiaran Sungai Buloh, Taman Industri Sungai Buloh, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The principal place of business of the Company in Hong Kong is located at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The principal activity of the Company is investment holding. During the Reporting Period, the Company's principal subsidiaries were mainly engaged in the provision of outsourced services, including the provision of outsourced document management services and related software applications and enterprise software solutions services in Malaysia as well as the provision of outsourced insurance risk analysis services and insurance marketing services in the People's Republic of China (the "**PRC**", which for the purposes of this announcement only, excludes Hong Kong, Taiwan and Macau Special Administrative Region of the PRC, unless otherwise specified), and the distribution and sales of medical equipment in the PRC. There have been no significant changes in the nature of the principal activities of the Group during the Reporting Period.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of Preparation

The unaudited condensed consolidated interim financial information of the Group has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and the applicable disclosure requirements of Appendix 16 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Hong Kong Companies Ordinance.

The unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

The unaudited condensed consolidated interim financial information of the Group has been prepared in accordance with the same accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2021, except for the adoption of the revised IFRSs as disclosed in Note 2.2 below.

This unaudited condensed consolidated interim financial information is presented in Ringgit Malaysia ("**RM**") and all values are rounded to the nearest thousand ("**RM'000**") except where otherwise indicated. This unaudited condensed consolidated interim financial information has not been audited or reviewed by the Company's external auditors, but has been reviewed by the Company's audit committee ("**Audit Committee**").

2.2 Changes in Accounting Policies

In the accounting period beginning from 1 January 2022, the Group has adopted, for the first time, the following amendments to IFRSs:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment-Proceeds before intended use
Amendments to IFRS 16	COVID-19-related Rent Concessions beyond 30 June 2021 (2021 amendment)
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020

These amendments have had no material effect on the Group's results and financial position for the current or prior periods. The Group has not applied any other new standards or interpretation that is not yet effective for the current accounting period.

3. OPERATING SEGMENT INFORMATION

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purpose, resources are allocated to two reportable operating segments, namely (i) outsourced services; and (ii) distribution and sales of medical equipment.

The management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the reportable segment's profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, corporate income/(expenses) and finance costs are excluded from such measurement.

The segment revenue and results of the Group for the six months ended 30 June 2022 are as follows:

	Outsourced services *RM'000* (Unaudited)	Distribution and sales of medical equipment *RM'000* (Unaudited)	Total *RM'000* (Unaudited)
Segment revenue:			
Revenue from external customers	**51,687**	**7,549**	**59,236**
Segment results	**5,271**	**14**	**5,285**
Reconciliations:			
Interest income			**406**
Other unallocated income			**414**
Corporate and other unallocated expenses			**(4,596)**
Finance costs (other than interest on lease liabilities)			**(212)**
Profit before tax			**1,297**

The segment revenue and results of the Group for the six months ended 30 June 2021 are as follows:

	Outsourced services *RM'000* (Unaudited)	Total *RM'000* (Unaudited)
Segment revenue:		
Revenue from external customers	45,358	45,358
Segment results	7,342	7,342
Reconciliations:		
Interest income		191
Other unallocated income		257
Corporate and other unallocated expenses		(3,832)
Finance costs (other than interest on lease liabilities)		(257)
Profit before tax		3,701

The segment assets and liabilities of the Group as at 30 June 2022 are as follows:

	Outsourced services *RM'000* (Unaudited)	Distribution and sales of medical equipment *RM'000* (Unaudited)	Total *RM'000* (Unaudited)
Segment assets	**98,875**	**4,535**	**103,410**
Unallocated assets			**9,514**
Total assets			**112,924**
Segment liabilities	**22,745**	**1,130**	**23,875**
Unallocated liabilities			**691**
Total liabilities			**24,566**

The segment assets and liabilities of the Group as at 31 December 2021 are as follows:

	Outsourced services *RM'000* (Audited)	Total *RM'000* (Audited)
Segment assets	103,736	103,736
Unallocated assets		13,426
Total assets		117,162
Segment liabilities	28,636	28,636
Unallocated liabilities		652
Total liabilities		29,288

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable and operating segments other than certain prepayments, deposits and other receivables and certain cash and cash equivalents; and

- all liabilities are allocated to reportable and operating segments other than certain other payables.

(a) Geographical information

Geographical information for the Group is presented in Note 4.1.

(b) Non-current assets

	30 June 2022	31 December 2021
	RM'000	*RM'000*
	(Unaudited)	(Audited)
Malaysia	**25,256**	14,096
PRC	**119**	132
Hong Kong	**1,011**	839
Total	**26,386**	15,067

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, prepayments, deferred tax assets and intangible assets.

