Linocraft Holdings Limited
東駿控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8383)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Linocraft Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

The Group's total revenue amounted to approximately RM129.9 million for the year ended 31 August 2017, increased by approximately 28.5% as compared to that of the same period in 2016.

The gross profit amounted to approximately RM20.8 million for the year ended 31 August 2017, decreased by approximately 6.6% as compared to that of the same period in 2016.

The Group recorded a net loss of approximately RM6.2 million for the year ended 31 August 2017. The loss for the year was mainly due to the recognition of the one-off listing expenses of approximately RM8.4 million.

The Board does not recommend the payment of final dividend for the year ended 31 August 2017.

ANNUAL RESULTS

The board of Directors (the "Board") is pleased to announce the audited consolidated financial results of the Group for the year ended 31 August 2017 together with the comparative audited figures for the year ended 31 August 2016. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 August 2017

	Notes	2017 RM'000	2016 RM'000
Revenue	5	**129,921**	101,120
Cost of sales		**(109,156)**	(78,898)
Gross profit		**20,765**	22,222
Other operating income/(loss)		**3,466**	2,174
Distribution costs		**(9,101)**	(6,929)
Administrative expenses		**(15,540)**	(3,837)
Other operating expenses		**(976)**	(26)
(Loss)/profit from operation		**(1,386)**	13,604
Finance costs		**(2,503)**	(2,363)
Share of profit of an associate		**1**	41
Share of loss of a joint venture		**(104)**	—
(Loss)/profit before income tax expense	6	**(3,992)**	11,282
Income tax expense	8	**(2,204)**	(2,820)
(Loss)/profit for the year		**(6,196)**	8,462
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
— Exchange differences on translation to profit or loss		**15**	(5)
Total comprehensive income for the year		**(6,181)**	8,457
		RM	*RM*
(Loss)/earnings per share			
Basic and diluted (loss)/earnings per share	9	**(1.03) sen**	1.41 sen

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2017

	Notes	2017 RM'000	2016 RM'000
Non-current assets			
Property, plant and equipment		**55,358**	50,619
Interest in an associate		**—**	130
Interest in a joint venture		**111**	—
Prepayment for acquisition of property, plant and equipment		**3,191**	987
Deferred tax assets		**517**	2,068
Total non-current assets		**59,177**	53,804
Current assets			
Inventories		**25,691**	20,383
Trade and other receivables	*10*	**47,438**	27,889
Amounts due from related companies		**46**	—
Cash and cash equivalents		**4,406**	4,032
		77,581	52,304
Assets of a disposal group classified as held for sale		**13**	—
Total current assets		**77,594**	52,304
Current liabilities			
Trade and other payables	*11*	**35,846**	18,970
Bank borrowings		**33,849**	29,425
Amounts due to related companies		**14,258**	18,032
Finance lease obligations		**847**	306
Tax payables		**300**	127
Total current liabilities		**85,100**	66,860
Net current liabilities		**(7,506)**	(14,556)
Total assets less current liabilities		**51,671**	39,248

	Notes	**2017**	2016
		RM'000	*RM'000*
Non-current liabilities			
Bank borrowings		**17,012**	6,696
Finance lease obligations		**2,307**	567
Total non-current liabilities		**19,319**	7,263
Net assets		**32,352**	31,985
Capital and reserves			
Share capital		*	2,000
Reserves		**32,352**	29,985
Total equity		**32,352**	31,985

* Represents amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 13 April 2017 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business in Hong Kong and Malaysia are located at Unit 1302, 13/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Central, Hong Kong and Lot 1769, Jalan Belati, Off Jalan Kempas Lama, Taman Perindustrian Maju Jaya, 81300 Johor Bahru, Johor Darul Takzim, Malaysia, respectively.

The Company is an investment holding company and the principal activities of its subsidiaries (together with the Company, collectively referred to as the "Group") is a well-established integrated offset printing and packaging solutions provider in Malaysia.

The Company's parent is Linocraft Investment Pte Limited (the "Linocraft Investment"), a company incorporated in the British Virgin Islands (the "BVI"). In the opinion of the directors, Charlecote Sdn. Bhd. is the ultimate parent of the Company, which is a company with limited liability incorporated in Malaysia.

2. REORGANISATION AND BASIS OF PRESENTATION

Pursuant to a group reorganisation (the "Group Reorganisation") carried out by the Group in preparation for the listing of shares of the Company on the Growth Enterprise Market (the "GEM") of the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group on 31 July 2017. Details of the Group Reorganisation are as set out in the section headed "History, Development and Corporate Structure" to the prospectus issued by the Company dated 31 August 2017.

Immediately prior to and after the Group Reorganisation, the Listing Business was carried out by Linocraft Printers Sdn. Bhd. and its subsidiaries which were under the control of the Charlecote Sdn. Bhd.. Pursuant to the Reorganisation, Linocraft Printers Sdn. Bhd. and its subsidiaries are under the effective control of Linocraft International Limited, and ultimately the Company.

