C-LINK SQUARED LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1463)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2021 was approximately RM111.9 million, representing an increase of approximately 45.9% from approximately RM76.7 million for the preceding year.

- Gross profit for the year ended 31 December 2021 was approximately RM26.6 million, representing an increase of approximately 38.8% from approximately RM19.2 million for the preceding year.

- Profit attributable to owners of the Company for the year ended 31 December 2021 was approximately RM2.7 million, which represents a turnaround from a loss attributable to owners of the Company of RM5.1 million for the preceding year.

- Basic earnings per Share attributable to owners of the Company for the year ended 31 December 2021 was approximately RM0.34 sen, which represents a turnaround from a basic loss per Share attributable to owners of the Company of RM0.67 sen for the preceding year.

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: No final dividend).

The board (the "**Board**") of directors (the "**Directors**") of C-Link Squared Limited (the "**Company**" or "**we**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2021 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	**2021** ***RM'000***	2020 *RM'000*
Revenue from contracts with customers	*4*	**111,901**	76,719
Cost of sales		**(85,270)**	(57,534)
Gross profit		**26,631**	19,185
Other income and gains	*5*	**1,011**	1,677
Administrative expenses		**(18,034)**	(19,508)
Finance costs	*6*	**(502)**	(650)
Profit before tax	*7*	**9,106**	704
Income tax expense	*8*	**(4,561)**	(5,769)
Profit/(loss) for the year		**4,545**	(5,065)
Other comprehensive income/(loss)			
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**1,463**	(470)
Other comprehensive income/(loss) for the year, net of tax		**1,463**	(470)
Total comprehensive income/(loss) for the year		**6,008**	(5,535)

	Note	2021 RM'000	2020 RM'000
Profit/(loss) attributable to:			
Owners of the Company		**2,726**	(5,065)
Non-controlling interests		**1,819**	–
		4,545	(5,065)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**4,138**	(5,535)
Non-controlling interests		**1,870**	–
		6,008	(5,535)
Earnings/(loss) per share attributable to owners of the Company:			
– Basic and diluted *(RM sen)*	*10*	**0.34**	(0.67)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2021 RM'000	2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		**7,290**	8,595
Right-of-use assets		**3,432**	3,433
Intangible assets		**2,987**	4,109
Prepayments		**837**	11,647
Deferred tax assets		**521**	–
		15,067	27,784
Current assets			
Trade receivables	*11*	**21,257**	27,179
Prepayments, deposits and other receivables		**11,282**	5,773
Contract assets		**–**	378
Income tax recoverable		**272**	176
Financial asset at fair value through profit or loss		**3,000**	4,200
Cash and bank balances		**66,284**	40,831
		102,095	78,537
Total assets		**117,162**	106,321
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables	*12*	**2,934**	1,210
Other payables and accruals		**3,973**	2,188
Contract liabilities		**3,005**	739
Income tax payable		**2,395**	1,602
Loans and borrowings		**6,919**	6,710
Lease liabilities		**196**	192
		19,422	12,641
Net current assets		**82,673**	65,896

	Notes	2021 *RM'000*	2020 *RM'000*
Non-current liabilities			
Deferred tax liabilities		**500**	843
Loans and borrowings		**9,284**	11,760
Lease liabilities		**82**	160
		9,866	12,763
Total liabilities		**29,288**	25,404
Net assets		**87,874**	80,917
Equity			
Share capital	*13*	**4,233**	4,233
Reserves		**80,914**	76,684
		85,147	80,917
Non-controlling interests		**2,727**	–
Total equity		**87,874**	80,917
Total equity and liabilities		**117,162**	106,321

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company 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 shares of the Company (the "**Shares**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**") on 27 March 2020 (the "**Listing Date**").

The principal activity of the Company is investment holding. The Company and its subsidiaries are principally engaged in the provision of outsourced data and document management services in Malaysia and 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).

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis except for a financial asset which has been measured at fair value. The consolidated financial statements are presented in Ringgit Malaysia ("**RM**") and all values are rounded to the nearest thousand, except when otherwise indicated.