(c) Information about major customers

Revenue from top five customer groups of the Group for the respective reporting period is set out below:

	Representing % of total revenue	**Sales amount**
		RM'000
	(Unaudited)	(Unaudited)
For the six months ended 30 June 2022		
Bank Group A	20.9%	12,363
Distributor B	12.7%	7,549
Bank Group C	11.4%	6,780
Retail Customer D	11.4%	6,754
Bank Group E	8.5%	5,036
Total	64.9%	38,482
For the six months ended 30 June 2021		
Bank Group A	31.7%	14,354
Bank Group C	17.9%	8,095
Bank Group E	11.8%	5,344
Insurance Group F	5.8%	2,611
Bank Group G	9.5%	4,307
Total	76.7%	34,711

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the six months ended 30 June	
	2022	2021
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Type of services		
Outsourced services:		
– Document management	**38,194**	43,279
– Insurance marketing	**8,105**	–
– Insurance risk analysis	**2,827**	–
– Enterprise software solutions:		
– Customised software	**2,233**	1,556
– Electronic document warehouse services	**328**	523
Others:		
– Distribution and sales of medical equipment	**7,549**	–
Total revenue from contracts with customers	**59,236**	45,358
Geographical markets		
Malaysia	**39,628**	44,268
Singapore	**1,127**	1,090
PRC	**18,481**	–
Total revenue from contracts with customers	**59,236**	45,358
Timing of revenue recognition		
At a point in time	**56,675**	43,279
Over time	**2,561**	2,079
Total revenue from contracts with customers	**59,236**	45,358

4.2 Performance obligations

Information about the Group's performance obligations is summarised below:

Outsourced document management services

The performance obligation is satisfied at a point in time and payment is generally due upon completion of the service.

Outsourced insurance risk analysis services and insurance marketing services

The performance obligation is satisfied at a point in time and payment is generally due upon completion of the service.

Customised software

The performance obligation is satisfied over-time and payment is generally due upon achieving pre-agreed billing milestones.

Electronic document warehouse services

The performance obligation is satisfied over-time and payment is generally due in advance at the beginning of the service period.

Distribution and sales of medical equipment

The performance obligation is satisfied upon delivery of the goods and payment is generally due in advance before delivery.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the respective reporting date is as follows:

	30 June 2022	31 December 2021
	RM'000	*RM'000*
	(Unaudited)	(Audited)
Expected to be recognised:		
Within one year	**4,196**	4,258
More than one year	**2,881**	3,175
	7,077	7,433

The Group applies the practical expedient on the exemption to disclose the information on the remaining performance obligations that have original expected durations of one year or less.

The remaining performance obligations expected to be recognised in more than one year as at 30 June 2022 relate to the maintenance services to be satisfied either within or more than two years (31 December 2021: within or more than two years).

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2022	2021
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Bank interest income	**406**	191
Foreign exchange gain, net	**400**	241
Government grants*	**9**	–
Others	**5**	16
	820	448

* The Group received certain government grants for the stabilisation of employment in Hong Kong during the six months ended 30 June 2022. There were no unfulfilled conditions or contingencies relating to these grants as at 30 June 2022.

6. FINANCE COSTS

	For the six months ended 30 June	
	2022	2021
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Interest expense on:		
– term loan	**197**	240
– overdraft	**5**	7
– lease liabilities	**5**	7
Amortisation of transaction costs	**10**	10
	217	264

7. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	For the six months ended 30 June	
	2022	2021
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Salaries and performance related bonuses	**5,548**	4,407
Pension scheme contributions	**645**	456
Other employee benefits	**27**	8
Staff costs	**6,220**	4,871
Depreciation of property, plant and equipment	**829**	887
Depreciation of right-of-use assets	**159**	126
Amortisation of intangible assets	**561**	561
Allowance/(reversal of allowance) for expected credit losses on trade receivables	**88**	(183)
Legal and other professional fees	**3,875**	3,217
Research and development	**1,016**	–

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2022	2021
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Current income tax:		
– Malaysia	**1,113**	2,010
– PRC	**267**	–
Deferred tax:		
– Relating to origination and reversal of temporary differences	**(66)**	(216)
Income tax expense	**1,314**	1,794

9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share attributable to equity holders of the Company for the six months ended 30 June 2022 is based on the loss attributable to equity holders of the Company for the period of approximately RM401,000 (six months ended 30 June 2021: profit attributable to equity holders of the Company of approximately RM1,907,000) and the weighted average number of 800,000,000 ordinary shares of the Company (the "**Shares**") in issue during the period (six months ended 30 June 2021: 800,000,000 ordinary Shares).

The weighted average number of ordinary Shares used to calculate the basic loss per share attributable to equity holders of the Company for the six months ended 30 June 2022 represented 800,000,000 ordinary Shares of the Company in issue throughout the six months ended 30 June 2022.

The weighted average number of ordinary Shares used to calculate the basic earnings per share attributable to equity holders of the Company for the six months ended 30 June 2021 represented 800,000,000 ordinary Shares of the Company in issue throughout the six months ended 30 June 2021.

