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## **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 2022**

#### **FINANCIAL HIGHLIGHTS**

- Revenue for the year ended 31 December 2022 was approximately RM105.7 million, representing a decrease of approximately 5.6% from approximately RM111.9 million for the preceding year.
- Gross profit for the year ended 31 December 2022 was approximately RM23.4 million, representing a decrease of approximately 11.9% from approximately RM26.6 million for the preceding year.
- Loss attributable to owners of the Company for the year ended 31 December 2022 was approximately RM0.8 million, which represents a turnaround from a profit attributable to owners of the Company of approximately RM2.7 million for the preceding year.
- Basic loss per Share attributable to owners of the Company for the year ended 31 December 2022 was approximately RM0.10 sen, which represents a turnaround from a basic earnings per Share attributable to owners of the Company of approximately RM0.34 sen for the preceding year.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: 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 2022 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2021, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December*

	<i>Notes</i>	<b>2022</b> <i>RM’000</i>	2021 <i>RM’000</i>
Revenue from contracts with customers	4	<b>105,680</b>	111,901
Cost of sales		<u>(82,231)</u>	<u>(85,270)</u>
<b>Gross profit</b>		<b>23,449</b>	26,631
Other income	5	<b>1,222</b>	1,011
Selling and distribution expenses		<b>(113)</b>	–
Administrative expenses		<b>(21,415)</b>	(18,034)
Finance costs	6	<u>(446)</u>	<u>(502)</u>
<b>Profit before tax</b>	7	<b>2,697</b>	9,106
Income tax expense	8	<u>(2,417)</u>	<u>(4,561)</u>
<b>Profit for the year</b>		<u><b>280</b></u>	<u>4,545</u>
<b>Other comprehensive (loss)/income</b>			
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u>(295)</u>	<u>1,463</u>
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<u>(295)</u>	<u>1,463</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><b>(15)</b></u>	<u>6,008</u>

	<i>Notes</i>	<b>2022</b> <b><i>RM'000</i></b>	2021 <i>RM'000</i>
<b>(Loss)/profit attributable to:</b>			
Owners of the Company		(807)	2,726
Non-controlling interests		<u>1,087</u>	<u>1,819</u>
		<u><b>280</b></u>	<u><b>4,545</b></u>
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company		(586)	4,138
Non-controlling interests		<u>571</u>	<u>1,870</u>
		<u><b>(15)</b></u>	<u><b>6,008</b></u>
<b>(Loss)/earning per share attributable to owners of the Company:</b>			
– Basic and diluted ( <i>RM sen</i> )	<i>10</i>	<u><b>(0.10)</b></u>	<u><b>0.34</b></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2022 RM'000	2021 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		20,191	7,290
Right-of-use assets		3,150	3,432
Intangible assets		4,306	2,987
Prepayments		4,110	5,721
Deferred tax assets		532	521
		<u>32,289</u>	<u>19,951</u>
<b>Current assets</b>			
Trade receivables	11	19,774	21,257
Prepayments, deposits and other receivables		4,907	6,398
Income tax recoverable		864	272
Financial asset at fair value through profit or loss		–	3,000
Cash and bank balances		53,926	66,284
		<u>79,471</u>	<u>97,211</u>
<b>Total assets</b>		<u><b>111,760</b></u>	<u><b>117,162</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	12	3,080	2,934
Other payables and accruals		4,900	3,973
Contract liabilities		1,574	3,005
Income tax payable		710	2,395
Loans and borrowings		6,552	6,919
Lease liabilities		82	196
		<u>16,898</u>	<u>19,422</u>
<b>Net current assets</b>		<u><b>62,573</b></u>	<u><b>77,789</b></u>