2.2 Changes in Accounting Policies

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform (Phase 2)*

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

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision of outsourced 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 mainly from its operations in Malaysia and the PRC, and the non-current assets of the Group were mainly located in Malaysia as at 31 December 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 the top five customer groups of the Group's revenue for each reporting period is set out below:

	Representing % of total revenue	**Sales amount** *RM'000*
For the year ended 31 December 2021		
Bank Group A	24.87%	27,827
Retail Customer B	21.46%	24,019
Bank Group C	12.75%	14,266
Bank Group D	9.67%	10,821
Bank Group E	5.98%	6,694
Total	74.73%	83,627
For the year ended 31 December 2020		
Bank Group C	22.66%	17,381
Bank Group A	19.06%	14,620
Bank Group D	13.63%	10,454
Bank Group E	9.89%	7,587
Insurance Group F	9.01%	6,909
Total	74.25%	56,951

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 year ended 31 December	
	2021	2020
	RM'000	*RM'000*
Type of services		
Outsourced services		
– Document management	**81,242**	74,434
– Insurance marketing	**1,573**	–
– Insurance risk analysis	**24,029**	–
Enterprise software solutions:		
– Customised software	**3,996**	1,505
– Electronic document warehouse services	**1,061**	780
Total revenue from contracts with customers	**111,901**	76,719
Geographical markets		
Malaysia	**83,467**	75,733
Singapore	**2,832**	986
The PRC	**25,602**	–
Total revenue from contracts with customers	**111,901**	76,719
Timing of revenue recognition		
At a point in time	**106,844**	74,434
Over time	**5,057**	2,285
Total revenue from contracts with customers	**111,901**	76,719

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.

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

	As at 31 December	
	2021	2020
	RM'000	*RM'000*
Expected to be recognised:		
Within one year	**4,258**	1,649
More than one year	**3,175**	3,766
	7,433	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 31 December 2021 and 31 December 2020 relate to the enterprise software solutions to be satisfied within or more than two years.

5. OTHER INCOME AND GAINS

	For the year ended 31 December	
	2021	2020
	RM'000	*RM'000*
Bank interest income	**598**	604
Net realised foreign currency exchange gains	**–**	422
Government grants*	**273**	558
Gain on bargain purchase of a subsidiary	**133**	–
Others	**7**	93
	1,011	1,677

* Government grants represent grants received for the stabilisation of employment in Malaysia and Hong Kong. There were no unfulfilled conditions or contingencies relating to these grants as at 31 December 2020 and 2021.

6. FINANCE COSTS

	For the year ended 31 December	
	2021	2020
	RM'000	*RM'000*
Interest expenses on:		
– Term loan	**458**	597
– Overdraft	**9**	10
– Lease liabilities	**14**	23
Amortisation of transaction costs	**21**	20
	502	650

7. PROFIT BEFORE TAX

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

	For the year ended 31 December	
	2021	2020
	RM'000	*RM'000*
Auditors' remuneration		
– statutory	**432**	420
– others	**59**	–
Salaries and performance related bonuses	**10,240**	9,697
Pension scheme contributions	**1,043**	925
Other employee benefits	**18**	15
	11,301	10,637
Less: Capitalised as software development expenditure	**–**	(1,356)
Staff costs	**11,301**	9,281
Depreciation of property, plant and equipment	**1,741**	1,819
Depreciation of right-of-use assets	**307**	238
Amortisation of intangible assets	**1,122**	678
(Reversal of allowance)/Allowance for expected credit losses on trade receivables	**(974)**	455
Bad debts written off:		
– trade receivables	**–**	96
– other receivables	**–**	224
Property, plant and equipment written off	**51**	–
Allowance for unutilised leave	**12**	76
Tax penalty	**2**	370
Net unrealised foreign currency exchange losses	**418**	144
Research and development	**1,656**	–
Legal and other professional fees	**8,277**	5,268
Listing expenses	**–**	4,885