The Company has not been involved in any other business prior to the Group Reorganisation and its operations do not meet the definition of business. The Group Reorganisation is merely a reorganisation of the Listing Business and does not result in any change in business substance, nor in any management or controlling shareholder of the Listing Business, before and after the Group Reorganisation. Accordingly, the financial information of the companies now comprising the Group is presented using the carrying value of the Listing Business for all periods presents.

Intercompany transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS"). In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

These consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments that have been measured at fair value.

The functional currency of the Company is Hong Kong dollars ("HK$"), while the financial statements are presented in Malaysian Ringgit ("RM"), which is the functional currency of the Company's major subsidiaries. The directors consider that it is more appropriate to adopt RM as the Group's and the Company's presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

3. ADOPTION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or revised HKFRSs — effective on 1 September 2016

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 September 2016.

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The adoption of these amendments has no material impact on the Group's financial statements.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]
HK(IFRIC)-Int 23	Uncertainty over income tax treatments[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014–2016 cycle[5]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] Effective for annual periods beginning on or after a date to be determined
[5] Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

Amendments to HKFRS 2 — Share-based Payment

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The directors of the Group has reviewed the Group's financial assets as at 31 August 2017 and anticipates that the application of the expected credit loss model of HKFRS 9 in the future will result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets and is not likely to have other material impact on the results and financial position of the Group based on an analysis of the Group's existing business model.

The above assessments were made based on an analysis of the Group's financial assets and financial liabilities as at 31 August 2017 on the basis of the facts and circumstances that existed at that date. As facts and circumstances may change during the period leading up to the initial date of application of HKFRS 9, which is expected to be 1 September 2018, the assessment of the potential impact is subject to change.

The directors of the Group has reviewed the Group's financial assets as at 31 August 2017 and anticipates that the application of the expected credit loss model of HKFRS 9 in the future will result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets and is not likely to have other material impact on the results and financial position of the Group based on an analysis of the Group's existing business model.

The above assessments were made based on an analysis of the Group's financial assets and financial liabilities as at 31 August 2017 on the basis of the facts and circumstances that existed at that date. As facts and circumstances may change during the period leading up to the initial date of application of HKFRS 9, which is expected to be 1 September 2018, the assessment of the potential impact is subject to change.

HKFRS 15 — Revenue from Contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Management has performed a preliminary assessment and expects that the implementation of the HKFRS 15 would not result in any significant impact on the Group's financial position and results of operations. Meanwhile, there will be additional disclosure requirement under HKFRS 15 upon its adoption. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

Amendments HKFRS 15 — Clarifications to HKFRS 15 Revenue from Contracts with Customers

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 August 2017, the Group has non-cancellable operating lease commitments of RM1,093,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

HK(IFRIC)-Int 22 — Foreign Currency Transactions and Advance Consideration

HK (IFRIC)-Int 22 is set out in accordance with HKAS 21 "The Effect of Changes in Foreign Exchange Rate" requires an entity to record a foreign currency transaction by applying the exchange rate at the date of the transaction. HKAS 21 states that the date of the transaction is the date on which the transaction first qualifies for recognition in accordance with HKFRSs. When an entity pays or receives consideration in advance in a foreign currency, it generally recognises a non-monetary asset or non-monetary liability before the recognition of the related asset, expense or income. HK(IFRIC)-Int 22 addresses how to determine a date of the transaction for the purpose of determining the exchange rate to use an initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency.

The Group is not yet in a position to state whether they will result in substantial changes to the Group's accounting policies and financial statements.

4. SEGMENT INFORMATION

(a) Business segment

The Group has been operating in one operating and reportable segment, being printing and manufacture of instruction manuals, insert, packaging products and printed paper labels. The chief operating decision maker make decisions based on the historical financial information of the Group prepared in accordance with HKFRS about resources allocation and performance assessment.

(b) Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments, investment in golf club membership, interest in an associate, interest in a joint venture, prepayment for acquisition of property, plant and equipment and deferred tax assets ("Specified non-current assets").

	Revenue from external customers	
	2017	2016
	RM'000	*RM'000*
Malaysia	**116,807**	97,489
Singapore	**3,207**	3,631
Philippines	**9,907**	—
	129,921	101,120

	Specified non-current assets	
	2017	2016
	RM'000	*RM'000*
Malaysia	**54,595**	50,619
Philippines	**763**	—
	55,358	50,619

(c) Information about major customers

Revenue from customers individually contributing 10% or more of the Group's revenue are as follow:

	Revenue from external customers	
	2017	2016
	RM'000	*RM'000*
Customer A	**24,287**	27,336
Customer B	**22,762**	18,458
Customer C	**22,273**	16,144
Customer D	**14,606**	16,074

5. REVENUE

Revenue includes the net invoiced value of goods sold earned by the Group. The amounts of revenue recognised during the year are as follows:

	2017	2016
	RM'000	*RM'000*
Sales of production products:		
— Instruction manual	**25,461**	21,863
— Label	**3,619**	946
— Insert	**25,031**	18,289
— Packaging	**75,810**	60,022
	129,921	101,120

6. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

	2017	2016
	RM'000	*RM'000*
(Loss)/profit before income tax expense is arrived at after charging/(crediting):		
Cost of inventories sold*	**109,156**	78,898
Allowance for obsolete inventories	**382**	643
Auditor's remuneration	**438**	21
Depreciation of property, plant and equipment		
— Owned	**3,395**	2,727
— Held under finance leases	**428**	169
Provision for doubtful debts	**52**	11
Bad debts written off	**—**	9
Doubtful debts recovered	**(13)**	(174)
Loss on disposal of property, plant and equipment	**23**	—
Employee costs	**16,856**	14,788
Minimum lease payments under operating lease		
— Rental of equipment	**798**	933
— Rental of premises	**542**	376
Listing expenses (including professional fees and other expenses)	**8,353**	—

* For the years ended 31 August 2017 and 2016, cost of inventories sold comprise RM14,524,000 and RM13,225,000 relating to employee benefit expenses and depreciation charges, which are also included in the respective total amounts disclosed separately above.

7. DIVIDENDS

	2017	2016
	RM'000	*RM'000*
Final dividends attributable to owners of the company	**—**	1,500

For the purpose of the financial statements, the final dividends for the year ended 31 August 2015 amounting to RM1,500,000 represented final dividends proposed by an entity with the Group to its then shareholders.

The rates of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the purpose of the financial statement.

8. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statements of comprehensive income represents:

	2017	2016
	RM'000	*RM'000*
Current tax — Corporate income tax in Malaysia		
— charge for the year	**653**	127
Deferred tax	**1,551**	2,693
Income tax expense	**2,204**	2,820

Corporate income tax in Malaysia is calculated at the statutory rate of 24% (2016: 24%) of the estimated taxable profit for the financial year ended 31 August 2017.

Certain companies of the Group in Malaysia with a paid up capital of RM2,500,000 and below can enjoy lower corporate tax rate in Malaysia of 18% (2016: 19%) on the first RM500,000 taxable profit. Statutory rate as above shall be charged on chargeable income in excess of RM500,000 taxable profit. In addition, for the year of assessment 2017 and 2018 in Malaysia, a further reduction in the corporate tax rate, progressively, from 24% to 20% on the incremental chargeable income of 5% to 9.99%, 10% to 14.99%, 15% to 19.99% and 20% and above as compared to the immediate preceding year of assessment is available.

No provision for Hong Kong profits tax has been made as the Group had no taxable profits arising in Hong Kong for the year ended 31 August 2017 (2016: Nil). Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

The income tax expense for the year can be reconciled to the (loss)/profit before income tax expense per the consolidated statement of comprehensive income as follows:

	2017	2016
	RM'000	*RM'000*
(Loss)/profit before income tax expense	**(3,992)**	11,282
Tax calculated at the domestic tax rate	**(928)**	2,682
Tax effect of expenses not deductible for tax purposes	**2,667**	583
Tax effect of revenue not taxable for tax purposes	**(123)**	(316)
Other	**588**	(129)
Income tax expense	**2,204**	2,820

9. (LOSS)/EARNINGS PER SHARE

The calculation of earnings per share is based on the earning attributable to owners of the Company and the weighted average number of ordinary shares in issue during the respective periods.

The calculation of basic and diluted (loss)/earnings per share is based on the following information:

	2017	2016
	RM'000	*RM'000*
Earnings		
(Loss)/profit for the year attributable to owners of the Company	**(6,196)**	8,462

	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year	**600,000,000**	600,000,000

Basic earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective years. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation completed on 31 July 2017 and the capitalisation issue of 599,999,955 shares which took place on 25 August 2017.

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares during the years ended 31 August 2017 and 2016.

10. TRADE AND OTHER RECEIVABLES

	2017	2016
	RM'000	*RM'000*
Trade receivables from:		
— Associate	**—**	505
— Joint venture	**587**	—
— Third parties	**38,499**	24,421
	39,086	24,926
Deposit and prepayments	**6,925**	1,576
Loans and advances	**388**	849
GST recoverable	**1,039**	538
	47,438	27,889

Included in trade and other receivables are trade debtors (net of impairment losses) with the following aging analysis, based on invoice dates, as at 31 August 2017 and 2016:

	2017	2016
	RM'000	*RM'000*
Within 1 month	**13,082**	9,890
1 to 2 months	**12,041**	7,601
2 to 3 months	**10,222**	6,426
Over 3 months	**3,741**	1,009
	39,086	24,926

At the end of each of the reporting periods, the Group reviews trade and other receivables for evidence of impairment on both individual and collective basis. Based on the impairment assessment, no impairment loss has been recognised as at 31 August 2017 and 2016. The Group did not hold any collateral as security or other credit enhancement over the trade receivables.