	<i>Notes</i>	<b>2022</b> <b><i>RM'000</i></b>	2021 <i>RM'000</i>
<b>Non-current liabilities</b>			
Deferred tax liabilities		172	500
Loans and borrowings		6,831	9,284
Lease liabilities		<u>–</u>	<u>82</u>
		<u>7,003</u>	<u>9,866</u>
<b>Total liabilities</b>		<u>23,901</u>	<u>29,288</u>
<b>Net assets</b>		<u>87,859</u>	<u>87,874</u>
<b>Equity</b>			
Share capital	<i>13</i>	4,233	4,233
Reserves		<u>80,328</u>	<u>80,914</u>
		84,561	85,147
Non-controlling interests		<u>3,298</u>	<u>2,727</u>
<b>Total equity</b>		<u>87,859</u>	<u>87,874</u>
<b>Total equity and liabilities</b>		<u>111,760</u>	<u>117,162</u>

# 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, Malaysia. The principal place of business of the Company in the Hong Kong Special Administrative Region (“**Hong Kong**”) of the People’s Republic of China (the “**PRC**”) is located at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The principal activity of the Company is investment holding. During the Reporting Period, the Company’s principal subsidiaries were mainly engaged in the provision of outsourced services, including the provision of outsourced document management services and related software applications and enterprise software solutions services in Malaysia as well as the provision of outsourced insurance risk analysis services and insurance marketing services in the PRC (which for the purposes of this announcement only, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC, unless otherwise specified), and the distribution and sales of medical equipment in the PRC.

There have been no significant changes in the nature of the principal activities of the Group during the Reporting Period.

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

### 2.1 Basis of Preparation

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

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, Singapore and the PRC, and the non-current assets of the Group were mainly located in Malaysia as at 31 December 2022 and 31 December 2021.

#### (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:

	<b>Representing % of total revenue</b>	<b>Sales amount RM'000</b>
<b>For the year ended 31 December 2022</b>		
Bank Group B	24.87%	26,279
Bank Group A	13.69%	14,471
Bank Group C	9.86%	10,423
Insurance Group H	7.46%	7,889
Insurance Group G	6.92%	7,314
	<hr/>	<hr/>
<b>Total</b>	<b>62.80%</b>	<b>66,376</b>
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<b>For the year ended 31 December 2021</b>		
Bank Group B	24.87%	27,827
Insurance Group G	21.46%	24,019
Bank Group A	12.75%	14,266
Bank Group C	9.67%	10,821
Bank Group F	5.98%	6,694
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<b>Total</b>	<b>74.73%</b>	<b>83,627</b>
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#### 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	
	2022	2021
	RM'000	RM'000
<b>Type of services</b>		
Outsourced services		
– Document management	77,574	81,242
– Insurance marketing	14,548	1,573
– Insurance risk analysis	7,314	24,029
Enterprise software solutions:		
– Customised software	4,755	3,996
– Electronic document warehouse services	1,053	1,061
Others:		
Distribution and sales of medical equipment	436	–
<b>Total revenue from contracts with customers</b>	<b>105,680</b>	<b>111,901</b>
<b>Geographical markets</b>		
Malaysia	80,621	83,467
Singapore	2,761	2,832
The PRC	22,298	25,602
<b>Total revenue from contracts with customers</b>	<b>105,680</b>	<b>111,901</b>
<b>Timing of revenue recognition</b>		
At a point in time	99,872	106,844
Over time	5,808	5,057
<b>Total revenue from contracts with customers</b>	<b>105,680</b>	<b>111,901</b>



## 4.2 Performance obligations

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

### *Outsourced document management services*

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

### *Outsourced insurance risk analysis services and insurance marketing services*

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

### *Customised software*

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

### *Electronic document warehouse services*

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

### *Distribution and sales of medical equipment*

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and 31 December 2021 are as follows:

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Expected to be recognised:</b>		
Within one year	<b>2,586</b>	4,258
More than one year	<b>2,920</b>	3,175
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	<b>5,506</b>	<b>7,433</b>
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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 2022 relate to the enterprise software solutions to be satisfied within or more than two years (2021: within or more than two years).

