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 2021

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 2021 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2020, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		For the six months ended 30 June	
	Notes	**2021** ***RM'000*** **(Unaudited)**	2020 *RM'000* (Unaudited)
Revenue from contracts with customers	*4*	**45,358**	37,712
Cost of sales		**(35,233)**	(28,185)
Gross profit		**10,125**	9,527
Other income and gains	*5*	**448**	891
Administrative expenses		**(6,608)**	(10,931)
Finance costs	*6*	**(264)**	(368)
Profit/(loss) before tax	*7*	**3,701**	(881)
Income tax expense	*8*	**(1,794)**	(1,526)
Profit/(loss) for the period		**1,907**	(2,407)
Profit/(loss) attributable to owners of the Company		**1,907**	(2,407)
Earnings/(loss) per share attributable to the owners of the Company:			
– Basic and diluted *(RM sen)*	*10*	**0.24**	(0.34)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	**1,907**	(2,407)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**651**	1,462
Other comprehensive income for the period, net of tax	**651**	1,462
Total comprehensive income/(loss) for the period	**2,558**	(945)
Total comprehensive income/(loss) attributable to owners of the Company	**2,558**	(945)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	**30 June 2021** *RM'000* **(Unaudited)**	31 December 2020 *RM'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**7,904**	8,595
Right-of-use assets		**3,307**	3,433
Intangible assets		**3,548**	4,109
Prepayments		**9,796**	11,647
		24,555	27,784
Current assets			
Trade receivables	*11*	**28,197**	27,179
Prepayments, deposits and other receivables		**5,630**	5,773
Contract asset		**378**	378
Income tax recoverable		**341**	176
Financial asset at fair value through profit or loss		**–**	4,200
Cash and bank balances		**46,755**	40,831
		81,301	78,537
Total assets		**105,856**	106,321
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables	*12*	**1,074**	1,210
Other payables and accruals		**1,281**	2,188
Contract liabilities		**872**	739
Income tax payable		**1,595**	1,602
Loans and borrowings		**6,160**	6,710
Lease liabilities		**116**	192
		11,098	12,641
Net current assets		**70,203**	65,896

	Note	**30 June 2021** **RM'000** **(Unaudited)**	31 December 2020 RM'000 (Audited)
Non-current liabilities			
Deferred tax liabilities		**628**	843
Loans and borrowings		**10,534**	11,760
Lease liabilities		**121**	160
		11,283	12,763
Total liabilities		**22,381**	25,404
Net assets		**83,475**	80,917
Equity			
Share capital	*13*	**4,233**	4,233
Reserves		**79,242**	76,684
Total equity		**83,475**	80,917
Total equity and liabilities		**105,856**	106,321

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, Coeus Systems Sdn. Bhd. and Compugraphic Media Sdn. Bhd., were engaged in the provision of outsourced data and document management services in Malaysia. 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 2020.

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 2020, 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 2021, the Group has adopted, for the first time, the following amendments to IFRSs:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendments to IFRS 16	*COVID-19 related rent concessions beyond 30 June 2021*

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

For management purposes, the Group has only one reportable operating segment, which is the provision of outsourced data and document management services. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

The Group's revenue from external customers was derived solely from its operations in Malaysia, and the non-current assets of the Group were located in Malaysia as at 30 June 2021 and 31 December 2020.

(a) Geographical information

Geographical information for the Group is presented in Note 4.1.

(b) 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 (Unaudited)	Sales amount *RM'000* (Unaudited)
For the six months ended 30 June 2021		
Bank Group A	17.9%	8,095
Bank Group B	31.7%	14,354
Bank Group C	11.8%	5,344
Insurance Group D	5.8%	2,611
Bank Group E	9.5%	4,307
Total	76.7%	34,711
For the six months ended 30 June 2020		
Bank Group A	22.4%	8,439
Bank Group B	17.9%	6,743
Bank Group C	11.4%	4,309
Insurance Group D	10.3%	3,876
Bank Group E	9.5%	3,574
Total	71.5%	26,941

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	
	2021	2020
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Type of services		
Outsourced document management services	**43,279**	36,377
Enterprise software solutions:		
– Customised software	**1,556**	925
– Electronic document warehouse services	**523**	410
Total revenue from contracts with customers	**45,358**	37,712
Geographical markets		
Malaysia	**44,268**	37,240
Singapore	**1,090**	472
Total revenue from contracts with customers	**45,358**	37,712
Timing of revenue recognition		
At a point in time	**43,279**	36,377
Over time	**2,079**	1,335
Total revenue from contracts with customers	**45,358**	37,712

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.

