

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

C-LINK SQUARED LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1463)

FURTHER CHANGE IN USE OF NET PROCEEDS FROM THE SHARE OFFER

References are made to (i) the prospectus of C-Link Squared Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 17 March 2020 (the “**Prospectus**”), (ii) the announcement in relation to the change in use of net proceeds from the Share Offer (the “**Net Proceeds**”) published by the Company on 4 November 2021 (the “**2021 Announcement**”), (iii) the announcement in relation to the further change in use of the Net Proceeds published by the Company on 20 December 2022 (the “**2022 Announcement**”), and (iv) the annual report of the Company for the year ended 31 December 2022 dated 30 March 2023 (the “**Annual Report 2022**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus, the 2021 Announcement, the 2022 Announcement and the Annual Report 2022.

INTENDED USE OF NET PROCEEDS

After deducting the underwriting commissions and relevant expenses, the Net Proceeds amounted to approximately HK\$73.7 million.

As set out in the 2022 Announcement, having duly considered the development needs of the Group as further elaborated in 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 further details, please refer to the 2022 Announcement.

As at the date of the 2022 Announcement, the unutilised Net Proceeds amounted approximately HK\$53.6 million. Following the change in use of Net Proceeds as mentioned above, and as disclosed in the 2022 Announcement, the Company intended to apply the unutilised Net Proceeds as follows:

- (i) Increasing the Group's technological capability and capacity to develop into other market vertical/parallels:
 - (a) approximately HK\$37.0 million for acquiring and converting an existing building into a Data Centre and upgrading IT infrastructure; and
 - (b) approximately HK\$8.8 million for engaging external software development vendor(s) and developing new applications (including the development or provision of livestreaming and video technology capabilities) within the software development plan.
- (ii) Expanding the Group's market presence locally and exploring expansion regionally to capture further market share:
 - (a) approximately HK\$2.1 million for stepping up the Group's marketing and sale efforts to reach out to new customers; and
 - (b) approximately HK\$5.7 million for potential strategic acquisition and business opportunities.

From the date of the 2022 Announcement and up to the date of this announcement, the Company had utilised approximately HK\$1.0 million of the Net Proceeds for acquiring and converting an existing building into a Data Centre and upgrading IT infrastructure, approximately HK\$8.8 million of the Net Proceeds for engaging external software development vendor(s) and developing new applications within the software development plan, and approximately HK\$0.3 million of the Net Proceeds for stepping up the Group's marketing and sale efforts to reach out to new customers. As such, as at the date of this announcement, the unutilised Net Proceeds amounted to approximately HK\$43.5 million.

FURTHER CHANGE IN USE OF NET PROCEEDS

Having duly considered the Group's business expansion and marketing needs and the needs for further technological advancement of the Group's Streamline Suite platform as set out in the paragraph headed "Reasons for and Benefits of the Further Change in Use of Net Proceeds" below, on 28 July 2023, the Board resolved to:

- (i) reallocate the unutilised Net Proceeds which were originally allocated to "potential strategic acquisition and business opportunities" of approximately HK\$5.7 million, of which approximately HK\$4.8 million will be reallocated to the existing use of Net Proceeds "stepping up the Group's marketing and sale efforts to reach out to new customers" and approximately HK\$0.9 million to the existing purpose of "engaging external software development vendor(s) and developing new applications within the software development plan";
- (ii) include the engagement of external service provider(s) to provide marketing, sale, customer services and other support services for the Group's Streamline products and services (the "**Marketing and Customer Support Services**") as part of its existing purpose of "marketing and sale efforts to reach out to new customers";
- (iii) include the development or provision of artificial intelligence ("**AI**") capabilities for its existing and new applications in the Group's software development plan; and
- (iv) extend the timeline for fully utilising the unutilised Net Proceeds for "acquiring and converting an existing building into a Tier 3 compliant data centre and upgrading IT infrastructure" and "stepping up the Group's marketing and sale efforts to reach out to new customers" from December 2023 to June 2024.