## 5. OTHER INCOME

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	2021
	<b><i>RM'000</i></b>	<i>RM'000</i>
Bank interest income	<b>812</b>	598
Value added tax incentives	<b>375</b>	–
Government grants*	<b>27</b>	273
Gain on bargain purchase of a subsidiary	–	133
Others	<b>8</b>	7
	<u><b>1,222</b></u>	<u>1,011</u>

\* 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 2022 (2021: Nil).

## 6. FINANCE COSTS

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	2021
	<b><i>RM'000</i></b>	<i>RM'000</i>
Interest expenses on:		
– Term loan	<b>407</b>	458
– Overdraft	<b>11</b>	9
– Lease liabilities	<b>8</b>	14
Amortisation of transaction costs	<b>20</b>	21
	<u><b>446</b></u>	<u>502</u>

## 7. PROFIT BEFORE TAX

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

	For the year ended	
	31 December	
	2022	2021
	<i>RM'000</i>	<i>RM'000</i>
Auditors' remuneration		
– statutory	<b>610</b>	432
– others	<b>136</b>	59
Staff costs	<b>13,490</b>	11,301
Depreciation of property, plant and equipment	<b>1,527</b>	1,741
Depreciation of right-of-use assets	<b>270</b>	307
Amortisation of intangible assets	<b>986</b>	1,122
Allowance/(reversal of allowance) for expected credit losses		
on trade receivables	<b>9</b>	(974)
Bad debts written off:		
– trade receivables	<b>351</b>	–
Property, plant and equipment written off	<b>–</b>	51
(Reversal of allowance)/allowance for unutilised leave	<b>(42)</b>	12
Tax penalty	<b>–</b>	2
Net unrealised foreign currency exchange losses	<b>184</b>	418
Research cost	<b>2,321</b>	1,656
Legal and other professional fees	<b>7,676</b>	8,277

## 8. INCOME TAX EXPENSE

	For the year ended	
	31 December	
	2022	2021
	<i>RM'000</i>	<i>RM'000</i>
Current income tax:		
– Malaysia	2,765	4,449
– The PRC	596	1,286
Over provision in prior years:		
– Malaysia	(346)	(310)
– The PRC	(259)	–
	<u>2,756</u>	<u>5,425</u>
Deferred tax:		
– Relating to origination and reversal of temporary differences	(342)	(906)
– Under provision in prior years	3	42
	<u>(339)</u>	<u>(864)</u>
Income tax expense	<u><u>2,417</u></u>	<u><u>4,561</u></u>

## **9. FINAL DIVIDEND**

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2022 (2021: No final dividend).

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

Basic (loss)/earnings per share of the Company (“**Share(s)**”) attributable to owners of the Company for the year ended 31 December 2022 is calculated by dividing the loss attributable to owners of the Company for the year of approximately RM807,000 (2021: profit attributable to owners of the Company of approximately RM2,726,000) by the weighted average number of 800,000,000 ordinary Shares in issue during the year (2021: 800,000,000 ordinary Shares).

The weighted average number of ordinary Shares used to calculate the basic (loss)/earnings per Share attributable to owners of the Company for the years ended 31 December 2021 and 2022 represented 800,000,000 ordinary Shares in issue during the years.

No adjustments have been made to the basic (loss)/earnings per Share attributable to owners of the Company for the years ended 31 December 2022 and 31 December 2021 as the Group had no potentially dilutive ordinary Shares in issue during these reporting periods.