8. INCOME TAX EXPENSE

	For the year ended 31 December	
	2021	2020
	RM'000	*RM'000*
Current income tax:		
– Malaysia	**4,449**	3,581
– The PRC	**1,286**	–
(Over)/Under provision in prior years:		
– Malaysia	**(310)**	1,937
	5,425	5,518
Deferred tax:		
– Relating to origination and reversal of temporary differences	**(906)**	(127)
– Under provision in prior years	**42**	378
	(864)	251
Income tax expense	**4,561**	5,769

9. FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2021 (2020: No final dividend).

On 12 March 2020, the Company declared a tax exempt special dividend of RM13 million representing RM65,000 per ordinary Share to its then shareholders which was paid on 14 March 2020. Investors who became the shareholders of the Company after the Listing were not entitled to such dividend.

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

The calculation of basic earnings/(loss) per Share attributable to owners of the Company for the year ended 31 December 2021 is based on the profit attributable to owners of the Company for the year of approximately RM2,726,000 (2020: loss attributable to owners of the Company of approximately RM5,065,000) and the weighted average number of 800,000,000 ordinary Shares in issue during the year (2020: 752,459,016 ordinary Shares).

The weighted average number of ordinary Shares used to calculate the basic earnings per Share attributable to owners of the Company for the year ended 31 December 2021 represented 800,000,000 ordinary Shares of the Company in issue during the year.

The weighted average number of ordinary Shares used to calculate the basic loss per Share attributable to owners of the Company for the year ended 31 December 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 13) as if these additional Shares issued under Capitalisation Issue had been in issue throughout the year ended 31 December 2020, and weighted average number of 152,459,016 ordinary Shares of the Company issued upon the Listing on the Main Board of the Stock Exchange on the Listing Date.

No adjustments have been made to the basic earnings/(loss) per Share attributable to owners of the Company for the years ended 31 December 2021 and 31 December 2020 as the Group had no potentially dilutive ordinary Shares in issue during these reporting periods.

11. TRADE RECEIVABLES

	As at 31 December	
	2021	2020
	RM'000	*RM'000*
Trade receivables		
Third parties	**21,504**	28,400
Less: Allowance for expected credit losses	**(247)**	(1,221)
Trade receivables, net	**21,257**	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 reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December	
	2021	2020
	RM'000	*RM'000*
Within 1 month	**9,113**	8,554
1 to 2 months	**5,301**	4,211
2 to 3 months	**1,573**	3,908
Over 3 months	**5,270**	10,506
	21,257	27,179

12. TRADE PAYABLES

	As at 31 December	
	2021	2020
	RM'000	*RM'000*
Trade payables		
Third parties	**2,866**	1,090
Amounts due to related parties	**68**	120
	2,934	1,210

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

	As at 31 December	
	2021	2020
	RM'000	*RM'000*
Within 1 month	**2,349**	588
1 to 2 months	**360**	289
2 to 3 months	**62**	153
Over 3 months	**163**	180
	2,934	1,210

13. SHARE CAPITAL

The movements in the Company's share capital during the reporting period were as follows:

	Notes	**Number of Shares**	*HK$'000*
Authorised:			
At 1 January 2020		38,000,000	380
Increase in authorised share capital	*(a)*	1,462,000,000	14,620
At 31 December 2020, 1 January 2021 and 31 December 2021		1,500,000,000	15,000

	Notes	Number of Shares	HK$'000	RM'000 equivalent
Issued and fully paid:				
As at 1 January 2020		200	–	–
Capitalisation Issue	*(b)*	599,999,800	6,000	3,175
Issue of new Shares pursuant to the Share Offer	*(c)*	200,000,000	2,000	1,058
At 31 December 2020, 1 January 2021 and 31 December 2021		800,000,000	8,000	4,233

Notes:

(a) Pursuant to the written resolutions passed by the shareholders of the Company on 11 March 2020, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 ordinary Shares of a par value of HK$0.01 each to HK$15,000,000 divided into 1,500,000,000 ordinary Shares of a par value of HK$0.01 each by the creation of an additional 1,462,000,000 ordinary Shares of a par value of HK$0.01 each.