No adjustments have been made to the basic (loss)/earnings per share attributable to equity holders of the Company for the six months ended 30 June 2022 and 30 June 2021, as the Group had no potentially dilutive ordinary Shares in issue during these periods.

11. TRADE RECEIVABLES

	30 June 2022	31 December 2021
	RM'000	*RM'000*
	(Unaudited)	(Audited)
Trade receivables		
Third parties	**22,557**	21,504
Less: Allowance for expected credit losses	**(335)**	(247)
Trade receivables, net	**22,222**	21,257

Trade receivables are non-interest bearing and are generally on 30 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

An ageing analysis of the Group's trade receivables as at the end of the respective reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2022	31 December 2021
	RM'000	*RM'000*
	(Unaudited)	(Audited)
Within 1 month	**8,687**	9,113
1 to 2 months	**5,212**	5,301
2 to 3 months	**2,559**	1,573
Over 3 months	**5,764**	5,270
	22,222	21,257

12. TRADE PAYABLES

	30 June 2022 RM'000 (Unaudited)	31 December 2021 RM'000 (Audited)
Trade payables		
Third parties	**2,458**	2,866
Amounts due to related parties	**71**	68
	2,529	2,934

An ageing analysis of the Group's trade payables as at the end of the respective reporting period, based on the invoice date, is as follows:

	30 June 2022 RM'000 (Unaudited)	31 December 2021 RM'000 (Audited)
Within 1 month	**2,131**	2,349
1 to 2 months	**396**	360
2 to 3 months	**–**	62
Over 3 months	**2**	163
	2,529	2,934

13. SHARE CAPITAL

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Authorised:		
1,500,000,000 (31 December 2021: 1,500,000,000) ordinary Shares of HK$0.01 (31 December 2021: HK$0.01) each	**15,000**	15,000
Issued and fully paid:		
800,000,000 (31 December 2021: 800,000,000) ordinary Shares of HK$0.01 (31 December 2021: HK$0.01) each	**8,000**	8,000
	RM'000	*RM'000*
Equivalent to	**4,233**	4,233

14. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the annual financial statements of the Group for the year ended 31 December 2021, the following significant transactions between the Group and its related parties took place at terms agreed between the parties during the respective reporting period:

	For the six months ended 30 June	
	2022	2021
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Related parties:		
Purchase of goods	**237**	320
Director:		
Rental payable	**42**	42

(b) Compensation of key management personnel

The remuneration of the key management personnel of the Group for the six months ended 30 June 2022 and 30 June 2021 is as follows:

	For the six months ended 30 June	
	2022	2021
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Directors' fees	**349**	324
Salaries, allowances and benefits in kind	**1,647**	1,198
Pension scheme contributions	**167**	106
	2,163	1,628

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We are principally engaged in (i) the provision of outsourced services, including the provision of outsourced document management services and related software applications and enterprise software solutions services in Malaysia as well as the provision of outsourced insurance risk analysis services and insurance marketing services in the PRC, and (ii) the distribution and sales of medical equipment in the PRC. Our outsourced document management services represent our largest revenue stream and include (a) electronic document delivery; (b) document print and mail fulfilment; (c) magnetic ink character recognition cheque print and mail fulfilment; (d) medical ID card print and mail fulfilment; and (e) document imaging and scanning services. Our non-wholly owned subsidiary in the PRC acquired in July 2021 is principally engaged in the operation of outsourced insurance risk analysis services and insurance marketing services business as well as the distribution and sales of medical equipment business.

Over the years, we have successfully developed proprietary enterprise software applications focused on IT technologies that drive digital transformation for large companies in the banking, insurance and retail industries in Malaysia. Our solutions are developed by our team of experienced IT engineers having longstanding experience in both the IT and the financial services industries, with the objective of optimising the IT document management of our clients.

We have experienced an increased demand for software as a service of subscription ("**SaaS**") for software application solution delivery in Malaysia which will lead to an increase in demand from existing and new customers to adopt our Streamline Suite. As our customers are mostly financial institutions in Malaysia, our Streamline Suite and services will be hosted in a tier 3 compliant data centre (the "**Data Centre**") in Malaysia.

In light of the above, we are upgrading our IT infrastructure and expanding our capacity to host and provide our Streamline Suite in a Data Centre facility in Malaysia. This new Data Centre facility will contribute to our Group's outsourced document management services and enterprise software solutions services by allowing our Group to enhance our document hosting capability for electronic distribution and enterprise software solutions to our customers. Please refer to the sub-section headed "Future Plans and Prospects" in this announcement for more details.