## 11. TRADE RECEIVABLES

	As at 31 December	
	2022	2021
	<i>RM'000</i>	<i>RM'000</i>
<b>Trade receivables</b>		
Third parties	20,030	21,504
Less: Allowance for expected credit losses	<u>(256)</u>	<u>(247)</u>
Trade receivables, net	<u><b>19,774</b></u>	<u><b>21,257</b></u>

Trade receivables are non-interest bearing and are generally on 30 days terms (2021: 30 days). 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	
	2022	2021
	<i>RM'000</i>	<i>RM'000</i>
Within 1 month	8,383	9,113
1 to 2 months	5,810	5,301
2 to 3 months	2,130	1,573
Over 3 months	<u>3,451</u>	<u>5,270</u>
	<u><b>19,774</b></u>	<u><b>21,257</b></u>

## 12. TRADE PAYABLES

	As at 31 December	
	2022	2021
	<i>RM'000</i>	<i>RM'000</i>
<b>Trade payables</b>		
Third parties	3,017	2,866
Amounts due to related parties	63	68
	<u>3,080</u>	<u>2,934</u>

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	
	2022	2021
	<i>RM'000</i>	<i>RM'000</i>
Within 1 month	2,822	2,349
1 to 2 months	214	360
2 to 3 months	–	62
Over 3 months	44	163
	<u>3,080</u>	<u>2,934</u>

## 13. SHARE CAPITAL

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:		
1,500,000,000 (31 December 2021: 1,500,000,000)		
ordinary Shares of HK\$0.01 (31 December 2021: HK\$0.01) each	<u>15,000</u>	<u>15,000</u>
Issued and fully paid:		
800,000,000 (31 December 2021: 800,000,000)		
ordinary Shares of HK\$0.01 (31 December 2021: HK\$0.01) each	<u>8,000</u>	<u>8,000</u>
	<i>RM'000</i>	<i>RM'000</i>
Equivalent to	<u>4,233</u>	<u>4,233</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

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

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

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

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



Furthermore, during the Reporting Period, we successfully expanded and diversified our PRC business by establishing business in the distribution and sales of medical equipment including anesthesia laryngoscope and defibrillator, etc., in Qingdao, the PRC. To the best of the Company's knowledge, during the Reporting Period, all of the Company's suppliers and customers in this segment were independent third parties of and were not connected with the Company and its connected persons (as defined in the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange (the "**Stock Exchange**")).

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

The Group has applied approximately RM6.2 million (equivalent to approximately HK\$12.0 million) out of its internal resources for the design and project management of the Data Centre since 2020. However, as a result of the unprecedented outbreak of the novel coronavirus pandemic (“**COVID-19 Outbreak**”) since the beginning of 2020, the Malaysia Government has taken a series of preventative measures throughout the country, including but not limited to the Movement Control Order (“**MCO**”). Due to the outbreak of COVID-19 and the then country-wide lockdown measures under the MCO, the construction plan of our new Data Centre has been postponed, and as disclosed in the announcement of the Company dated 4 November 2021 (the “**2021 Announcement**”), the Company subsequently decided to acquire and convert an existing building in Malaysia into the Data Centre instead of building one itself. On 10 January 2022, the Group entered into a provisional agreement with an independent third party to acquire a building in Malaysia for such purpose at the consideration of RM12.0 million (equivalent to approximately HK\$22.3 million), of which RM10.3 million (equivalent to approximately HK\$19.5 million) was paid out of the net proceeds of the Company’s share offer and placing (the “**Share Offer**”), further details of which are set out in the Company’s prospectus (the “**Prospectus**”) dated 17 March 2020 and the 2021 Announcement. The Group began the conversion of the building into the Data Centre in June 2022. As at 31 December 2022, the conversion works were still in progress and it is expected that the Data Centre will be ready for use by the end of 2023.

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

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

## **FINANCIAL REVIEW**

### **Revenue from contracts with customers**

Our total revenue amounted to approximately RM105.7 million and RM111.9 million for the years ended 31 December 2022 and 31 December 2021, respectively. Our revenue in 2022 was mainly derived from (i) the provision of outsourced services, including the provision of outsourced document management services and related software applications and enterprise software solutions services in Malaysia as well as outsourced insurance risk analysis services and insurance marketing services in the PRC, which in aggregate represented approximately 99.6% of the total revenue of the Group in 2022, and (ii) the distribution and sales of medical equipment in the PRC, which represented approximately 0.4% of the total revenue of the Group in 2022.