(b) Pursuant to the written resolutions passed by the shareholders of the Company on 11 March 2020, the Company allotted and issued 299,999,900 ordinary Shares and 299,999,900 ordinary Shares, credited as fully paid at par, to Flash Dragon Company Limited and Jupiter Rain Company Limited, respectively, on 27 March 2020 by way of capitalisation of a total sum of HK$5,999,998 standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**").

(c) In connection with the Listing of the Shares on the Stock Exchange (the "**Share Offer**"), 200,000,000 new ordinary Shares of HK$0.01 each were issued at a price of HK$0.63 per Share for a total cash consideration, before expenses, of HK$126,000,000. Dealings in the Shares on the Stock Exchange commenced on 27 March 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We engage in the provision of outsourced document management services and related software applications and enterprise software solutions services in Malaysia, and the provision of outsourced insurance risk analysis services and insurance marketing services in the PRC. 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.

Over the years, we have successfully developed proprietary enterprise software applications focused on IT technologies that drives 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 in the banking, insurance and retail industries.

We have experienced an increased demand for software as a service or subscription ("**SaaS**") for software application solution delivery 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, our Streamline Suite and services will be hosted in a Tier 3 compliant data centre (the "**Data Centre**").

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 by allowing our Group to enhance our document hosting capability for electronic distribution and enterprise software solutions to our customers. Please refer to the paragraph headed "Future Plans and Prospects" in this announcement for more details.

As part of the Group's expansion, on 28 May 2021 the Group through its indirect wholly-owned subsidiary, Core Squared Limited ("**Core Squared**"), had acquired approximately 51% of the equity interest in Qingdao Yongbao Cloud Technology Co., Ltd.*（青島永保雲科技有限公司）("**Qingdao Yongbao**") by way of capital injection into Qingdao Yongbao of RMB1.05 million (the "**Qingdao Yongbao Capital Injection**"), which was completed on 6 July 2021. For more details, please refer to the Company's announcement dated 28 May 2021. It is expected that the Qingdao Yongbao Capital Injection will generate synergistic value for the Group and further expand the Group's footprint in the PRC with a PRC local partner, Yongbao Insurance Co., Ltd.*（永保保險代理有限公司）("**Yongbao Insurance**"), being the remaining shareholder of Qingdao Yongbao holding approximately 49% equity interest in Qingdao Yongbao. Qingdao Yongbao is engaged in the provision of outsourced insurance risk analysis services and insurance marketing services during the Reporting Period.

Going forward, Qingdao Yongbao 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, Qingdao Yongbao aims to further internationalise and diversify its businesses based on this service system. Potential businesses opportunities for Qingdao Yongbao 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 SMEs, such as telemedicine, video conferencing and other business opportunities. Qingdao Yongbao currently aims to maintain a prudent attitude, and review its development regularly, so as to develop the business at a steady speed and bring positive benefits to the Group.

FUTURE PLANS AND PROSPECTS

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

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

- (a) acquiring and converting an existing building 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 capture new customers within Malaysia, Singapore and the PRC; and

(b) pursuing appropriate strategic acquisitions and business opportunities.

