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C-LINK SQUARED LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1463)

FURTHER CHANGE IN USE OF NET PROCEEDS FROM THE SHARE OFFER

References are made to (i) the prospectus of C-Link Squared Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 17 March 2020 (the “**Prospectus**”), (ii) the announcement in relation to the change in use of net proceeds from the Share Offer published by the Company on 4 November 2021 (the “**Announcement**”), and (iii) the interim report of the Company for the six months ended 30 June 2022 dated 30 August 2022 (the “**Interim Report 2022**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus, the Announcement and the Interim Report 2022.

INTENDED USE OF NET PROCEEDS

After deducting the underwriting commissions and relevant expenses, the net proceeds from the Share Offer amounted to approximately HK\$73.7 million (the “**Net Proceeds**”).

As set out in the Announcement, having duly considered the then property market and business environment in Malaysia as affected by the outbreak of the COVID-19 pandemic and the then development needs of the Group as further elaborated in the Announcement, on 4 November 2021, the Board resolved to (i) change the use of the unutilised Net Proceeds which were originally allocated to the building of the Data Centre and the Team Expansion by expanding the Group’s software development team to acquiring and converting an existing building for the Data Centre and engaging external software development vendors, respectively, and (ii) extend the timeline to apply the unutilised Net Proceeds for strengthening the Group’s technical operation support system, stepping up the Group’s marketing and sale efforts to reach out to new customers and identifying, pursuing and finalising potential strategic acquisition and business opportunities. For further details, please refer to the Announcement.

Following the change in use of Net Proceeds as mentioned above, and as disclosed in the Announcement and the Interim Report 2022, the Company intended to apply the Net Proceeds as follows:

- (i) Increasing the Group's technological capability and capacity to develop into other market vertical/ parallels:
 - (a) approximately HK\$56.5 million for acquiring and converting an existing building into a Data Centre and upgrading IT infrastructure;
 - (b) approximately HK\$5.0 million for strengthening the Group's technical operation support system; and
 - (c) approximately HK\$3.8 million for engaging external software development vendors and developing new applications within the software development plan; and
- (ii) Expanding the Group's market presence locally and exploring expansion regionally to capture further market share:
 - (a) approximately HK\$2.7 million for stepping up the Group's marketing and sale efforts to reach out to new customers; and
 - (b) approximately HK\$5.7 million for potential strategic acquisition and business opportunities.

As at the date of this announcement, the Company had utilised approximately HK\$19.5 million and HK\$0.6 million of the Net Proceeds for (i) acquiring and converting an existing building into a Data Centre and upgrading IT infrastructure, and (ii) stepping up the Group's marketing and sale efforts to reach out to new customers, respectively. As such, the unutilised Net Proceeds amounted to approximately HK\$53.6 million.

FURTHER CHANGE IN USE OF NET PROCEEDS

Having duly considered the latest development needs of the Group as set out in the paragraph headed “Reasons for and Benefits of the Further Change in Use of Net Proceeds” below, on 20 December 2022, the Board resolved to (i) reallocate the unutilised Net Proceeds which were originally allocated to “strengthening the Group’s technical operation support system” to another existing use of Net Proceeds purpose of “engaging external software development vendor(s) and developing new applications within the software development plan”, and (ii) include the development or provision of livestreaming and video technology capabilities as part of the new applications within the Group’s software development plan. The expected timeline as disclosed in the Announcement and the Interim Report 2022 for full utilisation of all the unutilised Net Proceeds remains unchanged (i.e., by December 2023). The expected timetable for fully utilising the unutilised Net Proceeds is determined based on the Group’s best estimate of future market conditions, and is subject to change depending on current market conditions and future market developments.

The table below sets out the intended use of the Net Proceeds as disclosed in the Announcement and the Interim Report 2022, the utilised and unutilised Net Proceeds as at the date of this announcement, and the change in use of the unutilised Net Proceeds:

Purposes of the use of the Net Proceeds	Intended use of the Net Proceeds as disclosed in the Announcement and the Interim Report 2022 <i>(HK\$' million)</i> <i>(approximate)</i>	Utilised Net Proceeds as at the date of this announcement <i>(HK\$' million)</i> <i>(approximate)</i>	Unutilised Net Proceeds as at the date of this announcement <i>(HK\$' million)</i> <i>(approximate)</i>	Change in use of the unutilised Net Proceeds <i>(HK\$' million)</i> <i>(approximate)</i>
To increase technological capability and capacity to develop into other market vertical/parallels	65.3	19.5	45.8	Unchanged
– to acquire and convert an existing building into a Tier 3 compliant Data Centre and upgrade IT infrastructure	56.5	19.5	37.0	Unchanged
– to strengthen the Group’s technical operation support system	5.0	–	5.0	–
– to engage external software development vendors and develop new applications within the software development plan	3.8	–	3.8	8.8
To expand market presence locally and explore expansion regionally to capture further market share	8.4	0.6	7.8	Unchanged
– to step up the Group’s marketing and sale efforts to reach out to new customers	2.7	0.6	2.1	Unchanged
– to be used in potential strategic acquisition and business opportunities	5.7	–	5.7	Unchanged
	73.7	20.1	53.6	