### **Provision of outsourced services**

#### ***Outsourced document management services***

Our revenue generated from the provision of outsourced document management services represented approximately 73.4% and 72.6% of the total revenue for the years ended 31 December 2022 and 31 December 2021, respectively. The revenue from the provision of outsourced document management services decreased by approximately RM3.6 million or 4.5% from approximately RM81.2 million for the year ended 31 December 2021 to approximately RM77.6 million for the year ended 31 December 2022. Such decrease in revenue was mainly due to the decrease in ad-hoc jobs for document print and mail fulfilment services of two customers in the banking industry for the year ended 31 December 2022.

#### ***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 20.7% of the total revenue for the year ended 31 December 2022 (2021: approximately 22.9%) and amounted to approximately RM21.9 million (2021: approximately RM25.6 million). Such decrease in revenue was mainly attributable to the decrease in demand for outsourced insurance risk analysis services as a result of the slowdown in economy caused by the unprecedented COVID-19 Outbreak in the PRC and the various lockdown measures implemented in the PRC in 2022.

### ***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 5.5% and 4.5% of the total revenue for the years ended 31 December 2022 and 31 December 2021, respectively. Our revenue from the provision of enterprise software solutions increased by approximately RM0.7 million or 14.9% from approximately RM5.1 million for the year ended 31 December 2021 to approximately RM5.8 million for the year ended 31 December 2022. The increase in revenue generated from the provision of enterprise software solutions during the Reporting Period was mainly due to more enterprise software solutions services provided to an existing customer in the insurance industry and new projects for the implementation of our Streamline Management Document System phase II.

### **Distribution and sales of medical equipment**

We have been engaged in the distribution and sales of medical equipment in the PRC since April 2022 through the Group's non-wholly owned subsidiary in the PRC acquired in July 2021. Such revenue generated from the distribution and sales of medical equipment was recognised on a net basis given that the Group's non-wholly owned subsidiary acted as an agent in the transactions.

Our net income generated from the distribution and sales of medical equipment represented approximately 0.4% of our total revenue for the year ended 31 December 2022 (2021: Nil) and amounted to approximately RM0.4 million.

### **Cost of sales**

Our cost of sales decreased by approximately RM3.0 million or 3.6% from approximately RM85.3 million for the year ended 31 December 2021 to approximately RM82.2 million for the year ended 31 December 2022. Such decrease in cost of sales was mainly attributable to (i) the decrease in postage cost and purchase cost of materials in 2022 as the document print and mail fulfillment services dropped; and (ii) the decrease in the service fees charged by third party contractors in relation to our provision of outsourced insurance risk analysis services.

## **Gross profit and gross profit margin**

Our gross profit decreased by approximately RM3.2 million or 11.9% from approximately RM26.6 million for the year ended 31 December 2021 to approximately RM23.4 million for the year ended 31 December 2022. Our gross profit margin decreased by approximately 1.6% from approximately 23.8% for the year ended 31 December 2021 to approximately 22.2% for the year ended 31 December 2022. The decrease in gross profit was mainly attributable to the decrease in revenue generated from the provision of document print and mail fulfilment services and outsourced insurance risk analysis services, while the slight decrease in gross profit margin was mainly due to less revenue generated from high profit margin services such as the provision of electronic document delivery services, user acceptance testing services and programming services.

## **Other income and gains**

Our other income and gains increased by approximately RM0.2 million or 20.9% from approximately RM1.0 million for the year ended 31 December 2021 to approximately RM1.2 million for the year ended 31 December 2022, which was mainly attributable to the value added tax incentive received by the Group's subsidiary in the PRC and the increase in interest income generated from fixed deposits and low-risk investment products.