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

The Group had 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 the novel coronavirus pandemic ("**COVID-19**") since the beginning of 2020, the Malaysia Government has taken a series of preventative measures throughout the country on 18 March 2020, including but not limited to the Movement Control Order ("**MCO**"), which has led to the Company putting on hold the relevant work streams for the development of the Data Centre until the second half of 2021. In addition, due to the country-wide lockdown measures under the MCO, our negotiation of the proposed acquisition of a parcel of land for the construction of our new Data Centre could not begin in April 2020 (as disclosed in the prospectus of the Company dated 17 March 2020 (the "**Prospectus**"). As a result of the combined impact of (i) the poor property market in Malaysia as affected by the COVID-19 pandemic since early 2020, pursuant to which the choice of suitable lands available in the market have been significantly reduced; (ii) the domestic and international travel restrictions and lockdowns which made it difficult for the Group to seek and perform inspections on potentially suitable sites; and (iii) the limited availability of construction workers and raw materials due to the COVID-19 pandemic and travel restrictions, the Company decided on 4 November 2011 to acquire and convert an existing building in Malaysia into a Data Centre instead of building one itself. On 10 January 2022, Compugraphic Media Sdn. Bhd. ("**Compugraphic Media**") (an indirect wholly-owned subsidiary of the Company) as purchaser entered into a provisional agreement to purchase with Authenteak Holdings Sdn. Bhd. ("**Authenteak Holdings**") as vendor, to acquire a three-storey commercial building located at No. 116, Jalan Maarof, Taman Bandaraya, 59100 Kuala Lumpur, Malaysia (the "**Data Centre Acquisition**"), with a total net floor area of approximately 10,714 square feet at the consideration of RM12.00 million (equivalent to approximately HK$22.27 million), for conversion into the Data Centre after such Data Centre Acquisition. For further details, please refer to the Company's announcements dated 4 November 2021 (the "**2021 Announcement**") and 10 January 2022 (the "**2022 Announcement**"), respectively.

In addition to the delay in our development of this new Data Centre, the MCO had resulted in material adverse effects on Malaysia's overall economy for the years ended 31 December 2021 and 2020. 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 be limited to customer-facing elements of organisations but also to 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 required changes to position the organisations better than they were. With this faster adoption, there will be opportunities in SaaS for online health care, education, commerce and financials.

The COVID-19 crisis has made this 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. The Group will also continuously monitor any changes in the situation and make timely responses in the implementation of the aforesaid growth strategies.

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 making corresponding changes in operations in accordance with the updates of relevant regulations and policies by the government and regulatory agencies to cooperate with those regulations and policies, so as to achieve legal compliance in its operations. For the management and control of policy and regulatory risks, the Group will continue to obtain legal advice from qualified legal entities with relevant industry experience to review the Group's business in the PRC and try its best to reduce relevant risks.

FINANCIAL REVIEW

Revenue

Our total revenue amounted to approximately RM111.9 million and RM76.7 million for the years ended 31 December 2021 and 31 December 2020, respectively, which was mainly derived from the provision of outsourced document management services, outsourced insurance risk analysis services and insurance marketing services and enterprise software solutions.

Outsourced document management services

Our outsourced document management services include (i) electronic document delivery; (ii) document print and mail fulfilment; (iii) MICR cheque print and mail fulfilment; (iv) medical ID card print and mail fulfilment; and (v) document imaging and scanning services.

Our revenue generated from the provision of outsourced document management services represent approximately 72.6% and 97.0% of the total revenue for the years ended 31 December 2021 and 31 December 2020, respectively. The revenue from the provision of outsourced document management services increased by approximately RM6.8 million or 9.1% from approximately RM74.4 million for the year ended 31 December 2020 to approximately RM81.2 million for the year ended 31 December 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; which was partially offset by (iii) the decrease in demand for document print and mail fulfilment services and medical ID card print and mail fulfilment services for the year ended 31 December 2021.

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 22.9% of the total revenue for the year ended 31 December 2021 (2020: Nil) and amounted to approximately RM25.6 million. Such revenue was mainly contributed by the Group’s newly acquired non-wholly owned subsidiary in the PRC during the Reporting Period.

Enterprise software solutions

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

Our revenue generated from the provision of enterprise software solutions represented approximately 4.5% and 3.0% of the total revenue for the years ended 31 December 2021 and 31 December 2020, respectively. Our revenue from the provision of enterprise software solutions increased by approximately RM2.8 million or 121.3% from approximately RM2.3 million for the year ended 31 December 2020 to approximately RM5.1 million for the year ended 31 December 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 RM27.8 million or 48.2% from approximately RM57.5 million for the year ended 31 December 2020 to approximately RM85.3 million for the year ended 31 December 2021. Such increase in cost of sales was mainly attributable to the increase in postage cost during the Reporting Period since more customers outsourced their document mail fulfilment services to the Group, and the service fees charged by third party contractors in relation to our provision of outsourced insurance risk analysis services and insurance marketing services by our newly acquired subsidiary in the PRC since July 2021.

