Linocraft Holdings Limited
東駿控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8383)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 28 FEBRUARY 2018

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 RM86.0 million for the six months ended 28 February 2018, increased by approximately 50.7% as compared to that of the same period in 2017.
- The gross profit amounted to approximately RM19.3 million for the six months ended 28 February 2018, increased by approximately 115.7% as compared to that of the same period in 2017.
- The Group recorded a net profit of approximately RM4.7 million for the six months ended 28 February 2018.
- The Board does not recommend the payment of interim dividend for the six months ended 28 February 2018.

FINANCIAL RESULTS

The board of Directors (the "**Board**") is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the three months and six months ended 28 February 2018 (the "**Interim Financial Statements**") together with the comparative figures for the corresponding periods in 2017 as follows:

Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 28 February 2018

		Three months ended 28 February		Six months ended 28 February	
		2018	2017	**2018**	2017
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Notes	***RM'000***	*RM'000*	***RM'000***	*RM'000*
Revenue	*4*	**40,556**	28,998	**85,992**	57,051
Cost of sales		**(30,099)**	(26,245)	**(66,657)**	(48,089)
Gross profit		**10,457**	2,753	**19,335**	8,962
Other operating income/(loss)		**1,239**	1,194	**2,373**	1,893
Distribution costs		**(3,815)**	(1,353)	**(7,895)**	(3,914)
Administrative expenses		**(3,424)**	(3,143)	**(6,814)**	(4,124)
Other operating expenses		**(2)**	12	**(5)**	(12)
Profit/(loss) from operation		**4,455**	(537)	**6,994**	2,805
Finance costs		**(1,009)**	(753)	**(2,123)**	(1,376)
Share of profit of an associate		**—**	1	**—**	1
Share of profit of a joint venture		**—**	—	**1**	—
Profit/(loss) before income tax expense	*5*	**3,446**	(1,289)	**4,872**	1,430
Income tax expense	*7*	**(46)**	(817)	**(214)**	(979)
Profit/(loss) for the period		**3,400**	(2,106)	**4,658**	451
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
— Exchange differences on translation to profit or loss		**(562)**	(75)	**(1,173)**	(12)
Total comprehensive income for the period		**2,838**	(2,181)	**3,485**	439
		RM	*RM*	***RM***	*RM*
Earnings/(loss) per share					
Basic and diluted earnings/(loss) per share	*8*	**0.43 sen**	(0.35) sen	**0.59 sen**	0.08 sen

Consolidated Statements of Financial Position
As at 28 February 2018

	Notes	As at 28 February 2018 RM'000	As at 31 August 2017 RM'000
Non-current assets			
Property, plant and equipment	9	**62,099**	55,358
Interest in a joint venture		**112**	111
Prepayment for acquisition of property, plant and equipment		**3,191**	3,191
Deferred tax assets		**517**	517
Total non-current assets		**65,919**	59,177
Current assets			
Inventories		**38,665**	25,691
Trade receivables and other receivables	10	**58,783**	47,438
Amounts due from related companies		**—**	46
Cash and cash equivalents		**28,540**	4,406
		125,988	77,581
Assets of a disposal group classified as held for sale		**—**	13
Total current assets		**125,988**	77,594
Current liabilities			
Trade payables and other payables	11	**31,447**	35,846
Bank borrowings		**50,826**	33,849
Amounts due to related companies		**1,150**	14,258
Finance lease obligations		**1,886**	847
Tax payables		**204**	300
Total current liabilities		**85,513**	85,100
Net current assets/(liabilities)		**40,475**	(7,506)
Total assets less current liabilities		**106,394**	51,671

	Notes	As at 28 February 2018 RM'000	As at 31 August 2017 RM'000
Non-current liabilities			
Bank borrowings		**25,172**	17,012
Finance lease obligations		**5,114**	2,307
Total non-current liabilities		**30,286**	19,319
Net assets		**76,108**	32,352
Capital and reserves			
Share capital	*12*	**4,304**	*
Reserves		**71,804**	32,352
Total equity		**76,108**	32,352