The aging of trade receivables which are past due but not impaired is as follows:

	2017	2016
	RM'000	*RM'000*
Past due but not impaired:		
Less than 1 month	**11,269**	6,436
1 to 3 months	**4,644**	966
More than 3 months but less than 12 months	**2,016**	47
	17,929	7,449

Trade receivables that were past due but not impaired related to a number of independent customers that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

The below table reconciled the impairment loss of trade debtors for the year:

	2017	2016
	RM'000	*RM'000*
Beginning of the year	**683**	837
Impairment loss recognised	**52**	11
Recovery of impairment loss previously recognised	**(13)**	(174)
Disposal of a subsidiary	**(660)**	—
Bad debts written off	**—**	9
End of the year	**62**	683

11. TRADE AND OTHER PAYABLES

	2017	2016
	RM'000	*RM'000*
Trade payables	**21,875**	11,501
Other payables, accruals and deposit received	**13,971**	7,469
	35,846	18,970

Trade payables are non-interest bearing. The Group is normally granted credit terms ranging from 0 to 90 days from the invoice date.

Included in trade and other payables are trade creditors with the following aging analysis, based on invoice dates, as at 31 August 2017 and 2016:

	2017	2016
	RM'000	*RM'000*
Current or less than 1 month	**9,945**	3,981
1 to 3 months	**9,767**	4,831
More than 3 months but less than 12 months	**2,152**	2,539
More than 12 months	**11**	150
	21,875	11,501

12. COMMITMENTS

(a) Capital commitments

Capital commitments as at 31 August 2017 are analysed as follows:

	2017	2016
	RM'000	*RM'000*
Commitments for the acquisition of:		
Investment property	**3,949**	3,949
Property, plant and equipment	**15,578**	656
	19,527	4,605

(b) Operating lease commitments

Operating lease payments represent rentals payable by the certain of its lease properties. Leases are negotiated for terms between 1 year and 5 years at fixed rentals.

At the end of each of the reporting periods, the Group has operating lease commitments for future minimum lease payments under non-cancellable operating leases which fall due as follow:

	2017	2016
	RM'000	*RM'000*
Not later than 1 year	**671**	218
Later than 1 year and not later than 2 years	**203**	39
Later than 2 years and not later than 5 years	**219**	43
	1,093	300

13. EVENTS AFTER REPORTING DATE

(a) Disposed of its subsidiary

The Group is in the process of disposed of its subsidiary, Linocraft Packaging Zhuhai Pte. Ltd. which is subject to the approval by the relevant local government authority.

(b) Settlement of related parties' loans

Amounts due to 2 related companies, Semangat Forwarding Agent Sdn Bhd and Straits plus (M) S/B, of approximately RM13.29 million as at 31 August 2017. According to Listing rule 8.04, the aforesaid loans from related companies should be repaid before listing. The management restructured these debts and settled the loans from related companies by securing new long term bank loan of approximately RM13 million in September 2017.

(c) Increase authorised share capital and issuance of shares

There was an issuance of shares by way of capitalisation issue and share offer. On 15 September 2017, the Company issued a total of 200,000,000 ordinary shares of HK$0.01 each at a price of HK$0.4 per share as a result of the completion of the Share Offer. The gross proceeds from Share Offer of HK$80,000,000 representing the par value of HK$2,000,000 credited to the Company's share capital, and share premium of HK$78,000,000, which can be used for deduction of share issuance expenses. After the share premium account of the Company being credited as a result of the Share Offer, HK$6,000,000 was capitalised from the share premium account and applied in paying up in full 599,999,955 shares which was allotted and issued to the then shareholders. The Company's total number of issued shares was increased to 800,000,000 shares upon completion of Share Offer.

(d) Completion of listing

On 15 September 2017, the shares of the Company have been listed on the GEM of the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of Directors (the "Board"), I am pleased to present the first annual results of the Company for the year ended 31 August 2017 (the "Financial Year") after the successful listing of the Company's shares on the GEM (the "Listing") on 15 September 2017 by way of share offer (the "Share Offer"). The Listing has marked a milestone for the Company and its subsidiaries (the "Group").

Our Group is a well-established integrated offset printing and packaging solutions provider based in Malaysia. We focus on packaging printing and our products include packaging boxes, rigid boxes, paper-board inserts, instruction manuals and printed labels to direct customers and contract manufacturers of international renowned brands.

We believe that the net proceeds from the Listing will assist the implementation of the Group's business strategies as stated in the prospectus of the Company dated 31 August 2017 (the "Prospectus"). In addition, the increase in equity interest through the Share Offer will lower our Group's gearing ratio and strengthen our Group's financial position. We believe a public listing status on GEM could attract potential investors and customers and can enhance our Group's credibility with the public and potential business partners. The Listing will also enable our Group to have access to capital market for raising funds both at the time of Listing and at later stages, which would in turn assist our Group's future business development and serves as a platform for regional expansion. A public listing status on GEM may offer the Company a broader shareholder base which will provide liquidity in the trading of the shares of the Company (the "Shares").