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.

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

	30 June 2021	31 December 2020
	RM'000	*RM'000*
	(Unaudited)	(Audited)
Expected to be recognised:		
Within one year	**1,877**	1,649
More than one year	**3,651**	3,766
	5,528	5,415

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 2021 relate to the maintenance services to be satisfied either within or more than two years (31 December 2020: within or more than two years).

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2021	2020
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Bank interest income	**191**	274
Foreign exchange gain, net	**241**	419
Government grants*	**–**	103
Others	**16**	95
	448	891

* The Group received certain government grants for the stabilisation of employment in Malaysia during the six months ended 30 June 2020. There were no unfulfilled conditions or contingencies relating to these grants as at 30 June 2020.

6. FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Interest expense on:		
– term loan	**240**	336
– overdraft	**7**	8
– lease liabilities	**7**	14
Amortisation of transaction costs	**10**	10
	264	368

7. PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before tax:

	For the six months ended 30 June	
	2021	2020
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Salaries and performance related bonuses	**4,407**	4,666
Pension scheme contributions	**456**	487
Other employee benefits	**8**	9
Less: Capitalised as software development expenditure	**–**	(678)
Staff costs	**4,871**	4,484
Depreciation of property, plant and equipment	**887**	901
Depreciation of right-of-use assets	**126**	130
Amortisation of intangible assets	**561**	339
(Reversal of allowance)/allowance for expected credit losses on trade receivables	**(183)**	355
Legal and other professional fees	**3,217**	1,954
Listing expenses	**–**	4,885

8. INCOME TAX

	For the six months ended 30 June	
	2021	2020
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Malaysian income tax:		
– Current period	**2,010**	1,502
Deferred tax:		
– Relating to origination and reversal of temporary differences	**(216)**	24
Income tax expense	**1,794**	1,526

9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

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

The calculation of basic earnings per share for the six months ended 30 June 2021 is based on the profit for the period attributable to owners of the Company of approximately RM1,907,000 (six months ended 30 June 2020: loss of approximately RM2,407,000) 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 2020: 704,395,604 ordinary Shares).

The weighted average number of ordinary Shares used to calculate the basic earnings per share 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.

The weighted average number of ordinary Shares used to calculate the basic loss per share for the six months ended 30 June 2020 represented 200 ordinary Shares of the Company as at 1 January 2020, 599,999,800 ordinary Shares of the Company issued under the Capitalisation Issue (as defined in Note 33(b) in the Group's annual financial statements for the year ended 31 December 2020) as if these additional Shares issued under the Capitalisation Issue had been in issue throughout the six months ended 30 June 2020, and the weighted average number of 104,395,604 ordinary Shares of the Company issued upon the listing of the Shares on the Main Board of the Stock Exchange (the "**Listing**") on 27 March 2020 (the "**Listing Date**").

No adjustments have been made to the basic earnings/(loss) per share amounts presented for the six months ended 30 June 2021 and 30 June 2020, as the Group had no potentially dilutive ordinary Shares in issue during these periods.