* Represents amount less than RM1,000

Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2018

	Share capital *(Note 12)* *RM'000*	Share premium *RM'000*	Merger reserve *RM'000*	Exchange reserve *RM'000*	Retained earnings *RM'000*	Total *RM'000*
Six months ended 28 February 2017						
At 1 September 2016 (Audited)	2,000	—	—	(255)	30,240	31,985
Profit for the period	—	—	—	—	451	451
Other comprehensive income	—	—	—	(12)	—	(12)
Total comprehensive income	—	—	—	(12)	451	439
At 28 February 2017 (Unaudited)	2,000	—	—	(267)	30,691	32,424
Six months ended 28 February 2018						
At 1 September 2017 (Audited)	*	—	8,548	(240)	24,044	32,352
Profit for the period	—	—	—	—	4,658	4,658
Other comprehensive income	—	—	—	(1,173)	—	(1,173)
Total comprehensive income	—	—	—	(1,173)	4,658	3,485
Issue of ordinary share for share offer *(note 12)*	1,076	41,964	—	—	—	43,040
Transaction costs attributable to issue of new shares	—	(2,769)	—	—	—	(2,769)
Capitalisation issue *(note 12)*	3,228	(3,228)	—	—	—	—
At 28 February 2018 (Unaudited)	4,304	35,967	8,548	(1,413)	28,702	76,108

* Represents amount less than RM1,000

Consolidated Statement of Cash Flows

For the six months ended 28 February 2018

		Six months ended 28 February	
		2018	2017
	Notes	***RM'000***	*RM'000*
Net cash (used in)/generated from:			
Operating activities		**(23,041)**	(2,780)
Investing activities		**(8,971)**	(5,594)
Financing activities		**46,961**	4,450
Net increase/(decrease) in cash and cash equivalents		**14,949**	(3,924)
Cash and cash equivalents at beginning of period		**(1,440)**	3,658
Cash and cash equivalents at end of period		**13,509**	(266)

An analysis of balances of cash and cash equivalents

	Six months ended 28 February	
	2018	2017
	RM'000	*RM'000*
Bank and cash balances	**28,540**	3,851
Bank overdrafts	**(15,031)**	(4,117)
	13,509	(266)

NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND REORGANISATION

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.

Pursuant to a group reorganisation (the "**Group Reorganisation**") carried out by the Group in preparation for the Listing, the Company became the holding company of the subsidiaries comprising the Group. 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 (the "**Prospectus**").

The shares of the Company (the "**Shares**") was listed on the GEM (the "**Listing**") on 15 September 2017 by way of share offer (the "**Share Offer**"). The Group is a well-established integrated offset printing and packaging solutions provider based in Malaysia.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules. They have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value. The functional currency of the Company is Hong Kong dollars ("**HK$**"), while the unaudited condensed consolidated 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.

The unaudited condensed financial statements incorporates the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. Accordingly, the Group Reorganisation has been accounted for in accordance with Hong Kong Accounting Guideline 5 Merger Accounting for Common Control Combinations in the unaudited condensed financial statements.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated statements of comprehensive income include the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The unaudited condensed financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The unaudited condensed financial statements do not included all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial statements for the year ended 31 August 2017 ("**2017 Financial Statements**") which have been prepared in accordance with the accounting policies which conforms to the HKFRSs.

Adoption of new or revised HKFRSs

In the current period, the Group has applied all of the amendments to HKFRSs issued by the HKICPA that are relevant to its operations and effective for the Group's financial period beginning on 1 September 2017. The adoption of these amendments to HKFRSs had no material effect on the results and financial position of the Group and/or disclosures set out in these unaudited condensed consolidated financial statements for the current and/or prior accounting periods.

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

The following new or 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.

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

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

The Directors are currently assessing the possible impact of these new or revised standards on the Group's result and financial position in the first year of application.

Accounting estimates and assumptions are used in the preparation of financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately different from those estimates and assumptions. In preparing these unaudited condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2017 Financial Statements.

3. 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.

	Three months ended 28 February		**Six months ended 28 February**	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RM'000	*RM'000*	***RM'000***	*RM'000*
Malaysia	**34,020**	25,888	**73,181**	52,762
Singapore	**1,464**	788	**1,856**	1,265
Philippines	**5,072**	2,322	**10,955**	3,024
	40,556	28,998	**85,992**	57,051

(c) Information about major customers

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

	Three months ended 28 February		**Six months ended 28 February**	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RM'000	*RM'000*	***RM'000***	*RM'000*
Customer A	**7,390**	4,399	**17,430**	9,865
Customer E	**5,952**	*	**11,889**	*
Customer F	**4,882**	*	**10,765**	*
Customer C	**5,496**	5,237	**10,271**	10,986
Customer B	**3,937**	6,499	**9,954**	12,129
Customer D	**5,533**	3,233	**9,702**	7,227

* Representing contributed less than 10% of the Group's revenue during the relevant periods.