## **Selling and distribution expenses**

The selling and distribution expenses mainly represented the staff costs incurred for the distribution and sales of medical equipment in 2022 (2021: Nil).

## **Administrative expenses**

Our administrative expenses increased by approximately RM3.4 million or 18.7% from approximately RM18.0 million for the year ended 31 December 2021 to approximately RM21.4 million for the year ended 31 December 2022. The increase was mainly attributable to (i) the increase in staff costs; (ii) the increase in research cost in relation to the provision of insurance risk analysis services and insurance marketing services; and (iii) the decrease in reversal of allowance for expected credit losses on trade receivables and the increase in bad debts written off for trade receivables in 2022.

**Finance costs**

Our finance costs decreased by approximately RM0.1 million or 11.2% from approximately RM0.5 million for the year ended 31 December 2021 to approximately RM0.4 million for the year ended 31 December 2022. The decrease was mainly due to the decrease in the outstanding balance of a term loan of the Group.

**Profit before tax**

Our profit before tax amounted to approximately RM2.7 million for the year ended 31 December 2022 (2021: approximately RM9.1 million). Such decrease in profit before tax was primarily due to the decrease in gross profit and the increase in administrative expenses as abovementioned.

**Income tax expense**

Our income tax expense decreased by approximately RM2.1 million or 47.0% from approximately RM4.6 million for the year ended 31 December 2021 to approximately RM2.4 million for the year ended 31 December 2022. Such decrease in income tax expenses was mainly due to the decrease in taxable profits generated from the outsourced document management services and the insurance risk analysis services by certain subsidiaries of the Company in Malaysia and the PRC.

**Profit for the year**

Our profit for the year amounted to approximately RM0.3 million for the year ended 31 December 2022 (2020: approximately RM4.5 million). The decrease in profit for the year was primarily due to the decrease in gross profit and the increase in administrative expenses as abovementioned.

**Final dividend**

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2022 (2021: No final dividend).

## **Liquidity and financial resources**

As at 31 December 2022, total loans and borrowings of the Group amounted to approximately RM13.4 million (31 December 2021: approximately RM16.2 million), representing a decrease of approximately RM2.8 million or 17.4% as compared with that as at 31 December 2021. The Group's loans and borrowings were at floating interest rates of 3.50% to 6.60% (31 December 2021: floating interest rates of 3.50% to 5.60%) and denominated in RM during the Reporting Period. As at 31 December 2022, the loans and borrowings included secured bank loans of approximately RM4.2 million (31 December 2021: approximately RM6.7 million) with maturity of more than 2 years but not exceeding 5 years, secured bank loans of approximately RM2.6 million (31 December 2021: approximately RM2.6 million) with maturity of more than 1 year but not exceeding 2 years, and secured bank loans and bank overdrafts of approximately RM6.6 million (31 December 2021: approximately RM6.9 million) with maturity of less than a year or in aggregate, which were repayable within one year. As at 31 December 2022, loans and borrowings of the Group of RM13.4 million were secured by first party open charge over the leasehold land, factory building and shophot of the Group, and the corporate guarantee by the Company.

As at 31 December 2022, the Group had cash and bank balances of approximately RM53.9 million (31 December 2021: approximately RM66.3 million), which were denominated in RM, Renminbi (“**RMB**”) and Hong Kong Dollars.

The Group maintains a solid financial position and was in a net cash position as at 31 December 2022. The Group is able to meet its obligations when they become due in its ordinary and usual course of business. The current ratio, being the ratio of total current assets to total current liabilities, was around 4.7 times as at 31 December 2022 (31 December 2021: approximately 5.0 times). The Group's working capital requirements were mainly financed by internal resources.

## **Contingent liabilities**

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

## **Capital commitments**

As at 31 December 2022, the Group had capital commitments of approximately RM1.3 million in relation to the conversion of an existing building to the Data Centre and approximately RM4.8 million in relation to the acquisition of intangible assets for livestreaming and video technology (31 December 2021: Nil).