11. TRADE RECEIVABLES

	30 June 2021	31 December 2020
	RM'000	*RM'000*
	(Unaudited)	(Audited)
Trade receivables		
Third parties	**29,235**	28,400
Less: Allowance for expected credit losses	**(1,038)**	(1,221)
Trade receivables, net	**28,197**	27,179

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 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 2021	31 December 2020
	RM'000	*RM'000*
	(Unaudited)	(Audited)
Within 1 month	**7,873**	8,554
1 to 2 months	**3,753**	4,211
2 to 3 months	**7,031**	3,908
Over 3 months	**9,540**	10,506
	28,197	27,179

12. TRADE PAYABLES

	30 June 2021	31 December 2020
	RM'000	*RM'000*
	(Unaudited)	(Audited)
Trade payables		
Third parties	**976**	1,090
Amounts due to related parties	**98**	120
	1,074	1,210

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

	30 June 2021	31 December 2020
	RM'000	*RM'000*
	(Unaudited)	(Audited)
Within 1 month	**417**	588
1 to 2 months	**212**	289
2 to 3 months	**190**	153
Over 3 months	**255**	180
	1,074	1,210

13. SHARE CAPITAL

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Authorised:		
1,500,000,000 (31 December 2020: 1,500,000,000) ordinary Shares of HK$0.01 (31 December 2020: HK$0.01) each	**15,000**	15,000
Issued and fully paid:		
800,000,000 (31 December 2020: 800,000,000) ordinary Shares of HK$0.01 (31 December 2020: 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 2020, 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	
	2021	2020
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Related parties:		
Purchase of goods	**320**	520
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 2021 and 30 June 2020 is as follows:

	For the six months ended 30 June	
	2021	2020
	RM'000	*RM'000*
	(Unaudited)	(Unaudited)
Directors' fees	**324**	201
Salaries, allowances and benefits in kind	**1,198**	1,240
Pension scheme contributions	**106**	99
	1,628	1,540

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We are a Malaysia-based outsourced document management services provider, and related software applications and enterprise software solutions developer. Our outsourced document management services include (i) electronic document delivery; (ii) document print and mail fulfilment; (iii) magnetic ink character recognition ("**MICR**") cheque print and mail fulfilment; (iv) medical ID card print and mail fulfilment; and (v) document imaging and scanning services.

In or around 2005, we commenced developing our proprietary software applications that focused on digital transformation of documents and information, and provision of outsourced services for electronic document delivery, print document delivery and document management hosting services for Malaysian companies in the banking, insurance and retail industries. In addition to using our proprietary software for our outsourced document management services, we also provide enterprise software solutions to our customers.

The outsourced document management services industry has evolved rapidly along with the advancement in internet technology, and we have foreseen and adapted our business model to this change in stride by continuously evolving and renewing our service offerings under our Streamline Suite applications towards more efficient document processing, electronic delivery fulfilment and solutions.

Apart from this digitalisation trend, the global adoption of software as a service or subscription ("**SaaS**") for software application solution delivery will increase the demand from our existing and new customers to adopt our Streamline Electronic Document Warehouse ("**EDW**"), a document content hosting and management application that is used to provide our customers with the capability to host their documents in our data centre and make them available to their customers over the internet, through SaaS. Furthermore, as our customers are mostly financial institutions, our Streamline EDW or services will have to be hosted in a Tier 3 data centre.

In light of the above, we aim to upgrade our IT infrastructure and expand our capacity to host and provide our Streamline EDW through SaaS in Tier 3 data centre facilities in Cyberjaya, Selangor, Malaysia. These new data centre facilities will contribute to our Group's outsourced document management services by allowing our Group to enhance our document hosting capability for the provision of electronic distribution and enterprise software solution services to our customers in the long run. As at 30 June 2021, the Group had allocated approximately RM6.4 million (equivalent to approximately HK$12.0 million) out of its internal resources for prepayment in relation to the design and project management of the Tier 3 data centre but the relevant work streams in relation to the development of such data centre had been put on hold as a result of the outbreak of the novel coronavirus pandemic ("**COVID-19**"). Please refer to the paragraph headed "Future Plans and Prospects" for details.

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:

1. Expanding the Group's data processing and technical capacity:

   (i) To build a new Tier 3 data centre to upgrade our information technology infrastructure for expanding our outsourced document management services and our enterprise software solutions;

   (ii) To strengthen the expertise of the Group's technical operation support team; and

   (iii) To expand our research and development team to develop new applications within our Streamline Suite and front-end solutions.