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

Purposes of the use of the Net Proceeds	Intended use of the Net Proceeds as at the date of the 2022 Announcement	Amount of unutilised Net Proceeds as at the date of the 2022 Announcement	Amount of Net Proceeds utilised during the period between the date of the 2022 Announcement and the date of this announcement	Amount of unutilised Net Proceeds as at the date of this announcement	Current change in use of the unutilised Net Proceeds	Amount of unutilised Net Proceeds after current change in use	Expected timeline for fully utilising the unutilised Net Proceeds as at the date of the 2022 Announcement	Change in the expected timeline for fully utilising the unutilised Net Proceeds
	(i.e., 20 December 2022)	as at the date of the 2022 Announcement	and the date of this announcement	before the current change in use	in use of the unutilised Net Proceeds	after current change in use	of the 2022 Announcement	utilising the unutilised Net Proceeds
	(HK\$' million) (approximate)	(HK\$' million) (approximate)	(HK\$' million) (approximate)	(HK\$' million) (approximate)	(HK\$' million) (approximate)	(HK\$' million) (approximate)		
To increase technological capability and capacity to develop into other market vertical/parallels	65.3	45.8	(9.8)	36.0	0.9	36.9		
– to acquire and convert an existing building into a Tier 3 compliant Data Centre and upgrade IT infrastructure	56.5	37.0	(1.0)	36.0	Unchanged	36.0	By December 2023	By June 2024
– to engage external software development vendors and develop new applications within the software development plan	8.8	8.8	(8.8)	–	0.9	0.9	By December 2023	Unchanged
To expand market presence locally and explore expansion regionally to capture further market share	8.4	7.8	(0.3)	7.5	(0.9)	6.6		
– to step up the Group's marketing and sale efforts to reach out to new customers	2.7	2.1	(0.3)	1.8	4.8	6.6	By December 2023	By June 2024
– to be used in potential strategic acquisition and business opportunities	5.7	5.7	–	5.7	(5.7)	–	–	–
Total	73.7	53.6	(10.1)	43.5		43.5		

Notes:

1. For details of the use of Net Proceeds before the date of the 2022 Announcement (i.e., 20 December 2022), please refer to the Prospectus, the 2021 Announcement and the 2022 Announcement.
2. Between the date of the 2022 Announcement (i.e., 20 December 2022) and the date of the Annual Report 2022, Net Proceeds of (i) approximately HK\$1.0 million have been utilised for acquiring and converting an existing building into a Tier 3 compliant Data Centre and upgrading IT infrastructure, (ii) approximately HK\$8.8 million have been utilised for engaging external software development vendors and developing new applications within the software development plan, and (iii) approximately HK\$0.2 million have been utilised for stepping up the Group's marketing and sale efforts to reach out to new customers.
3. Between the date of the Annual Report 2022 and the date of this announcement, Net Proceeds of approximately HK\$0.1 million have been utilised for stepping up the Group's marketing and sale efforts to reach out to new customers.
4. Between the date of Listing and the date of this announcement, Net Proceeds of (i) approximately HK\$20.5 million have been utilised for acquiring and converting an existing building into a Tier 3 compliant Data Centre and upgrading IT infrastructure, (ii) approximately HK\$8.8 million have been utilised for engaging external software development vendors and developing new applications within the software development plan, and (iii) approximately HK\$0.9 million have been utilised for stepping up the Group's marketing and sale efforts to reach out to new customers. Therefore, the total amount of utilised Net Proceeds as at the date of this announcement was HK\$30.2 million.
5. Except for the change in the expected timeline for "acquiring and converting an existing building into a Tier 3 compliant data centre and upgrading IT infrastructure" and "stepping up the Group's marketing and sale efforts to reach out to new customers", the expected timeline for full utilisation of the unutilised Net Proceeds for "engaging external software development vendor(s) and develop new applications within the software development plan" remain unchanged (i.e. by December 2023). The expected timetable for fully utilising the unutilised Net Proceeds is determined based on the Group's best estimate of future market conditions and is subject to change depending on current market conditions and future market developments.

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

(i) Stepping up the Group’s marketing and sale efforts to reach out to new customers

As disclosed in the Prospectus and the 2022 Announcement, the Board originally planned to use the unutilised Net Proceeds of approximately HK\$5.7 million (as at the date of the 2022 Announcement) in “potential strategic acquisition and business opportunities” and approximately HK\$2.1 million (as at the date of the 2022 Announcement) to “step up its marketing and sale efforts” by hiring various staff personnel in Malaysia with the aim to expand the Group’s network of customers to cover other financial institutions, and enterprises from other sectors in Malaysia including banks and insurance companies and Malaysian customers that have offices in Singapore.

However, the Group hopes to expand its existing customer portfolio and has thus adopted a more reliable and sustainable business strategy with the aim of attracting potential new customers from overseas markets. Accordingly, the Board considers that the original plan of hiring various staff personnel in Malaysia “to step up its marketing and sale efforts” is insufficient to satisfy the Company’s current business expansion and marketing needs and is therefore exploring opportunities to enter and expand the Group’s business operations into new overseas countries. To this end, the Company has currently identified two overseas countries suitable for expansion of their business, namely Singapore and Vietnam. In addition, in order to cope with the Group’s business expansion plans in these overseas countries, the Board considers that a local customer service and IT support team to provide support to the Group’s customers for the use of Streamline products and services in those countries would help the Company remain competitive with its competitors.