BUSINESS REVIEW

Our Group is a well-established integrated offset printing and packaging solutions provider in Malaysia with more than 45 years of experience. Moreover, the Group has also set foot in the Philippines in June 2016 to set up our printing and packaging production line to better serve our customers in the region. We principally provide offset printing services and packaging boxes, instruction manuals and inserts to our customers. We continues to focus on strengthening our market position in the offset printing and packaging industry. Currently, we are negotiating with a number of reputable international brands from different industries to grow our business in Malaysia and the Philippines.

Our Group offers a wide range of packaging products to meet our customers' packaging needs. These products can be broadly categorised into (i) packaging; (ii) instruction manuals; (iii) inserts; and (iv) labels.

The following table sets forth the details of our Group's revenue by types of products:

	For the year ended 31 August			
	2017		2016	
	RM'000	***%***	*RM'000*	*%*
Sales of production products:				
— Packaging	**75,810**	**58.3**	60,022	59.4
— Instruction manuals	**25,461**	**19.6**	21,863	21.6
— Inserts	**25,031**	**19.3**	18,289	18.1
— Labels	**3,619**	**2.8**	946	0.9
	129,921	**100.0**	101,120	100.0

Our Group's total revenue amounted to approximately RM101.1 million and RM129.9 million for the year ended 31 August 2016 and 2017 respectively. Approximate 90% of our revenue was attributable to our customers in Malaysia, with the remaining from Singapore and the Philippines during the Financial Year.

Packaging

Packaging accounts for our largest business segment of our Group's business. Packaging includes the manufacturing of packaging boxes and rigid boxes. Our packaging boxes and rigid boxes are produced with multi-colour sheetfed offset printed materials and manufactured using technologically advanced machines and colour management system of international standards such as Ugra/Fogra Media Wedge CMYK V3.0 to match the requirements of our customers. Our packaging not only serves as a marketing tool but most importantly as a protection for our customers' products. Our Group also provides product development services to customers who require packaging design for their products. Furthermore, our Group also has the capability to create prototype based on the design that was provided to us or created by our team. We have an industrial cutting machine that can produce such prototype to help customers visualise the packaging before mass production.

Our revenue from the production of packaging were approximately RM60.0 million and RM75.8 million for the year ended 31 August 2016 and 2017 respectively, representing approximately 59.4% and 58.3% of our total revenue, respectively.

Instruction Manuals

The production of instruction manuals is the second largest segment. Our Group also provides kitting services by packing related printed materials to be grouped together with instruction manuals into a package. This service provides convenience to our customers by enabling them to liaise with one single party for their packaging needs.

Our revenue from the production of instruction manuals were approximately RM21.9 million and RM25.5 million for the year ended 31 August 2016 and 2017 respectively, representing approximately 21.6% and 19.6% of our total revenue, respectively.

Inserts

The production of inserts is our third largest business segment. Inserts are protective packaging used inside boxes to partition and protect products from damage. It is used to keep the products and accessories in position so that they will be neatly presented to the end consumers. Our Group is involved in designing and die-cutting of corrugated boards into desired shapes to fit and protect the customers' products in the packaging boxes.

Our revenue from the production of inserts were approximately RM18.3 million and RM25.0 million for the year ended 31 August 2016 and 2017 respectively, representing approximately 18.1% and 19.3% of our total revenue, respectively.

Labels

The production of paper-based labels is a small segment of our Group's business, primarily for food and beverage sector. Such labels are mainly used for branding of canned/bottled products. The printing of labels has become a smaller business segment of our Group due to our Group's expansion into other business segments.

Our revenue from the production of labels were approximately RM0.9 million and RM3.6 million for the year ended 31 August 2016 and 2017 respectively, representing approximately 0.9% and 2.8% of our total revenue, respectively.

FUTURE PROSPECTS AND OUTLOOK

Our Group continues to focus strengthening its market position in the offset printing and packaging industry. Currently, we are negotiating with a number of reputable international brands from different industries to grow our business in Malaysia and the Philippines. We have successfully clinched a deal with a major new customer specialising in audio products and secured a new project from a customer in the computing hardware and peripherals business which offers a higher profit margin.

Our Group has set up a production plant, performing post-press processes, namely laminating and die-cutting, in the Philippines, which has commenced production since October 2017. Currently, the orders from a contract manufacturer in the Philippines are fulfilled by our production plant in Malaysia and a local printing and packaging subcontractor engaged by our Group. Our Group has purchased one KBA Rapida 164, a VVLF offset printing press for our another new production plant and it is expected to start full production around first quarter of 2018.

In view of the positive progress in packaging printing market, our Directors expect the trends to have a positive impact on our Group's overall business in Malaysia and the Philippines.