2. Expanding our market presence locally and exploring expansion regionally to capture further market share:

   (i) To maintain and strengthen our relationship with existing customers and acquire new customers in Malaysia and Singapore; and

   (ii) To pursue appropriate strategic acquisitions and business opportunities.

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

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 country-wide lockdown measures under the MCO, the construction plan of our new Tier 3 data centre has been postponed, and the MCO has led to and is expected to have continuous material adverse effects on Malaysia's economy for the years 2020 and 2021. The Group will continuously monitor any changes in the situation and make timely responses in the implementation of the aforesaid growth strategies.

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 omni-channel and artificial intelligence to assist engagement with customers and automation to enhance business processes. The rates of adoption of such digitisation will not only be limited to customer-facing elements of organisations but also to the core internal operations (such as back-office and customer services) 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 required changes to position the organisations better than they were before. With the increased digitisation by organisations, there will be opportunities in SaaS for online health care, education, commerce and financials. The COVID-19 crisis has made these technology-related changes imperatively more urgent than ever; this momentum along with the top management alignment on a company's digital strategy will continue in the future.

FINANCIAL REVIEW

Revenue from contracts with customers

Our total revenue amounted to approximately RM45.4 million and RM37.7 million for the six months ended 30 June 2021 and 30 June 2020, respectively, which was mainly derived from the provision of outsourced document management services and enterprise software solutions.

Outsourced document management services

Our revenue generated from the provision of outsourced document management services represented approximately 95.4% and 96.5% of our total revenue for the six months ended 30 June 2021 and 30 June 2020, respectively. The revenue from the provision of outsourced document management services increased by approximately RM6.9 million or 19.0% from approximately RM36.4 million for the six months ended 30 June 2020 to approximately RM43.3 million for the six months ended 30 June 2021. Such increase in revenue was mainly due to (i) the increase in revenue generated from mail fulfilment services as more customers outsourced their document mail fulfilment services to the Group; and (ii) the continuous growth in the demand for electronic document delivery services driven by the digitalisation trend for the six months ended 30 June 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 4.6% and 3.5% of our total revenue for the six months ended 30 June 2021 and 30 June 2020, respectively. Our revenue from the provision of enterprise software solutions increased by approximately RM0.8 million or 55.7% from approximately RM1.3 million for the six months ended 30 June 2020 to approximately RM2.1 million for the six months ended 30 June 2021. 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 and the MCO imposed by the Malaysia government in 2020.

Cost of sales

Our cost of sales increased significantly by approximately RM7.0 million or 25.0% from approximately RM28.2 million for the six months ended 30 June 2020 to approximately RM35.2 million for the six months ended 30 June 2021. Such increase in cost of sales was mainly attributable to the increase in postage cost for the six months ended 30 June 2021 since more customers outsourced their document mail fulfilment services to the Group.

Gross profit and gross profit margin

Our gross profit increased by approximately RM0.6 million or 6.3% from approximately RM9.5 million for the six months ended 30 June 2020 to approximately RM10.1 million for the six months ended 30 June 2021. Our gross profit margin decreased by approximately 3.0% from approximately 25.3% for the six months ended 30 June 2020 to approximately 22.3% for the six months ended 30 June 2021. The increase in gross profit was mainly attributable to the increase in revenue generated from the provision of enterprise software solution services to our customers while the decrease in gross profit margin was mainly due to the increase in revenue generated from the provision of mail fulfilment services, which had a significantly lower gross profit margin.

Other income and gains

Our other income and gains decreased by approximately RM0.5 million or 49.7% from approximately RM0.9 million for the six months ended 30 June 2020 to approximately RM0.4 million for the six months ended 30 June 2021, which was mainly attributable to the absence of the government grants received by certain subsidiaries of the Group in 2020 in relation to the stabilisation of employment in Malaysia, and decrease in foreign exchange gain, during the Reporting Period.