Gross profit and gross profit margin

Our gross profit increased by approximately RM7.4 million or 38.8% from approximately RM19.2 million for the year ended 31 December 2020 to approximately RM26.6 million for the year ended 31 December 2021. Our gross profit margin decreased by approximately 1.2% from approximately 25.0% for the year ended 31 December 2020 to approximately 23.8% for the year ended 31 December 2021. The increase in gross profit was mainly attributable to the increase in revenue generated from the provision of enterprise software solution services and outsourced insurance risk analysis services and insurance marketing services while the decrease in gross profit margin was mainly due to the increase in revenue generated from the provision of mail fulfilment services and outsourced insurance risk analysis services and insurance marketing services, which had a significantly lower gross profit margin.

Other income and gains

Our other income and gains decreased by approximately RM0.7 million or 39.7% from approximately RM1.7 million for the year ended 31 December 2020 to approximately RM1.0 million for the year ended 31 December 2021, which was mainly attributable to the decrease in government grants received by certain subsidiaries of the Group in relation to the stabilisation of employment in Malaysia and the decrease in realised foreign currency exchange gain during the Reporting Period, which was partially offset by the gain on bargain purchase of a subsidiary.

Administrative expenses

Our administrative expenses decreased by approximately RM1.5 million or 7.6% from approximately RM19.5 million for the year ended 31 December 2020 to approximately RM18.0 million for the year ended 31 December 2021. The decrease was mainly attributable to (i) the absence of listing expenses, as compared with the listing expenses of approximately RM4.9 million incurred in relation to the Listing for the year ended 31 December 2020; (ii) the reversal of allowance for expected credit losses on trade receivables, which was partially offset by (iii) the increase in staff costs during the Reporting Period; (iv) 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 during the Reporting Period; and (v) research and development costs incurred by the Group's newly acquired subsidiary in the PRC.

Finance costs

Our finance costs decreased by approximately RM0.2 million or 22.8% from approximately RM0.7 million for the year ended 31 December 2020 to approximately RM0.5 million for the year ended 31 December 2021. 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 RM9.1 million for the year ended 31 December 2021 (2020: RM0.7 million). Such increase in profit before tax was primarily due to the increase in gross profit and the decrease in administrative expenses as abovementioned.

Income tax expense

Our income tax expense decreased by approximately RM1.2 million or 20.9% from approximately RM5.8 million for the year ended 31 December 2020 to approximately RM4.6 million for the year ended 31 December 2021. Such decrease in income tax expenses was mainly due to the absence in 2021 of under provision of income tax in prior years.

Profit/(loss) for the year

Our profit for the year amounted to approximately RM4.5 million for the year ended 31 December 2021 (2020: loss for the year of approximately RM5.1 million). Such turnaround from loss to profit for the year was primarily due to the increase in gross profit and the decrease in administrative expenses as abovementioned.

Final dividend

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2021. Please refer to Note 9 of the notes to financial information in this announcement for further details.

Liquidity and financial resources

As at 31 December 2021, the total loans and borrowings of the Group amounted to approximately RM16.2 million (31 December 2020: approximately RM18.5 million), representing a decrease of approximately RM2.3 million or 12.3% as compared with that as at 31 December 2020. All the Group's loans and borrowings were at floating interest rates ranging from 3.5% to 5.6% during the year ended 31 December 2021 (2020: 3.5% to 5.6%) and denominated in RM. As at 31 December 2021, the loans and borrowings included secured bank loans of approximately RM11.8 million (31 December 2020: approximately RM14.2 million) with maturity of over 5 years, and secured short term bank loans and bank overdrafts of approximately RM4.4 million (31 December 2020: approximately RM4.3 million) which were usually repayable within a period not exceeding one year and which had been settled subsequent to the Reporting Period. As at 31 December 2021, the loans and borrowings of the Group of RM16.2 million (2020: RM18.5 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 31 December 2021, the Group had cash and bank balances of RM66.3 million (2020: RM40.8 million), which were denominated in RM, RMB and HKD.