FINANCIAL REVIEW

Revenue

Revenue for the Financial Year increased by approximately 28.5% or approximately RM28.8 million as compared to that of the previous year. The increase in revenue was mainly due to the increase in sales of packaging, where there was an increase in demand derived from a major customer. Other factors which led to the increase in revenue for packaging, instruction manual and inserts, were the growth in volume from the contract manufacturers in Malaysia and new projects from a contract manufacturer in the Philippines. The revenue contributed by the top five customers increased from approximately RM83.0 million for the year ended 31 August 2016 to RM92.1 million for the year ended 31 August 2017, which accounted for 82.1% and 70.9% of our total revenue for the corresponding years, respectively.

Cost of sales

	For the year ended 31 August	
	2017	2016
	RM'000	*RM'000*
Material cost	**73,550**	52,134
Direct labour	**15,902**	12,031
Manufacturing overhead	**19,704**	14,733
	109,156	78,898

Cost of sales comprises mainly (i) material costs (paper, facer, glue, chemical and plates); (ii) direct labour; and (iii) manufacturing overheads (utilities costs, depreciations expenses and repair and maintenance costs).

Cost of sales for the Financial Year increased by approximately 38.4% or RM30.3 million as compared to that of the previous year. The increase is largely due to increase in purchase of raw materials for (i) increase in demand derived from a customer; and (ii) the increase in demand from contract manufacturers in Malaysia and the Philippines. Cost of sales increased at a faster rate than increase in turnover mainly due to (i) an increase in the cost of raw materials and the appreciation of USD against RM during the period; (ii) increase in subcontracting works such as die-cutting and coating; and (iii) increase in number of foreign workers supplied by third party agents engaged by us.

Gross profit and Gross Profit Margin

Our gross profit decreased about 6.6% from RM22.2 million for the year ended 31 August 2016 to RM20.8 million for the year ended 31 August 2017. Our overall gross profit margin decreased by 6.0% from approximately 22.0% for the year ended 31 August 2016 to approximately 16.0% for the year ended 31 August 2017.

The decrease in our gross profit and gross profit margin was mainly attributable to (i) increase in the cost of raw materials and the appreciation of USD against RM; (ii) increase in subcontracting works such as die-cutting and coating; and (iii) increase in number of foreign workers supplied by third party agents engaged by us.

Distribution costs

Our distribution expenses mainly consist of (i) salary expenses and staff benefit which mainly represents the expenses in salary and staff benefits payable to our marketing department; (ii) sales commission; (iii) entertainment and promotional expenses; and (iv) travelling and transport expenses. Our distribution expenses increased about 31.3% from RM6.9 million for the year ended 31 August 2016 to RM9.1 million for the year ended 31 August 2017, which was mainly caused by the increase in transport expenses due to (i) the transportation of products to fulfill orders of the contract manufacturer of Company D in the Philippines and (ii) increase in demand from our customers located in Penang and Ipoh.

Administrative expenses

Our administrative expenses mainly consist of (i) salary expenses and staff benefits which mainly represents the expenses in salary and staff benefits payable to our administrative staff including our Directors; (ii) listing expenses; (iii) professional fees such as legal consultancy fees; and (iv) others such as repair and maintenance for office equipment, bank charges and depreciation which mainly represents the depreciation expenses for our office equipment. The increase of administrative expenses from approximately RM3.8 million for the year ended 31 August 2016 to approximately RM15.5 million for the year ended 31 August 2017 was mainly due to the combined effect of the one-off listing expenses and increase in salary expense of our staff and the set up of Linocraft Philippines.

It is expected that the administrative expenses will be increased due to the establishment of office premises and additional staff to be hired in Hong Kong upon Listing.

Listing expenses

As disclosed in the Prospectus, listing expenses, which are non-recurring in nature, was estimated to be RM10.4 million, of which RM7.8 million would be charged to the consolidated statement of comprehensive income for the year ended 31 August 2017 and RM2.6 million would be accounted for as a deduction from equity upon completion of share offer. Additional listed expenses amounting to approximately RM1.4 million was incurred upon listing, which included mainly: i) professional fee of approximately RM0.4 million, ii) urgent printing cost of approximately RM0.5 million, iii) legal search fee of approximately RM0.4 million. The total listing expenses was amounting to approximately RM11.8 million. Of such amount, approximately RM8.4 million has charged to consolidated statement of comprehensive income for the Financial Year. For the financial year ended 31 August 2018, approximately RM$2.8 million which was directly attributable to the issue of the Offer Shares would be accounted for as a deduction from equity and RM0.6 million would be charged to the consolidated statement of comprehensive income.

Finance costs

Finance costs represented interest on bank overdraft, bank borrowings, finance lease and borrowings from related companies. For the year ended 31 August 2016 and 2017, financial cost amounted to approximately RM2.4 million and RM2.5 million, respectively. The increase was mainly due to the average level of interest on finance lease, amount due to related companies, bank borrowings and overdraft also increase during Financial Year.