Administrative expenses

Our administrative expenses decreased by approximately RM4.3 million or 39.5% from approximately RM10.9 million for the six months ended 30 June 2020 to approximately RM6.6 million for the six months ended 30 June 2021. The decrease was mainly attributable to (i) the absence of listing expenses for the six months ended 30 June 2021, as compared with the listing expenses of approximately RM4.9 million incurred in relation to the listing of the Shares on the Main Board of the Stock Exchange on the Listing Date for the six months ended 30 June 2020; (ii) the reversal of allowance for expected credit losses on trade receivables; as was partially off set by (iii) the increase in legal and other professional fees incurred by the Group for meeting its post-listing obligations and achieving its long term business development objectives after the Listing on 27 March 2020.

Finance costs

Our finance costs decreased by approximately RM0.1 million or 28.3% from approximately RM0.4 million for the six months ended 30 June 2020 to approximately RM0.3 million for the six months ended 30 June 2021. The decrease was mainly due to the decrease in the outstanding balance of a term loan of the Group.

Profit/(loss) before tax

Our profit before tax amounted to approximately RM3.7 million for the six months ended 30 June 2021 (six months ended 30 June 2020: loss before tax of approximately RM0.9 million). Such profit before tax was primarily due to the decrease in administrative expenses as abovementioned.

Income tax expense

Our income tax expense increased by approximately RM0.3 million or 17.6% from approximately RM1.5 million for the six months ended 30 June 2020 to approximately RM1.8 million for the six months ended 30 June 2021. Such increase in income tax expenses was mainly due to the increase in revenue generated by certain subsidiaries of the Company in Malaysia.

Profit/(loss) for the period

Our profit for the period amounted to approximately RM1.9 million for the six months ended 30 June 2021 (six months ended 30 June 2020: loss for the period of approximately RM2.4 million). Such profit for the period was primarily due to the decrease in administrative expenses as abovementioned.

Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

Liquidity and financial resources

As at 30 June 2021, total loans and borrowings of the Group amounted to approximately RM16.7 million (31 December 2020: approximately RM18.5 million), representing a decrease of approximately RM1.8 million or 9.6% as compared with that as at 31 December 2020. The Group's loans and borrowings were at floating interest rates of 3.5% to 5.6%, respectively (31 December 2020: 3.5% to 5.6%) and denominated in RM. As at 30 June 2021, the loans and borrowings included secured bank loans of approximately RM13.0 million with maturity of over 5 years, and a secured short term bank loan and bank overdrafts of approximately RM3.7 million. As at 30 June 2021, certain loans and borrowings of the Group of RM16.7 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 2021, the Group had cash and bank balances of approximately RM46.8 million (31 December 2020: approximately RM40.8 million), which were denominated in RM and HKD.

The Group maintains a solid financial position and was in a net cash position as at 30 June 2021. 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 7.3 times as at 30 June 2021 (31 December 2020: approximately 6.2 times). The Group's working capital requirements were mainly financed by internal resources.

Contingent liabilities

As at 30 June 2021, the Group did not have any material contingent liabilities (31 December 2020: Nil).

Capital commitments

As at 30 June 2021, the Group had no material capital commitments (31 December 2020: 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 2021. 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 2021, the Group did not use any risk hedging instrument.

Foreign currency risk

The Group mainly operates in Malaysia with most of its transactions settled in RM. The assets, liabilities and transactions arising from its operations are mainly denominated in RM. 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 2021. The Group has not adopted formal hedging policies and would consider adopting such policies if the need arises.

Gearing ratio

As at 30 June 2021, the Group's gearing ratio was approximately 20.0% (31 December 2020: approximately 22.8%), 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 RM18.5 million as at 31 December 2020 to approximately RM16.7 million as at 30 June 2021.

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 "**Portfolio**"). The management also monitors the investment performance of the Portfolio on a regular basis. As at 31 December 2020, the total value of the Portfolio amounted to RM4.2 million, which comprised the Group's investments in a structured financial product issued by CIMB Islamic Bank Berhad on 15 October 2020. The Group withdrew all of its investments in the Portfolio on 15 April 2021 at its original principal amount of RM4.2 million with an interest of RM47,000.