Furthermore, during the Reporting Period, we successfully expanded and diversified our PRC business by establishing business in the distribution and sales of medical equipment in Qingdao, the PRC. Capitalising on the resources and network of our non-wholly owned subsidiary in the PRC acquired in July 2021, we have secured stable supply of and demand for medical equipment of both domestic and foreign brands including anesthesia laryngoscope and defibrillator. To the best of the Company's knowledge, during the Reporting Period, all of the Company's supplier and customer in this segment were independent third parties of and were not connected with the Company and its connected persons (as defined in the Listing Rules). Our revenue generated from this business amounted to approximately RM7.5 million, representing approximately 12.7% of the total revenue for the Reporting Period (six months ended 30 June 2021: Nil). Our distribution and sales of medical equipment is complemented by our health management service which adopts advanced cloud technology. We believe that as the advanced cloud technology-based service system of our PRC subsidiary continues to develop, our capability in sourcing and distributing quality medical equipment will add to our strength in utilising the service system to capture opportunities of developing health management, telemedicine services and other health-related business. We are optimistic about the prospects of this business, especially when the general public has become more health-conscious in the post-COVID-19 world.

FUTURE PLANS AND PROSPECTS

We intend to achieve sustainable growth in our business and create long-term shareholders' value. To achieve our goals, we proposed to implement the following strategies:

(i) Expanding the Group's data processing and technical capacity:

  (a) converting an existing building we have acquired during the Reporting Period into a new Data Centre to upgrade our information technology infrastructure for expanding our outsourced document management services and our enterprise software solutions;

  (b) strengthening our Group's technical operation support team; and

  (c) engaging external software development vendors to develop new applications within our Streamline Suite and front-end solutions.

(ii) Expanding our market presence locally and exploring expansion regionally to capture further market share:

  (a) maintaining and strengthening our relationship with existing customers and capturing new customers within Malaysia, Singapore and the PRC; and

  (b) pursuing appropriate strategic acquisitions and business opportunities.

(iii) Increasing the Group's visibility, operational efficiency and profitability through obtaining Multimedia Super Corridor Malaysia status.

The Group has applied approximately RM6.2 million (equivalent to approximately HK$12.0 million) out of its internal resources for the design and project management of the Data Centre since 2020. However, as a result of the unprecedented outbreak of COVID-19 since the beginning of 2020, the Malaysia Government has taken a series of preventative measures throughout the country, including but not limited to the Movement Control Order ("**MCO**"). Due to the outbreak of COVID-19 and the country-wide lockdown measures under the MCO, the construction plan of our new Data Centre has been postponed, and as disclosed in the announcement of the Company dated 4 November 2021 (the "**2021 Announcement**"), the Company subsequently decided to acquire and convert an existing building in Malaysia into the Data Centre instead of building one itself. As at 30 June 2022, the Group has acquired a building in Malaysia for such purpose at the consideration of RM12.0 million (equivalent to approximately HK$22.3 million), of which RM10.3 million (equivalent to approximately HK$19.5 million) was paid out of the net proceeds of the Company's share offer and placing (the "**Share Offer**"), further details of which are set out in the Company's prospectus (the "**Prospectus**") dated 17 March 2020 and the 2021 Announcement.

In addition to the delay in the development of this new Data Centre, the COVID-19 pandemic has resulted in material adverse effects on Malaysia's overall economy since 2020 and is expected to have continuous material adverse effects on Malaysia's economy in 2022. However, we believe that the post-COVID-19 world will see the hastened acceleration of the rapid shift of financial organisations toward interaction with customers through the adoption of omni-channel and artificial intelligence to facilitate engagement with customers and automation to enhance business processes. The rates of adoption of such digitisation will not be limited to customer-facing elements of organisations but will also encompass the core internal operations (such as back-office and customer service) in the supply chain.

Unsurprisingly, compared with the pre-COVID-19 world, there has been an increase in (i) top management alignment to implement these changes; (ii) funding of digital initiatives; and (iii) execution of the necessary changes to position the financial organisations better than they were. With this faster adoption, there will be opportunities in SaaS for online health care, education, commerce and financial segments.

The COVID-19 crisis has made this technology-related changes more imperatively urgent than ever. We believe that this momentum along with the top management alignment on a company's digital strategy will continue in the future. The Group will also continuously and closely monitor any changes in the situation and make timely response in the implementation of the aforesaid growth strategies.

Since July 2021, the Group has expanded its footprint in the PRC and provided outsourced insurance risk analysis services and insurance marketing services. In addition, the Group has begun its distribution and sales of medical equipment business in the PRC since April 2022. Going forward, the Group expects to develop advanced internet cloud technology and big data analysis to create a comprehensive and efficient service system for customers in the insurance and insurance related industries in the PRC. In addition, the Group aims to further internationalise and diversify its businesses based on this service system. Potential business opportunities include (i) the insurance big data business; (ii) the development of health management, equipment sales and big health business related to insurance data; and (iii) data cloud services for various small-to-medium enterprises, such as telemedicine, video conferencing and other business opportunities. The Group currently aims to maintain a prudent attitude in this business and develop it at a steady speed in the PRC, and will review its performance, strategies and development regularly.

