

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

C-LINK SQUARED LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1463)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF A BUILDING IN MALAYSIA

The Board is pleased to announce that on 10 January 2022 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Provisional Agreement to Purchase with the Vendor, an Independent Third Party, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Building at the Consideration of RM12.00 million (equivalent to approximately HK\$22.27 million) subject to the terms and conditions set out therein. The Group intends to convert the Building into a Tier 3 Data Centre for its own use after the completion of the Acquisition to support its business development.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements, but is exempt from the Shareholders' approval requirement, under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 10 January 2022 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Provisional Agreement to Purchase with the Vendor, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Building at the Consideration of RM12.00 million (equivalent to approximately HK\$22.27 million) subject to the terms and conditions set out therein. The Group intends to convert the Building into a Tier 3 Data Centre for its own use after the completion of the Acquisition to support its business development. For details, please refer to the paragraph headed “Reasons for and Benefits of the Acquisition” below in this announcement.

THE PROVISIONAL AGREEMENT TO PURCHASE

The principal terms of and information related to the Provisional Agreement to Purchase are as follows:

1. Date

10 January 2022 (after trading hours)

2. Parties

(a) Compugraphic Media Sdn. Bhd. as the purchaser; and

(b) Authentek Holdings Sdn. Bhd. as the vendor.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner (i.e., Mr. Liew Z Thong) are Independent Third Parties.

3. Building to be acquired

The Building to be purchased by the Vendor under the Provisional Agreement to Purchase is a three-storey commercial building located at No. 116, Jalan Maarof, Taman Bandaraya, 59100 Kuala Lumpur, Malaysia, with a total net floor area of approximately 10,714 square feet. The Building is currently held by the Vendor for its own use as warehouses and showrooms. The Company intends to convert the Building into a Tier 3 Data Centre for its own use upon completion of the Acquisition with certain necessary refurbishment.

4. Consideration and Payment Terms

The Consideration for the Acquisition is RM12.00 million (equivalent to approximately HK\$22.27 million), which shall be settled by the Purchaser to the Vendor in cash in the following manner:

- (a) an earnest deposit in the sum of RM240,000 (equivalent to approximately HK\$445,000), being 2% of the Consideration, was paid upon signing of the Provisional Agreement to Purchase;
- (b) a further deposit in the sum of RM960,000 (equivalent to approximately HK\$1.78 million), being 8% of the Consideration, shall be paid upon the signing of the Formal Sale and Purchase Agreement; and
- (c) the balance of the Consideration in the sum of RM10.8 million (equivalent to approximately HK\$20.04 million), being the remaining 90% of the Consideration, shall be paid within four months from the date of the Formal Sale and Purchase Agreement.

The Consideration was determined after arm's length negotiations between the Parties on normal commercial terms with reference to, among other things, the prevailing market value of comparable properties in the vicinity, the local property market sentiment, and the location and conditions of the Building. Having taken into account the aforementioned factors, the Directors consider that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. As disclosed in the Announcement, the Consideration shall be funded by the unutilised net proceeds (which are currently deposited in banks) raised from the Share Offer as to approximately HK\$19.5 million (equivalent to approximately RM10.5 million), with the remaining approximately HK\$2.8 million (equivalent to approximately RM1.5 million) to be settled by the Group's internal cash.

5. Formal Sale and Purchase Agreement

Pursuant to the Provisional Agreement to Purchase, the Purchaser and the Vendor shall enter into the Formal Sale and Purchase Agreement on or before 28 January 2022.

6. Completion

Completion shall take place on or before 27 May 2022, upon which the Vendor shall deliver vacant possession of the Building to the Purchaser.

OTHER INFORMATION IN RELATION TO THE BUILDING

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the whole Building has been held by the Vendor for its own use as warehouses and showrooms during the two years ended 31 December 2020 and 2021 and will remain to be so until immediately prior to the completion of the Acquisition. After completion of the Acquisition, the Building will be held by the Purchaser for its own use. As such, there has been no profit and identifiable income stream originated from the Building during the aforesaid period and until the date of this announcement.