REASONS FOR AND BENEFITS OF THE FURTHER CHANGE IN USE OF NET PROCEEDS

The Group originally planned to use part of the unutilised Net Proceeds (i) to strengthen the Group's technical operation support system (which accounts for approximately HK\$5.0 million), and (ii) to engage external software development vendors and develop new applications within the software development plan (which accounts for approximately HK\$3.8 million). The Group's software development plan originally includes, among others, (i) upgrading the Group's document management system; (ii) developing software to reduce manual business processes and increasing automation in the document workflow; (iii) making the Group's Streamline Suite compatible on mobile operating systems; and (iv) developing document certification software using blockchain technology to reduce paper trail.

Currently, the Streamline Suite platform through which the Group provides its enterprise software solutions primarily for data and document management (including but not limited to data capture, data conversion and hosting, document scanning, forms recognition and processing, workflow solutions and mail room sourcing) has not been equipped with livestreaming and video technology capabilities to enable live-time interactions with customers, which the Board believes have become a popular market trend since the emergence of the COVID-19 pandemic and especially after the adoption of the "work from home" and "remote working" arrangement by many customers and potential clients of the Group after a relatively long period of lockdown measures imposed in various countries. In addition, the Group has also received requests from various customers to offer livestreaming and video technology functions. However, the Group currently does not have the necessary IT skill set, experience and domain knowledge to develop such a livestreaming and video technology platform for its offering to customers. Even if the Group were to recruit its own IT staff to develop such a platform, the development lead-time will be too long which may cause the Group to miss out on this popular trend as well as the related market opportunities and accordingly the additional revenue source. Due to the combined impact of (i) the COVID-19 pandemic leading to a new norm of working from home and/ or remote working, (ii) the Group's existing customers expressing feedback to explore and deploy digital platforms that possess live-streaming capabilities, and (iii) the existing personalised customer communication channels such as SMS and email lacking in real-time interactive functions, the Group expects that it will be challenging to maintain market competitiveness without taking advantage of the popularity of livestreaming and video technology and effectively capturing market demand for digital solutions with such capabilities by upgrading the Group's Streamline Suite platform and technical operation support system within the Group's software development plan.

To capitalise on this popular market trend for livestreaming and video technology and the newfound demand for digital platforms that possess livestreaming capabilities, the Board is of the view that priority should be given to the development or provision of livestreaming and video technology capabilities to enhance its service offerings. Therefore, the Board has resolved to (i) reallocate the unutilised Net Proceeds of HK\$5.0 million which were originally allocated to “strengthening the Group’s technical operation support system” to another existing use of Net Proceeds purpose of “engaging external software development vendor(s) and develop new applications within the software development plan” (i.e., a total of HK\$8.8 million will now be allocated to such purpose), and (ii) include the development or provision of livestreaming and video technology capabilities as part of the new applications within such software development plan. It is expected that the unutilised Net Proceeds of HK\$8.8 million will be applied to cover the development costs, implementation charges, costs for additional customised functionalities and maintenance fees in relation to such new applications within the software development plan. In line with the Group’s current software development plan, the Group currently expects that the upgraded Streamline Suite platform with livestreaming and video technology capabilities will become compatible on Apple and Android mobile operation systems and will provide key features such as (i) technology that has been integrated seamlessly into the website to enable one-to-one calls with customers, (ii) co-browsing and screen-share with customers to further empower agents to promote their products and services, (iii) live video shopping broadcast to global audiences to enhance customer interactions, and (iv) search and display functions that enable simultaneous comparisons between products.

The outbreak of the COVID-19 pandemic has started a new era with working from home and/or remote working as a norm. A significant percentage of the Group’s employees now work remotely. In this connection, video conferencing tools have become essential for effective communication and interaction with customers. Adding livestreaming and video technology capabilities in the Group’s service will also enable its employees to engage its customers further in open and two-way conversations and respond to their enquiries in real time via website, social media channels and live chat, thereby promoting the Group’s business and enriching customer experience for both online and offline interactions.

Save as disclosed in this announcement, there is no other change in the intended use of the unutilised Net Proceeds as disclosed in the Announcement and the Interim Report 2022. The Board confirms that there are no material changes in the nature of the businesses of the Group. The Board considers the above change in use of the unutilised Net Proceeds to be fair and reasonable as this would allow the Company to deploy its financial resources more effectively with the aim of tapping into this livestreaming market while enhancing the profitability of the Group and is therefore in the interests of the Group and the Shareholders as a whole.

The Board will continuously assess the plan for the use of the unutilised Net Proceeds and may revise or amend such plan as and when necessary to cope with the changing market conditions and strive for better business performance of the Group. Any further revisions or amendment to the use of the unutilised Net Proceeds, where applicable, will be disclosed in accordance with the Listing Rules.

By Order of the Board
C-Link Squared Limited
Ling Sheng Hwang

Chairman of the Board and executive Director

Hong Kong, 20 December 2022

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