The Group's business in the PRC is subject to the PRC Data Security Law, the PRC Personal Information Protection Law and a series of relevant industry regulations and policies of the PRC. The Group has internal policies in place to comply with relevant regulations, and will make corresponding changes in operations in accordance with the updates of relevant regulations and policies issued by the government and regulatory agencies to cooperate with those regulations and policies, so as to achieve legal compliance in its operations.

FINANCIAL REVIEW

Revenue from contracts with customers

Our total revenue amounted to approximately RM59.2 million and RM45.4 million for the six months ended 30 June 2022 and 30 June 2021, respectively. Our revenue for the six months ended 30 June 2022 was mainly derived from (i) the provision of outsourced services, including the provision of outsourced document management services and related software applications and enterprise software solutions services in Malaysia as well as outsourced insurance risk analysis services and insurance marketing services in the PRC, which in aggregate represented approximately 87.3% of the total revenue of the Group, and (ii) the distribution and sales of medical equipment in the PRC, which represented approximately 12.7% of the total revenue of the Group.

Provision of outsourced services

Outsourced document management services

Our revenue generated from the provision of outsourced document management services represented approximately 64.5% and 95.4% of our total revenue for the six months ended 30 June 2022 and 30 June 2021, respectively. The revenue from the provision of outsourced document management services decreased by approximately RM5.1 million or 11.7% from approximately RM43.3 million for the six months ended 30 June 2021 to approximately RM38.2 million for the six months ended 30 June 2022. Such decrease in revenue was mainly due to the decrease in demand for document print and mail fulfilment services for the six months ended 30 June 2022 as a result of the slowdown of the economy in Malaysia during the Reporting Period.

Outsourced insurance risk analysis services and insurance marketing services

We provided outsourced insurance risk analysis services and insurance marketing services to our customers in the insurance or insurance related industries in the PRC during the Reporting Period.

Our revenue generated from the provision of outsourced insurance risk analysis services and insurance marketing services represented approximately 18.5% of the total revenue for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil) and amounted to approximately RM10.9 million. Such revenue was mainly contributed by the Group's non-wholly owned subsidiary in the PRC acquired in July 2021.

Enterprise software solutions

We provide enterprise software solutions to our customers using our proprietary Streamline software and generated revenue mainly from license fees, maintenance fees and implementation fees.

Our revenue generated from the provision of enterprise software solutions represented approximately 4.3% and 4.6% of our total revenue for the six months ended 30 June 2022 and 2021, respectively. Our revenue from the provision of enterprise software solutions increased by approximately RM0.5 million or 23.2% from approximately RM2.1 million for the six months ended 30 June 2021 to approximately RM2.6 million for the six months ended 30 June 2022. The increase in revenue generated from the provision of enterprise software solutions during the Reporting Period was mainly due to the gradual rebound in demand for enterprise software solutions services, which was tremendously affected by the unprecedented outbreak of COVID-19 in the past two years.

Distribution and sales of medical equipment

We have been engaged in the distribution and sales of medical equipment in the PRC since April 2022. For details, please refer to the sub-section headed "Business Review and Outlook" in this announcement.

Our revenue generated from the the distribution and sales of medical equipment represented approximately 12.7% of our total revenue for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil) and amounted to approximately RM7.5 million. Such revenue was mainly contributed by the Group's non-wholly owned subsidiary in the PRC acquired since July 2021.

Cost of sales

Our cost of sales increased significantly by approximately RM13.4 million or 38.1% from approximately RM35.2 million for the six months ended 30 June 2021 to approximately RM48.6 million for the six months ended 30 June 2022. Such increase in cost of sales was mainly attributable to (i) the service fees charged by third party contractors in relation to our provision of outsourced insurance risk analysis services and insurance marketing services and the costs of machines in relation to the distribution and sales of medical equipment business by our non-wholly owned subsidiary acquired in July 2021 in the PRC, which fees and costs were absent in the six months ended 30 June 2021; and (ii) the increase in staff costs, which were partially offset by the decrease in postage cost during the Reporting Period since the demand for document print and mail fulfillment services decreased as a result of the slowdown of the economy in Malaysia.

Gross profit and gross profit margin

Our gross profit increased by approximately RM0.5 million or 4.6% from approximately RM10.1 million for the six months ended 30 June 2021 to approximately RM10.6 million for the six months ended 30 June 2022. Our gross profit margin decreased by approximately 4.4% from approximately 22.3% for the six months ended 30 June 2021 to approximately 17.9% for the six months ended 30 June 2022. The increase in gross profit was mainly attributable to the increase in revenue generated from the provision of enterprise software solution services and the outsourced insurance risk analysis services and insurance marketing services to our customers, while the decrease in gross profit margin was mainly due to the increase in revenue generated from the provision of the outsourced insurance risk analysis services and insurance marketing services and the distribution and sales of medical equipment, which had a significantly lower gross profit margin.