The Group maintains a solid financial position and was in a net cash position as at 31 December 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 5.3 times as at 31 December 2021 (31 December 2020: approximately 6.2 times). The Group's working capital requirements were mainly financed by internal resources.

Contingent liabilities

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

Capital commitments

As at 31 December 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 year ended 31 December 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 year ended 31 December 2021, 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 the 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 year ended 31 December 2021. The Group has not adopted formal hedging policies and would consider adopting such policies if the need arises.

Gearing ratio

As at 31 December 2021, the Group's gearing ratio was approximately 18.4% (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 periods. 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 RM16.2 million as at 31 December 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 management also monitors the investment performance of those products on a regular basis. On 15 October 2020, the Group invested in a structured financial product which was a money market fund issued by CIMB Islamic Bank Berhad (the "**2020 Portfolio**") in the principal amount of RM4.2 million. As at 31 December 2020, the total value of the 2020 Portfolio amounted to RM4.2 million. On 15 April 2021, the Group withdrew all of its investments in the 2020 Portfolio when matured at its original principal amount of RM4.2 million and a total interest of RM47,000. Later on 18 October 2021, the Group invested in another structured financial product which was a money market fund issued by CIMB Islamic Bank Berhad (the "**2021 Portfolio**") in the principal amount of RM3.0 million. As at 31 December 2021, the total value of the 2021 Portfolio amounted to RM3.0 million, and the Group earned an interest of RM40,985 from 18 October 2021 up to 31 December 2021. During the year ended 31 December 2021, the 2020 Portfolio and 2021 Portfolio generated a total interest income of RM67,985 (2020: RM20,000). The Group regularly monitors the performance of the 2021 Portfolio in order to assess the Group's investment or divestment decisions. During the Reporting Period, there is no material change in the value of the 2021 Portfolio and as at the date of this announcement, the Group expects to continue holding and receiving interest from the 2021 Portfolio until its maturity in April 2022.

On 28 May 2021, the Company, through its indirect wholly-owned subsidiary, Core Squared, entered into a capital injection agreement with 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. Upon completion of the Qingdao Yongbao 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 year ended 31 December 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the paragraphs headed "Events after the Reporting Period" and "Issue of Shares and Use of Proceeds from the Listing" in this announcement, the Group does not have other future plans for material investments and capital assets as at the date of this announcement.

PURCHASE, SALES 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 year ended 31 December 2021.

EVENTS AFTER THE REPORTING PERIOD

On 10 January 2022, Compugraphic Media as purchaser entered into a provisional agreement to purchase with an independent vendor, Authenteak Holdings, pursuant to which Compugraphic Media agreed to purchase and the vendor agreed to sell a building in Malaysia at the consideration of RM12.00 million (equivalent to approximately HK$22.27 million). The Group intends to convert the building into a Data Centre for its own use after the completion of the Data Centre Acquisition to support its business development. For details, please refer to the 2022 Announcement. Save as the above, there is no significant subsequent event undertaken by the Group after 31 December 2021 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had approximately 172 employees (31 December 2020: 171 employees). The total remuneration cost (including staff costs capitalised as software development expenditure) amounted to approximately RM11.3 million for the year ended 31 December 2021 (2020: approximately RM10.6 million).

The terms of 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 and the Company's annual report for the year ended 31 December 2020 (the "**2020 Annual Report**"). 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 LISTING

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, 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 a Data Centre to acquiring and converting an existing building in Malaysia into a Data Centre. For details, please refer to the 2021 Announcement.

On 10 January 2022, Compugraphic Media as purchaser entered into a provisional agreement to purchase with Authenteak Holdings 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), which completion is expected to take place by May 2022. For details, please refer to the 2022 Announcement.