Due to the growing economic and business advancements in Singapore and Vietnam, the Board considers that both countries have great potential for the development of the financial services sector which represents untapped business opportunities for the Group to expand its business operations. Currently, the Group only attracts and secures customers in Singapore from referrals by their counterparts in Malaysia. Thus, the Board believes that expanding their business operations and presence into Singapore and Vietnam would help the Group capitalise on the market demand for the Group’s Streamline Suite platform and services in these two countries. Given that the Company would need to localise their services and products in order to appeal to the local

markets and build a team of staff personnel who have established relationships and networks with potential customers in these countries, the Board considers that it would be more efficient and cost-effective to engage external service provider(s) to provide the Marketing and Customer Support Services instead of setting up local offices in these countries as part of the Group's marketing and sale efforts to reach out to new customers.

For the aforesaid reasons, the Board has resolved to (i) reallocate the unutilised Net Proceeds of HK\$4.8 million which were originally allocated to be used in "potential strategic acquisition and business opportunities" to "stepping up the Group's marketing and sale efforts to reach out to new customers", and (ii) include the engagement of external service provider(s) to provide the Marketing and Customer Support Services as part of the Group's marketing and sale efforts to reach out to new customers. It is expected that the aforesaid unutilised Net Proceeds of HK\$4.8 million will be applied to cover the costs to be incurred by the external service provider(s) for hiring experienced local sales and marketing staffs, senior IT staffs, senior software developers for the localisation and customisation of the Group's Streamline products and services to potential customers in Singapore and Vietnam and the provision of office premises in both countries by the service provider(s).

(ii) Engaging external software development vendors and develop new applications within the software development plan

Following the reallocation of the unutilised Net Proceeds in the amount of approximately HK\$8.8 million as set out in the 2022 Announcement to "engaging external software development vendors and develop new applications within the software development plan", the Group has been integrating livestreaming and video technology capabilities into the Streamline Suite platform, enabling its clients to engage with their customers in real time as part of the Group's software development plan, and for such purpose, approximately HK\$8.8 million has been applied to implement the upgrading plan of the platform.

While the Streamline Suite platform is now being equipped with livestreaming and video technology capabilities to enable live-time interactions with customers, upon continuous market researches and feedbacks, the Board currently considers that the potential of the Group's applications in its Streamline Suite platform could further be enhanced to keep up with popular market trends and rapid technological changes by including more advanced capabilities such as analytics of customer data, behaviour and preferences, which will involve the application of AI and machine learning ("ML"; a subset of AI) technology to boost the efficiency of the Streamline Suite platform. With this enhanced efficiency, end users of the Streamline Suite platform can access a variety of services online, including personalised financial advice, investment management, and trading, among others. It is expected that the increased customer satisfaction arising from the enhanced efficiency of the Streamline Suite platform would generate additional income streams to the Group and strengthen its future earning capability, and hence boosting the Group's revenue and profitability in the long run and creating greater value for the Shareholders. Thus, the Group is considering partnering with established AI technology firm(s) to leverage their expertise and accelerate the adoption of AI and ML technology to its existing and new applications. This will enable the Group to gain access to the necessary IT skills and domain knowledge, and also reduce the development lead-time. The use of AI technology can also provide a more secure and reliable platform for financial transactions which align with the overall future goals for new and existing customers, leading to increased customer satisfaction and loyalty. By providing its customers with the latest and most innovative solutions available, it can also help the Group further expand its audience base and local market presence by providing customised services tailored to their preferences and needs, thereby giving the Group a competitive advantage among its competitors.

In this connection, the Board has resolved to (i) reallocate the unutilised Net Proceeds of HK\$0.9 million which were originally allocated to be used in “potential strategic acquisition and business opportunities” to “engaging external software development vendor(s) and developing new applications within the software development plan”, and (ii) include the development or provision of AI capabilities for its existing and new applications in the Group’s software development plan. It is expected that the reallocated unutilised Net Proceeds of HK\$0.9 million will be applied to cover the acquisition cost of the source code of the new features including stream analytics, audience sentiment engine, operational functionality, content management system and server infrastructure. The Group will identify suitable AI technology firm(s) to develop such AI and ML functionalities, and currently expects that the upgraded Streamline Suite platform will have key AI-driven features including but not limited to (i) content and video creation through virtual hosts, (ii) AI-automated customer service chatbot that responds to queries around-the-clock, and (iii) first-party data on video engagement insights and analysis.