On 28 May 2021, the Company, through its indirect wholly-owned subsidiary, Core Squared Limited ("**Core Squared**"), entered into a capital injection agreement with Qingdao Yongbao Cloud Technology Co., Ltd. ("**Qingdao Yongbao**"), pursuant to which Core Squared agreed to acquire approximately 51% of the equity interest in Qingdao Yongbao for a consideration of RMB1.05 million by way of capital injection into Qingdao Yongbao. Qingdao Yongbao is primarily engaged in the provision of insurance information analysis services for online insurance platforms in the People's Republic of China. Upon completion of the capital injection on 6 July 2021, Qingdao Yongbao became an indirect non-wholly owned subsidiary of the Company. For further details, please refer to the Company's announcement dated 28 May 2021.

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 2021.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the paragraph headed "Issue of Shares and Use of Proceeds from the Share Offer and Placing" 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 2021.

Events After the Reporting Period

Save as disclosed in this announcement, there are no significant subsequent events undertaken by the Group after 30 June 2021 and up to the date of this announcement.

Employees and Remuneration Policies

As at 30 June 2021, the Group had approximately 162 employees (as at 30 June 2020: 176 employees). The total remuneration cost (including staff costs capitalised as software development expenditure) amounted to approximately RM4.9 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately RM5.2 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 of the Company dated 17 March 2020 (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 and Placing

The Shares were listed on the Main Board of the Stock Exchange on the Listing Date with a total of 200,000,000 Shares issued at HK$0.63 each by way of share offer and placing (the "**Share Offer**"), raising net proceeds of approximately HK$73.7 million after deducting underwriting commissions and all related expenses.

A summary of the intended use of the net proceeds from the Share Offer is set out below:

Business objectives as stated in the Prospectus	Percentage of total net proceeds as stated in the Prospectus	Intended use of net proceeds *HK$'million (approximate)*	Actual amount of utilised net proceeds up to 30 June 2021 *HK$'million (approximate)*	Actual balance of unutilised net proceeds as at 30 June 2021 *HK$'million (approximate)*	Expected timeline for utilisation of unutilised net proceeds as at 30 June 2021
To increase technological capability and capacity to develop into other market vertical/parallels	**88.6%**	**65.3**	–	**65.3**	
– to build a new Tier 3 compliant data centre and upgrade of information technology infrastructure	76.7%	56.5	–	56.5	July 2021 – December 2021
– to strengthen the Group's technical operation support system	6.8%	5.0	–	5.0	July 2021 – August 2022
– to expand the software development team of the Group	5.1%	3.8	–	3.8	July 2021 – August 2022
To expand market presence locally and explore expansion regionally to capture further market share	**11.4%**	**8.4**	–	**8.4**	
– to step up the Group's marketing and sale efforts to reach out to new customers	3.6%	2.7	–	2.7	July 2021 – August 2022
– to be used in potential strategic acquisition and business opportunities	7.8%	5.7	–	5.7	July 2021 – December 2022
	100%	**73.7**	**–**	**73.7**	

The net proceeds from the Share Offer have yet to be utilised since the Listing Date, and therefore HK$73.7 million, being the actual balance of unutilised net proceeds, have been brought forward from the year ended 31 December 2020. Although the utilisation of the net proceeds had been delayed as a result of the unprecedented outbreak of COVID-19 and MCO in Malaysia, as at the date of this announcement, the net proceeds 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 unutilised net proceeds have been deposited in reputable banks in Malaysia and Hong Kong.

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 2021.

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 2021.

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 2021.

Under Code Provision A.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.

The Board will 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 had 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. Wong Son Heng, Mr. Lee Yan Kit and Ms. Eugenia Yang, and the non-executive Director, Mr. Ling Sheng Shyan. Mr. Wong Son Heng 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 2021. The Audit Committee is of the view that the interim results for the six months ended 30 June 2021 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 2021 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 2021

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 Ms. Eugenia Yang, Mr. Lee Yan Kit, Mr. Wong Son Heng and Dr. Zeng Jianhua.