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

Purposes of the use of the net proceeds	Percentage of total net proceeds (approximate)	Intended use of net proceeds as stated in the Prospectus and the 2021 Announcement *HK$'million (approximate)*	Actual amount of utilised net proceeds during the year ended and up to 31 December 2021 *HK$'million (approximate)*	Actual amount of unutilised net proceeds as at 31 December 2021 *HK$'million (approximate)*	Actual amount of utilised net proceeds from 1 January 2022 and up to the date of this announcement *HK$'million (approximate)*	Actual amount of unutilised net proceeds as at the date of this announcement *HK$'million (approximate)*	Expected timeline for utilisation of unutilised net proceeds as at the date of this announcement
To increase technological capability and capacity to develop into other market vertical/parallels	**88.6%**	**65.3**	**–**	**65.3**	**(2.2)**	**63.1**	
– to acquire and convert an existing building into a Data Centre and upgrade IT infrastructure(1)	76.7%	56.5	–	56.5	(2.2)	54.3	By December 2023(1)
– to strengthen the Group's technical operation support system	6.8%	5.0	–	5.0	–	5.0	By December 2023(2)
– to engage external software development vendors and develop new applications within the software development plan(3)	5.1%	3.8	–	3.8	–	3.8	By December 2023(3)
To expand market presence locally and explore expansion regionally to capture further market share	**11.4%**	**8.4**	**(0.2)**	**8.2**	**(0.1)**	**8.1**	
– to step up the Group's marketing and sale efforts to reach out to new customers	3.6%	2.7	(0.2)	2.5	(0.1)	2.4	By December 2023(4)
– to be used in potential strategic acquisition and business opportunities	7.8%	5.7	–	5.7	–	5.7	By December 2023(5)
	100%	**73.7**	**(0.2)**	**73.5**	**(2.3)**	**71.2**	

Notes:

(1) The original purpose of the net proceeds was changed from building a Data Centre and upgrading IT infrastructure to acquiring and converting an existing building into a Data Centre and upgrading IT infrastructure. The expected timeline for utilisation of the net proceeds was also extended from December 2021 to December 2023.

(2) The expected timeline for utilisation of the net proceeds was extended from August 2022 to December 2023.

(3) The original purpose of the net proceeds was changed from expanding the software development team of the Group and developing new applications within the software development plan to engaging external software development vendors and developing new applications within the software development plan. The expected timeline for utilisation of the net proceeds was also extended from August 2022 to December 2023.

(4) The expected timeline for utilisation of the net proceeds was extended from August 2022 to December 2023.

(5) The expected timeline for utilisation of the net proceeds was extended from December 2022 to December 2023.

(6) For Notes (1) to (5) above, please refer to the 2021 Announcement for more details.

The balance of unutilised net proceeds brought forward to 2021 from the year ended 31 December 2020 amounted to HK$73.7 million. Although the utilisation of the net proceeds had been delayed as a result of MCO by Malaysia Government, as at 31 December 2021 and up to the date of this announcement, 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 2020 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 and the industry. As at 31 December 2021 and the date of this announcement, there is no change in the intended use of net proceeds as previously disclosed in the Prospectus, the 2020 Annual Report and the 2021 Announcement.

The Company had not issued any of the Company's securities for cash (including securities convertible into equity securities) during the year ended 31 December 2021.

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**") 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 year ended 31 December 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 year ended 31 December 2021.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save as 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 year ended 31 December 2021.

Under Code Provision A.2.1 (updated reference since 1 January 2022: 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 our Group since he founded our 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 our Company and our 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

The Company had established its audit committee (the "**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 consolidated financial information and the annual results announcement of the Company for the year ended 31 December 2021. The Audit Committee is of the view that the annual results for the year ended 31 December 2021 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF ERNST & YOUNG PLT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes to the financial information thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company's auditors, Ernst & Young PLT, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Federation of Accountants and consequently no assurance has been expressed by the Company's auditors on this announcement.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the forthcoming annual general meeting ("**2022 AGM**"), the register of members of the Company will be closed from Wednesday, 22 June 2022 to Monday, 27 June 2022 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the 2022 AGM, the unregistered holder of Shares must lodge all transfer documents, accompanied by the relevant share certificates, with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 21 June 2022.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement is published on the websites of both the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.clinksquared.com). The annual report of the Group for the year ended 31 December 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 March 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. Yang Junhui.

* *For identification purposes only*