(iii) Potential strategic acquisition and business opportunities

Due to the ongoing political and social changes coupled with the current economy in Malaysia, the Board is of the view that the original plan for the acquisition of an interest in a Bumiputera company, as disclosed in the Prospectus, is no longer a priority of the Group, as it will not provide as many added benefits to the Group’s long-term development as the upgrading of the Streamline Suite with AI capabilities after weighing it against the additional advantages that may be brought by including the development or provision of AI capabilities for its existing and new applications in the Group’s software development plan. The Board considers that the impact of gaining access to Bumiputera restricted business and having direct access to Bumiputera contracts (in the government and government-linked sectors) is not as significant as compared to the time of Listing. Such acquisition of an interest in a Bumiputera company might not drive the Group’s corporate growth in terms of customer base and channels as significantly as originally expected. Since acquiring an interest in a Bumiputera company is no longer a critical part of the Group’s business plan, the Group will delay its plan in funding potential strategic acquisition and business opportunities (which was one of the purposes of the use of the Net Proceeds as set out in the 2022 Announcement), and the related funding plan will be determined by the Board as and when appropriate.

(iv) Extension of timeline for acquiring and converting an existing building into a Tier 3 compliant data centre and upgrading IT infrastructure

As disclosed in the 2022 Announcement, the Board originally planned to use the unutilised Net Proceeds of approximately HK\$36.0 million for “acquiring and converting an existing building into a Tier 3 compliant data centre and upgrading IT infrastructure” by December 2023. On May 2022, the Company completed the acquisition for an existing building in Malaysia and began the conversion of the building into the data centre in June 2022. The process to obtain approval from the Dewan Bandaraya Kuala Lumpur (Kuala Lumpur City Hall) in Malaysia for refurbishment works for the building with specifications conforming to Tier 3 compliant data centre has taken longer than expected. However, in July 2023, the Company has obtained preliminary approval for the refurbishment works for the building. Given this, the Group can now continue with the refurbishment works.

Therefore, the Board resolved to extend the intended timeline for fully utilising the aforementioned unutilised Net Proceeds to “acquire and convert an existing building into a Tier 3 compliant Data Centre and upgrade IT infrastructure” from December 2023 to June 2024 in order to allow sufficient time to carry out the refurbishment works. The Group believes that the extension can help the Group better manage its financial and operational resources allocation to complete the conversion and refurbishment of the existing building into a Tier 3 compliant data centre.

(v) Extension of timeline for stepping up the Group’s marketing and sale efforts to reach out to new customers

As disclosed in the 2022 Announcement, the Board originally planned to use the unutilised Net Proceeds of approximately HK\$1.8 million for “stepping up the Group’s marketing and sale efforts to reach out to new customers” by December 2023. However, due to the reallocation of unutilised Net Proceeds of HK\$4.8 million to engage the service provider(s) to provide the Marketing and Customer Support Services in Singapore and Vietnam as part of its marketing and sale efforts to reach out to new customers and business expansion plan as disclosed above, the Board considers that there will not be sufficient time for the Company to engage the external service provider(s) and provide the Marketing and Customer Support Services by December 2023.

Therefore, the Board resolved to extend the intended timeline for fully utilising the aforementioned unutilised Net Proceeds “to step up the Group’s marketing and sale efforts to reach out to new customers” from December 2023 to June 2024. The Group believes that the extension can help the Group better manage its financial and operational resources allocation to achieve its business expansion plans.

Save as disclosed in this announcement, there is no other change in the intended use of the unutilised Net Proceeds as disclosed in the 2022 Announcement and the Annual Report 2022. The Board confirms that there are no material changes in the nature of the businesses of the Group. The Board considers the above change in use of the unutilised Net Proceeds to be fair and reasonable as this would allow the Company to deploy its financial resources more effectively with the aim of developing its business expansion and marketing plans and AI capabilities for its existing Streamline Suite platform while enhancing the profitability of the Group and is therefore in the interests of the Group and the Shareholders as a whole.

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

By order of the Board
C-Link Squared Limited
Ma Shengcong

Chairman of the Board and executive Director

Hong Kong, 28 July 2023

As at the date of this announcement, the executive Directors are Mr. Ma Shengcong and Ms. Zhang Ying, 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.