## **Funding and treasury policy**

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the year ended 31 December 2022. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. For the year ended 31 December 2022, the Group did not use any risk hedging instrument and would consider if the need arises.

## **Foreign currency risk**

The Group mainly operates in Malaysia and the PRC with most of its transactions settled in RM, Singapore Dollar ("SGD") and RMB. The assets, liabilities and transactions arising from the operations are mainly denominated in RM, SGD 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 2022. The Group has not adopted formal hedging policies and would consider adopting such policies if the need arises.

## **Gearing ratio**

As at 31 December 2022, the Group's gearing ratio was approximately 15.2% (31 December 2021: approximately 18.4%), representing the total loans and borrowings as a percentage of total equity attributable to owners of the Company 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 RM16.2 million as at 31 December 2021 to approximately RM13.4 million as at 31 December 2022.



## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL**

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

Save as disclosed herein, the Group did not have any significant investment nor did the Group carry out any material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2022.

## **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” 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 2022.

## **EVENTS AFTER THE REPORTING PERIOD**

On 1 January 2023, Terms of Reference for the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”) of the Board had been revised and adopted by the Board. The same had been published on the websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.clinksquared.com>) on 3 January 2023.

With effect from 27 March 2023, Mr. Lee Yan Kit (“**Mr. Lee**”) has ceased to be an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board.

Following Mr. Lee’s cessation of directorship, Dr. Zeng Jianhua, an existing independent non-executive Director, has been appointed as a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board with effect from 27 March 2023. For further details, please refer to the Company’s announcement dated 27 March 2023.

Save as disclosed in this announcement, there are no significant subsequent events undertaken by the Group after 31 December 2022 and up to the date of this announcement.

## **OTHER EVENTS**

### **Correction of early accounting errors in the unaudited interim results for the six months ended 30 June 2022**

The Group’s subsidiary in the PRC has been engaging in the distribution and sales of medical equipment since the first half of 2022 and recognised the revenue generated from the distribution and sales of medical equipment for the six months ended 30 June 2022 under the gross price method. After multiple communications with the Company’s auditor during the annual audit for the year ended 31 December 2022, the Board considers that it is more appropriate for the Company to recognise the revenue according to the net price method for the distribution and sales of medical equipment business as the Group’s subsidiary plays an agent role in the distribution and sales of medical equipment. Thus, the Company currently recognises such revenue according to the net price method for the year ended 31 December 2022.

Had the distribution and sales of medical equipment been treated using the net price method with effect from 1 January 2022, the impact of such accounting treatment on certain unaudited key financial figures of the Group for the six months ended 30 June 2022 as disclosed in the announcement of interim results for the six months ended 30 June 2022 dated 30 August 2022 and the 2022 interim report dated 30 August 2022 would have been adjusted in the following manner:

	<b>Before adjustment</b>	<b>After adjustment</b>	<b>Impacts Increase/ (decrease)</b>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	59,236	51,770	(7,466)
Cost of sales	48,648	41,182	(7,466)
Gross profit	10,588	10,588	–
Loss for the period	17	17	–

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2022, the Group had 168 employees (31 December 2021: 172 employees). The total remuneration cost amounted to approximately RM13.5 million for the year ended 31 December 2022 (2021: approximately RM11.3 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 SHARE OFFER**

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

Having considered the then 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.

Subsequently, having duly considered the then development needs of the Group as set out in the Company’s announcement dated 20 December 2022 (the “**2022 Announcement**”), the Board resolved to (i) reallocate the unutilised net proceeds which were originally allocated to “strengthening the Group’s technical operation support system” to another existing use of net proceeds purpose of “engaging external software development vendor(s) and developing new applications within the software development plan”, and (ii) include the development or provision of livestreaming and video technology capabilities as part of the new applications within the Group’s software development plan. For details, please refer to the 2022 Announcement.