INFORMATION OF THE PARTIES

The Group is principally engaged in the provision of outsourced document management services and related software applications and enterprise software solutions services for companies in the banking, insurance and retail industries mainly in Malaysia. The Purchaser is an indirect wholly-owned subsidiary of the Company and a limited liability company incorporated in Malaysia. The Purchaser is primarily engaged in the provision of outsourced data and document management services in Malaysia.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is Authentek Holdings Sdn. Bhd. and its ultimate beneficial owner is Mr. Liew Z Thong, and the Vendor is principally engaged in the business of trading of furniture and fixtures. Each of the Vendor and Mr. Liew Z Thong is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE ACQUISITION

To maintain its competitive advantage to drive growth and satisfy increasing demand from customers in its services, it has been one of the Group's strategies in expanding its data processing and technical capacity to establish a new Tier 3 Data Centre for its own use so as to upgrade its IT infrastructure and cope with the additional hardware required for its operation. In addition, as disclosed in the Announcement, the Group planned to allocate up to approximately HK\$19.5 million (equivalent to approximately RM10.5 million) of the unutilised net proceeds from the Share Offer to fund the acquisition of an existing building in Malaysia in order to convert it into a Tier 3 Data Centre. By converting the Building into a Tier 3 Data Centre for its own use after the completion of the Acquisition and with the necessary upgrade of the relevant IT infrastructure, the Group will be able to enjoy continual access to its data infrastructure of greater technical capacity and avoid unnecessary interim disruptions to its existing business operations. Besides, the Building is located in Kuala Lumpur, Malaysia, which is in close proximity to the headquarters of the Company, and the size and existing layout of the Building is suitable for the Group's use and conversion into a Tier 3 Data Centre. Based on the aforementioned reasons and benefits, as well as the commercial terms (including the Consideration) of the Acquisition which the Company considered reasonable, the Company decided to enter into the Provisional Agreement to Purchase. The Company estimates that, subject to the market conditions including but not limited to any lockdown due to COVID-19, the time required for the conversion of the Building into the Tier 3 Data Centre is approximately 10 months after completion of the Acquisition.

Taking into account the above factors, the Directors (including the independent non-executive Directors) consider that the Acquisition and the terms of the Provisional Agreement to Purchase are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements, but is exempt from the Shareholders' approval requirement, under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of the Building by the Purchaser from the Vendor for conversion into and use as a Tier 3 Data Centre
“Announcement”	the Company’s announcement dated 4 November 2021 and titled “Change in Use of Net Proceeds from the Share Offer”
“Board”	the board of Directors of the Company
“Building”	the three-storey commercial building located at No. 116, Jalan Maarof, Taman Bandaraya, 59100 Kuala Lumpur, Malaysia, with a total net floor area of approximately 10,714 square feet
“Company”	C-Link Squared Limited, a limited liability company established under the laws of the Cayman Islands, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 1463)

“Completion”	the completion of the Acquisition in accordance with the terms of the Provisional Agreement to Purchase and the Formal Sale and Purchase Agreement
“Consideration”	the total consideration payable by the Purchaser to the Vendor for the Acquisition
“Director(s)”	director(s) of the Company
“Formal Sale and Purchase Agreement”	the formal sale and purchase agreement to be entered into between the Purchaser and the Vendor in respect of the Acquisition on or before 28 January 2022
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Party(ies)”	party(ies) to the Provisional Agreement to Purchase, i.e., the Vendor and the Purchaser
“Provisional Agreement to Purchase”	the provisional agreement to purchase dated 10 January 2022 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Purchaser”	Compugraphic Media Sdn. Bhd., a limited liability company incorporated in Malaysia and an indirect wholly-owned subsidiary of the Company

“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“Share Offer”	the share offer and placing of the shares of the Company, details of which are set out in the Company’s prospectus dated 17 March 2020
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the same meaning ascribed to it under the Listing Rules
“Tier 3 Data Centre”	a data centre which is compliant with the international standards of Tier 3 requirements
“Vendor”	Authenteak Holdings Sdn. Bhd., a limited liability company incorporated in Malaysia and the entire issued share of which is directly owned by Mr. Liew Z Thong
“%”	per cent.

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

Hong Kong, 10 January 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 and Mr. Tso Sze Wai.