Share of profit of an associate/share of loss of a joint venture

Our Group has 25% equity interest since 2010 in Linocraft Singapore Pte. Ltd ("Linocraft Singapore"), which engages in trading business for packaging and printing related products. In January 2017, our Group further acquired 25% equity interest in Linocraft Singapore and became a 50% joint venture of our Group. Our Group's share of the net assets of the associate/joint venture amounted to approximately RM130,000 and RM111,000 for the year ended 31 August 2016 and 2017 respectively. Our Group's share in its net profit of an associate amounted to approximately RM41,000 and RM1,000 for the year ended 31 August 2016 and 2017 respectively. The share of loss of a joint venture was RM104,000 for the year ended 31 August 2017.

Taxation

Malaysian income tax is calculated at the statutory rate of 24% of the estimated taxable profit for the year ended 31 August 2016 and 2017, respectively. Certain companies of our Group with a paid-up share capital of RM2,500,000 and below, enjoy tax rate of 18% (2016:19%) on the first RM500,000 and remaining balance of the estimated taxable profit at their statutory rate. For the two year ended 31 August 2016 and 2017, the tax expenses incurred by our Group amounted to approximately RM2.8 million and RM2.2 million, respectively.

Net (loss)/profit and (loss)/earning per shares

As a result of the foregoing, our Group's net profit was RM8.5 million for the year ended 31 August 2016 and we recorded a net loss of approximately RM6.2 million for the year ended 31 August 2017. The decrease was mainly due to (i) decrease in our gross profit and gross profit margin; (ii) the start-up operation cost of our Philippine subsidiary; and (iii) one-off listing expenditure of approximately RM8.4 million. The Group's loss per share for the Financial Year was RM1.03 sen and the earnings per share for the year ended 31 August 2016 was RM1.41 sen.

The Company has issued a profit warning announcement on 20 November 2017 for the result of Financial Year, which stated excluding the one-off listing expenses. The net profit attributable to the owners for Financial Year would have decreased by approximately 60% as compared to that of last year. Subsequently, adjustment has been made to recognize the administrative and other operating expenses of approximately RM1.2 million previously absorbed in the inventory. As a result, the amount of inventory decreased and we recorded a further loss accordingly.

Nevertheless, excluding the impact of one-off listing expenses, the net profit (i.e. adding back the one-off listing expense to the net loss) attributable to the owners for the Financial Year would have decreased by approximately 74.50% as compared to that of the last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 August 2017,

(a) the Group's net current liabilities was approximately RM7.5 million (2016: net current liabilities of RM14.6 million) and the Group had cash and cash equivalents of approximately RM4.4 million (2016: RM4.0 million);

(b) the Group had bank borrowings and finance lease obligations of approximately RM50.9 million (2016: RM36.1 million) and RM3.2 million (2016: RM873,000);

(c) the Group's current ratio was approximately 0.9 times (2016: 0.8 times). The gearing ratio is calculated based on the net debt divided by the adjusted capital plus net debt as the respective year end. The Group's gearing ratio was approximately 76% (2016: 69%); and

(d) the Group's total equity attributable to owners of the Company amounted to RM32.4 million (2016: RM32.0 million). The capital of the Company mainly comprises share capital and reserves.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the Financial Year (2016: nil).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The companies comprising the Group underwent the reorganisation (the "Reorganisation") to rationalise the Group's structure in preparation for the Listing. Details of the Reorganisation were set out in the section headed "History, Development and Corporate Structure" of the Prospectus. Save for disclosed in the Prospectus, there was no significant investments, material acquisitions or disposals of subsidiaries and associated companies during the Financial Year.

CAPITAL COMMITMENTS

As at 31 August 2017, the capital commitments of the Group are related to purchase of property, plant and equipment of approximately RM19.5 million (2016: RM4.6 million).

PLEDGE OF ASSETS

At the 31 August 2017, certain of the Group's land and buildings with net carrying amount of RM38.2 million (2016: RM32.7 million) were held under finance leases and/or pledged as security for borrowings.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in section headed "Comparison of business objectives and strategies with actual business progress" of this announcement, the Group does not have any concrete plan for material investments or capital assets for the coming year.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 August 2017 and 2016.

FOREIGN CURRENCY RISK

The Group operates mainly in Malaysia, and is exposed to foreign currency risks arising from various currency exposures, mainly with respect to USD and SGD. The Group derives majority of our revenue in RM and a portion of that in USD and SGD, as some of our customers are companies headquartered in the US and Singapore, who prefer to use their local currencies to settle payment. Most of our Group's major customers are contract manufacturers based in Malaysia and settles payment in RM. Quotations from suppliers and payments made to them are generally in RM and USD. There is no assurance that the foreign exchange rate will go in the direction that is favourable to our Group and may result in foreign exchange loss and negatively affect our Group's results of operations and other comprehensive income.

The management will monitor foreign currency exposure of the Group and will consider undertaking foreign exchange hedging activities to reduce the impact of foreign exchange rate movements on the Group's operating result. As at 31 August 2016 and 31 August 2017, our Group had no opened derivative financial instrument.