Other income and gains

Our other income and gains increased by approximately RM0.4 million or 83.0% from approximately RM0.4 million for the six months ended 30 June 2021 to approximately RM0.8 million for the six months ended 30 June 2022, which was mainly attributable to the increase in interest income generated from fixed deposits and low-risk investment products and the increase in foreign exchange gain during the Reporting Period.

Administrative expenses

Our administrative expenses increased by approximately RM3.3 million or 49.7% from approximately RM6.6 million for the six months ended 30 June 2021 to approximately RM9.9 million for the six months ended 30 June 2022. The increase was mainly attributable to (i) the increase in staff costs and research and development costs as a result of the business expansion of the Group, including our business expansion in the PRC after the acquisition of our non-wholly owned subsidiary in the PRC in July 2021; (ii) the increase in legal and other professional fees incurred by the Group for meeting its post-listing obligations, and (iii) the increase in expected credit losses on trade receivables.

Finance costs

Our finance costs decreased by approximately RM0.1 million or 17.8% from approximately RM0.3 million for the six months ended 30 June 2021 to approximately RM0.2 million for the six months ended 30 June 2022. The decrease was mainly due to the decrease in the outstanding balance of a term loan of the Group.

Profit before tax

Our profit before tax amounted to approximately RM1.3 million for the six months ended 30 June 2022 (six months ended 30 June 2021: profit before tax of approximately RM3.7 million). Such decrease in profit before tax was mainly due to the increase in administrative expenses which was partially offset by the increase in gross profit and other income and gains as abovementioned.

Income tax expense

Our income tax expense decreased by approximately RM0.5 million or 26.8% from approximately RM1.8 million for the six months ended 30 June 2021 to approximately RM1.3 million for the six months ended 30 June 2022. Such decrease in income tax expenses was mainly due to the decrease in taxable profits generated from outsourced document management services by certain subsidiaries of the Company in Malaysia.

(Loss)/profit for the period

Our loss for the period amounted to approximately RM17,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: profit for the period of approximately RM1.9 million). Such loss for the period was primarily due to the increase in administrative expenses which was partially offset by the increase in gross profit and other income and gains as abovementioned.

Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

Liquidity and financial resources

As at 30 June 2022, total loans and borrowings of the Group amounted to approximately RM14.7 million (31 December 2021: approximately RM16.2 million), representing a decrease of approximately RM1.5 million or 9.3% as compared with that as at 31 December 2021. The Group's loans and borrowings were at floating interest rates of 3.50% to 5.85% (31 December 2021: 3.50% to 5.60%) and denominated in RM during the Reporting Period. As at 30 June 2022, the loans and borrowings included secured bank loans of approximately RM5.4 million (31 December 2021: approximately RM6.7 million) with maturity of more than 2 years but not exceeding 5 years, secured bank loans of approximately RM2.6 million (31 December 2021: approximately RM2.6 million) with maturity of more than 1 year but not exceeding 2 years, and secured bank loans and bank overdrafts of approximately RM6.7 million (31 December 2021: approximately RM6.9 million) with maturity of less than a year or in aggregate, which were repayable within one year. As at 30 June 2022, loans and borrowings of the Group of RM14.7 million were secured by first party open charge over the leasehold land, factory building and shoplot of the Group, and the corporate guarantee by the Company.

As at 30 June 2022, the Group had cash and bank balances of approximately RM50.2 million (31 December 2021: approximately RM66.3 million), which were mainly denominated in RM, Renminbi ("**RMB**") and Hong Kong Dollars.

The Group maintained a solid financial position and was in a net cash position as at 30 June 2022. The Group is able to meet its obligations when they become due in its ordinary and usual course of business. The current ratio, being the ratio of total current assets to total current liabilities, was around 5.4 times as at 30 June 2022 (31 December 2021: approximately 5.3 times). The Group's working capital requirements were mainly financed by internal resources during the Reporting Period.

Contingent liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities (31 December 2021: Nil).

Capital commitments

As at 30 June 2022, the Group had no material capital commitments (31 December 2021: Nil).

Funding and treasury policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the six months ended 30 June 2022. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. For the six months ended 30 June 2022, the Group did not use any risk hedging instrument and would consider if the need arises.

Foreign currency risk

The Group mainly operates in Malaysia and the PRC with most of its transactions settled in RM and RMB. The assets, liabilities and transactions arising from its operations are mainly denominated in RM and RMB. Although the Group may be exposed to foreign currency exchange risks, the Board believes that the future currency fluctuations will not have a material impact on the Group's operations and the Group did not engage in any derivative contracts to hedge its exposure to foreign exchange risks for the six months ended 30 June 2022. The Group has not adopted formal hedging policies and would consider adopting such policies if the need arises.