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

Purposes of the use of the net proceeds	Percentage of total net proceeds	Intended	Actual amount	Actual	Actual	Actual	Actual	Expected timeline
		use of net proceeds as stated in the Prospectus and the 2022 Announcement	of utilised net proceeds during the Reporting Period and up to 31 December 2022	amount of net proceeds as at 31 December 2022	amount of utilised net proceeds as at 31 December 2022	amount of unutilised net proceeds as at 31 December 2022	amount of unutilised net proceeds from 1 January 2023 and up to the date of this announcement	amount of unutilised net proceeds as at the date of this announcement
		HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	
		(approximate)	(approximate)	(approximate)	(approximate)	(approximate)	(approximate)	
<b>To increase technological capability and capacity</b>								
to develop into other market vertical/parallels	88.6%	65.3	(20.5)	(20.5)	44.8	(8.8)	36.0	
- to acquire and convert an existing building into a Data Centre and upgrade IT infrastructure	76.7%	56.5	(20.5)	(20.5)	36.0	-	36.0	By December 2023
- to engage external software development vendors and develop new applications within the software development plan	11.9%	8.8	-	-	8.8	(8.8)	-	By December 2023
<b>To expand market presence locally and explore expansion regionally to capture further market share</b>	11.4%	8.4	(0.5)	(0.7)	7.7	(0.1)	7.6	
- to step up the Group's marketing and sale efforts to reach out to new customers	3.6%	2.7	(0.5)	(0.7)	2.0	(0.1)	1.9	By December 2023
- to be used in potential strategic acquisition and business opportunities	7.8%	5.7	-	-	5.7	-	5.7	By December 2023
	<b>100.0%</b>	<b>73.7</b>	<b>(21.0)</b>	<b>(21.2)</b>	<b>52.5</b>	<b>(8.9)</b>	<b>43.6</b>	

The balance of unutilised net proceeds brought forward to 2022 from the year ended 31 December 2021 amounted to approximately HK\$73.5 million. Although the utilisation of the net proceeds had been previously delayed as a result of the COVID-19 Outbreak, as at 31 December 2022 the net proceeds have been used and are expected to be applied for purposes which are consistent with those as disclosed in the section headed “Future Plans and Proposed Use of Proceeds” of the Prospectus, the 2021 Announcement and the 2022 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, the 2021 Announcement and the 2022 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, the 2021 Announcement and the 2022 Announcement while the proceeds will be applied based on the actual development of the Group's business, the industry and the economic conditions as impacted by the COVID-19 pandemic. As at 31 December 2022 and the date of this announcement, there was no change in the intended use of net proceeds as previously disclosed in the Prospectus, the 2021 Announcement and the 2022 Announcement.

## **ISSUE OF SECURITIES**

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 2022.

## **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 2022.

The Company's relevant employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's relevant employees was noted by the Company during the year ended 31 December 2022.

## **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 2022.

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Ling Sheng Hwang ("**Mr. F Ling**") holds both positions. Mr. F Ling has been primarily responsible for corporate strategic planning and overall business development of 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 the Company and the shareholders of the Company (the "**Shareholders**") as a whole.

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

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

## **AUDIT COMMITTEE**

The Company had established its Audit Committee with written terms of reference (revised and adopted by the Board on 1 January 2023) 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, Dr. Zeng Jianhua and Mr. Qian Jianguang. Mr. Yang Junhui is currently 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 2022. The Audit Committee is of the view that the annual results for the year ended 31 December 2022 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 2022 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.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company is scheduled to be held on Monday, 26 June 2023 (the "2023 AGM"). A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the Shareholders' entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 20 June 2023 to Monday, 26 June 2023 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the 2023 AGM, the unregistered holder of Shares must lodge all transfer documents accompanied by the relevant share certificates with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 19 June 2023.



## **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 2022 annual report of the Group for the year ended 31 December 2022 containing all the information required by the Listing Rules will be dispatched to the Shareholders 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 2023

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