EVENTS AFTER THE REPORTING DATE

Save as disclosed in the Note 13 above, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 August 2017 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 August 2017, the Group had a total of 512 (2016: 500) employees. The Group recognises that our success in the printing and packaging industry is dependent on our employees. Our Group recruits our employees based on their working attitude, industry experience, educational background and interpersonal skills. The Group generally pays our employees a fixed salary and discretionary performance-based bonus that is paid yearly, subject to individual performance. Certain level of our staff qualify for sales target-based monthly incentives. For the two years ended 31 August 2016 and 2017, the Group's staff costs, including Directors' emoluments, were approximately RM14.8 million and RM16.9 million, respectively. The Group reviews the performance of our employees and such review results will be taken into account during the annual salary review and promotion appraisal period.

COMPARISON OF BUSINESS OBJECTIVES AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

As set out in the Prospectus, the business objectives and strategies of the Group are (i) diversified customer industry; (ii) product line expansion; (iii) geographical expansion; (iv) repayment of bank loan; and (v) general working capital.

Given that the Share Offer was completed after 31 August 2017, the implementation plan as set out in the section headed "Future plans and use of proceeds" of the Prospectus will commence during the year ending 31 August 2018.

We intend to apply the net proceeds to us from the Share Offer, after deducting related underwriting fees and estimated expenses borne by our Group in connection with the Share Offer at HK$0.40 per Share of approximately HK$61 million as follows:

(i) approximately 10.1% of the total estimated net proceeds, or approximately HK$6.2 million, will be used for expansion of business into other industries such as fast moving consumer goods ("FMCG"), medical and cosmetics, and food and beverage;

(ii) approximately 23.3% of the total estimated net proceeds, or approximately HK$14.2 million, will be used for product line expansion to increase our product offering;

(iii) approximately 45.8% of the total estimated net proceeds, or approximately HK$27.9 million, will be used for geographical expansion in order to gain access to new markets;

(iv) approximately 11.7% of the total estimated net proceeds, or approximately HK$7.1 million, will be used to repay a portion of outstanding bank loans with interest rate of approximately 5.0% (based on interest rate set out in the Prospectus) and maturity date ranging from 2018 to 2024. Part of the loans to be discharged was incurred in December 2016, the borrowings were used for purchase of equipment and machinery and working capital; and

(v) approximately 9.1% of total estimated net proceeds, or approximately HK$5.6 million will be used as our working capital and other general corporate uses.

CORPORATE GOVERNANCE CODE

The Company is committed to fulfilling its responsibilities to the Shareholders and protecting and enhancing Shareholders' value through good corporate governance.

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code").

As the shares of Company were listed on GEM on 15 September 2017 (the "Listing Date"), the requirements under the CG Code pursuant to the GEM Listing Rules were not applicable to the Company for the year ended 31 August 2017 (the "Financial Year"). The Company has since then adopted and complied with, where applicable, the CG Code from the Listing Date up to the date of this announcement (the "Relevant Period") to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner.

During the Relevant Period, the Directors considered that the Company has complied with the CG Code.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

The Shares were successfully listed on GEM on 15 September 2017. Save as disclosed in the Prospectus in relation to the reorganisation of the Group, during the Financial Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

Audit Committee

Our Company established an audit committee pursuant to a resolution of our Directors passed on 25 August 2017 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules has been adopted. The primary duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and relationship with external auditors, and arrangements to enable employees of the Company to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters of the Company and performing the Company's corporate governance functions. At present, the audit committee of our Company consists of three members who are Mr. Liew Weng Keat, Mr. Teoh Cheng Tun and Mr. Choy Wing Keung David. Mr. Choy Wing Keung David is the chairperson of the audit committee.

The Group's audited consolidated financial statements for the Financial Year have been reviewed by the audit committee, who is of the opinion that such statements comply with applicable accounting standards, the GEM Listing Rules and other legal requirements, and that adequate disclosures have been made.

Scope of Work of BDO Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 August 2017 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

Annual General Meeting

The annual general meeting ("AGM") of the Company for the Financial Year will be held on Wednesday, 10 January 2018. A notice convening the AGM will be published in due course.

Closure of Register of Members

The register of members of the Company will be closed from Friday, 5 January 2018 to Wednesday, 10 January 2018 (both dates inclusive), during which period no transfer of Shares will be effected. To qualify for attending the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 4 January 2018.

By order of the Board
Linocraft Holdings Limited
Tan Woon Chay
Executive Director

Hong Kong, 23 November 2017

As at the date of this announcement, the executive Directors are Mr. Ong Yoong Nyock and Mr. Tan Woon Chay and the independent non-executive Directors are Mr. Choy Wing Keung David, Mr. Liew Weng Keat and Mr. Teoh Cheng Tun.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for a minimum period of seven days from the date of its publication and on the Company's website at http://www.linocraftprinters.com.