Gearing ratio

As at 30 June 2022, the Group's gearing ratio was approximately 16.6% (31 December 2021: approximately 18.4%), representing the total loans and borrowings as a percentage of total equity as at the end of the respective period. The decrease in gearing ratio was mainly attributable to the decrease in interest-bearing bank loans from approximately RM16.2 million as at 31 December 2021 to approximately RM14.7 million as at 30 June 2022.

Significant Investment, Material Acquisition and Disposal

The management adopted a prudent investment strategy to utilise surplus cash to generate stable interest income from low-risk investment products. The management also monitors the investment performance of those products on a regular basis. On 18 October 2021, the Group invested in a structured financial product which was a money market fund issued by CIMB Islamic Bank Berhad (the "**Portfolio**") in the principal amount of RM3.0 million, which would be matured in April 2022. As at 31 December 2021, the total value of the Portfolio amounted to RM3.0 million. The Group regularly monitored the performance of the Portfolio in order to assess the Group's investment or divestment decisions, and the Group withdrew all of its investments in the Portfolio on 18 April 2022 when it matured at its original principal amount of RM3.0 million and a total interest of approximately RM35,000. During the period from 1 January 2021 to 18 April 2022, there was no material change in the value of the Portfolio and the Group earned an interest of approximately RM21,000 from the Portfolio during such period.

Save as disclosed herein, the Group did not have any significant investment nor did the Group carry out any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the sub-section headed "Issue of Shares and Use of Proceeds from the Share Offer" in this announcement, the Group does not have any other future plans for material investments and capital assets as at the date of this announcement.

Purchase, Sale or Redemption of the Company's Shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

Events After the Reporting Period

Save as disclosed in this announcement, there are no significant subsequent events undertaken by the Group after 30 June 2022 and up to the date of this announcement.

Employees and Remuneration Policies

As at 30 June 2022, the Group had approximately 165 employees (as at 30 June 2021: 162 employees). The total remuneration cost (including staff costs capitalised as software development expenditure, if any) amounted to approximately RM6.2 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately RM4.9 million).

The terms of the Group's employment of employees conform to normal commercial practice. The remuneration of the employees, Directors and senior management of the Group is set and paid on the basis of the relevant employees' qualifications, competence, work performance, industry experience, relevant market trend, and the Group's operating results, etc. Discretionary bonuses are granted to employees based on merit and in accordance with industry practice. Other benefits including share options, retirement benefits, subsidised medical care, pension funds and training programmes are offered to eligible employees.

Share Option Scheme

The Company had conditionally adopted a share option scheme on 11 March 2020 (the "**Share Option Scheme**"). Details of the Share Option Scheme are set out in the section headed "Statutory and General Information – F. Share Option Scheme" in Appendix V to the Prospectus. No share option has been granted by the Company pursuant to the Share Option Scheme since its adoption.

Issue of Shares and Use of Proceeds from the Share Offer

The Shares were listed on the Main Board of the Stock Exchange on 27 March 2020 with a total of 200,000,000 Shares issued at HK$0.63 each by way of the Share Offer, raising net proceeds of approximately HK$73.7 million after deducting underwriting commissions and all related expenses.

Having considered the property market and business environment in Malaysia as affected by the outbreak of the COVID-19 pandemic and the development needs of the Group as set out in the 2021 Announcement, the Board resolved to, among others, change the use of the unutilised net proceeds which were originally allocated to building the Data Centre to acquiring and converting an existing building in Malaysia into the Data Centre. For details, please refer to the 2021 Announcement.

On 10 January 2022, Compugraphic Media Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, as purchaser entered into a provisional agreement with Authenteak Holdings Sdn. Bhd. as vendor to acquire a building in Malaysia for conversion into a Data Centre at the consideration of RM12.00 million (equivalent to approximately HK$22.27 million), and completion of which took place in late June 2022. For further details, please refer to the Company's announcement dated 10 January 2022.

A summary of the planned use and actual use of the net proceeds from the Share Offer is set out below:

Purposes of the use of the net proceeds	**Percentage of total net proceeds**	**Intended use of net proceeds as stated in the Prospectus and the 2021 Announcement**	**Actual amount of utilised net proceeds during the Reporting Period and up to 30 June 2022**	**Actual amount of utilised net proceeds as at 30 June 2022**	**Actual amount of unutilised net proceeds as at 30 June 2022**	**Expected timeline for utilisation of unutilised net proceeds as at the date of this announcement**
		HK$'million	***HK$'million***	***HK$'million***	***HK$'million***	
	(approximate)	***(approximate)***	***(approximate)***	***(approximate)***	***(approximate)***	
To increase technological capability and capacity to develop into other market vertical/parallels	**88.6%**	**65.3**	**(19.5)**	**(19.5)**	**45.8**	
– to acquire and convert an existing building into a Data Centre and upgrade IT infrastructure	76.7%	56.5	(19.5)	(19.5)	37.0	By December 2023
– to strengthen the Group's technical operation support system	6.8%	5.0	–	–	5.0	By December 2023
– to engage external software development vendors and develop new applications within the software development plan	5.1%	3.8	–	–	3.8	By December 2023
To expand market presence locally and explore expansion regionally to capture further market share	**11.4%**	**8.4**	**(0.3)**	**(0.5)**	**7.9**	
– to step up the Group's marketing and sale efforts to reach out to new customers	3.6%	2.7	(0.3)	(0.5)	2.2	By December 2023
– to be used in potential strategic acquisition and business opportunities	7.8%	5.7	–	–	5.7	By December 2023
	100%	**73.7**	**(19.8)**	**(20.0)**	**53.7**	

The balance of unutilised net proceeds brought forward to 2022 from the year ended 31 December 2021 amounted to approximately HK$73.5 million. Although the utilisation of the net proceeds had been delayed as a result of the outbreak of the COVID-19 pandemic, as at 30 June 2022 the net proceeds have been used and are expected to be applied for purposes which are consistent with those as disclosed in the section headed "Future Plans and Proposed Use of Proceeds" of the Prospectus, the annual report of the Company for the year ended 31 December 2021 (the "**2021 Annual Report**"), and the 2021 Announcement. The unutilised portion of the net proceeds has been deposited in reputable banks in Malaysia and Hong Kong.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus and the 2021 Announcement were based on the best estimation and assumption of future market conditions and industry development made by the Company at the time of preparing the Prospectus and the 2021 Announcement while the proceeds will be applied based on the actual development of the Group's business, the industry and the economic conditions as impacted by the COVID-19 pandemic. As at 30 June 2022 and the date of this announcement, there was no change in the intended use of net proceeds as previously disclosed in the Prospectus, the 2021 Annual Report and the 2021 Announcement.

The Company did not issue any of the Company's securities for cash (including securities convertible into equity securities) during the Reporting Period.

Model Code For Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company has made specific enquiries with all the Directors and all the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2022.

The Company's relevant employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's relevant employees was noted by the Company during the six months ended 30 June 2022.

Code on Corporate Governance Practices

Save for the deviation disclosed below, the Company had complied with all applicable Code Provisions set forth in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2022.

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Ling Sheng Hwang ("**Mr. F Ling**") holds both positions. Mr. F Ling has been primarily responsible for corporate strategic planning and overall business development of the Group since he founded the Group in the 2000s. Taking into account the continuation of management and the implementation of our business strategies, the Directors (including the independent non-executive Directors) consider it is most suitable for Mr. F Ling to hold both the positions of chairman of the Board and the chief executive officer of the Company, and the existing arrangements are beneficial and in the interests of the Company and its shareholders as a whole.

Under the leadership of Mr. F Ling, the Board is and has been able to work effectively and perform its responsibilities with key and appropriate issues discussed in a timely manner. In addition, all major decisions are made in consultation with members of the Board and relevant Board committees, and there are five independent non-executive Directors on the Board offering independent perspectives. The Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and the management of the Company.

To maintain a high standard of corporate governance practices of the Company, the Board will review the effectiveness of the structure and composition of the Board from time to time in light of prevailing circumstances, and continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Audit Committee and Review of Interim Results

The Company established its Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code on 11 March 2020. The Audit Committee consists of three independent non-executive Directors, namely Mr. Yang Junhui, Mr. Lee Yan Kit and Mr. Ma Shengcong, and the non-executive Director, Mr. Ling Sheng Shyan. Mr. Yang Junhui is the chairman of the Audit Committee.

The Audit Committee has considered and reviewed the accounting principles and policies adopted by the Group, the unaudited condensed consolidated interim financial information and the interim results announcement of the Company for the six months ended 30 June 2022. The Audit Committee is of the view that the interim results for the six months ended 30 June 2022 are in compliance with the relevant accounting standards, rules and regulations, and appropriate disclosures have been duly made.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of both the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.clinksquared.com). The interim report of the Group for the six months ended 30 June 2022 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
C-Link Squared Limited
Ling Sheng Hwang
Chairman of the Board and executive Director

Hong Kong, 30 August 2022

As at the date of this announcement, the executive Directors are Mr. Ling Sheng Hwang and Mr. Ling Sheng Chung, the non-executive Directors are Mr. Ling Sheng Shyan and Dr. Wu Xianyi, and the independent non-executive Directors are Mr. Lee Yan Kit, Dr. Zeng Jianhua, Mr. Ma Shengcong, Mr. Yang Junhui and Mr. Qian Jianguang.