4. REVENUE

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

	Three months ended 28 February		**Six months ended 28 February**	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RM'000	*RM'000*	***RM'000***	*RM'000*
Sales of productions products:				
— Packaging	**18,120**	17,601	**42,502**	34,240
— Insert	**13,373**	5,241	**25,099**	10,462
— Instruction manual	**8,863**	5,941	**18,011**	11,890
— Label	**200**	215	**380**	459
	40,556	28,998	**85,992**	57,051

5. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

	Three months ended 28 February		**Six months ended 28 February**	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RM'000	*RM'000*	***RM'000***	*RM'000*
Profit/(loss) before income tax expense is arrived at after charging:				
Cost of inventories sold*	**28,099**	26,533	**64,657**	48,377
Depreciation of property, plant and equipment				
— Owned	**883**	891	**1,641**	1,717
— Held under finance leases	**330**	52	**602**	103
Employee costs	**9,002**	6,076	**18,082**	11,311
Minimum lease payments under operating lease				
— Rental of equipment	**321**	186	**733**	482
— Rental of premises	**813**	282	**1,307**	370
Listing expenses (including professional fees and other expenses)	**—**	1,954	**576**	1,954

* For the period ended 28 February 2018 and 2017, cost of inventories sold comprise approximately RM16.0 million and RM10.5 million relating to employee benefit expenses and depreciation charges, which are also included in the respective total amounts disclosed separately above.

6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 28 February 2018 (2017: nil).

7. INCOME TAX EXPENSE

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

	Three months ended 28 February		Six months ended 28 February	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RM'000	*RM'000*	***RM'000***	*RM'000*
Current tax — Corporate income tax in Malaysia				
— charge for the period	**46**	(162)	**214**	—
Deferred tax	**—**	979	**—**	979
Income tax expense	**46**	817	**214**	979

Corporate income tax in Malaysia is calculated at the statutory rate of 24% (2017: 24%) of the estimated taxable profit for the six months ended 28 February 2018.

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% (2017: 18%) on the first RM500,000 taxable profit. Statutory rate as above shall be charged on chargeable income in excess of RM500,000 taxable profit.

No provision for Hong Kong profits tax has been made as the Group had no taxable profits arising in Hong Kong for the six months ended 28 February 2018 (2017: Nil). Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

8. EARNINGS/(LOSS) PER SHARE

The calculation of earnings/(loss) per share is based on the earnings attributable to owners of the Company and the weighted average number of ordinary Shares in issue during the respective periods.

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

	Three months ended 28 February		**Six months ended 28 February**	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RM'000	*RM'000*	***RM'000***	*RM'000*
Earnings				
Profit/(loss) for the period attributable to owners of the Company	**3,400**	(2,106)	**4,658**	451
	Number of Shares			
Shares				
Weighted average number of ordinary Shares in issue during the periods	800,000,000	600,000,000	785,635,359	600,000,000

Basic earnings/(loss) per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary Shares in issue during the respective periods. 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 Group Reorganisation and the capitalisation issue of 599,999,955 Shares.

Diluted earnings/(loss) per share were the same as the basic earnings/(loss) per share as the Group had no dilutive potential shares during the six months ended 28 February 2018 and 2017.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 28 February 2018, the Group spent approximately RMnil, RM6.0 million, RM1.4 million, RM1.4 million and RM0.5 million on acquisition of freehold land and buildings, plant and machinery, equipment, furniture and fittings, renovation and motor vehicles, respectively (2017: approximately RM0.1 million, RM4.3 million, RM0.9 million, RM0.3 million and RMnil) and disposed approximately RM0.9 million and RM3,000 of plant and machinery and equipment, furniture and fittings (2017: RM0.1 million and RMnil).

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables are trade debtors (net of impairment losses) with the following aging analysis, based on invoice dates

	As at 28 February 2018 Unaudited *RM'000*	As at 31 August 2017 Audited *RM'000*
Within 1 month	**11,691**	13,082
1 to 2 months	**15,133**	12,041
2 to 3 months	**12,177**	10,222
Over 3 months	**5,090**	3,741
	44,091	39,086
Deposit and prepayments	**11,373**	7,313
GST recoverable	**3,319**	1,039
	58,783	47,438

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

11. TRADE PAYABLES AND OTHER PAYABLES

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 payables are trade creditors with the following aging analysis, based on invoice dates:

	As at 28 February 2018 *RM'000*	As at 31 August 2017 *RM'000*
Current or less than 1 month	**8,467**	9,945
1 to 3 months	**12,425**	9,767
More than 3 months but less than 12 months	**1,834**	2,152
More than 12 months	**176**	11
	22,902	21,875
Other payables, accruals and deposit received	**8,545**	13,971
	31,447	35,846

12. SHARE CAPITAL

The issued share capital of the Group as at 1 September 2016 and 28 February 2017 represented the combined share capital of the group entities prior to the reorganization of the Group. More detailed information has been disclosed in the Prospectus.

The share capital balance as at 1 September 2017 and 28 February 2018 represented the issued share capital of the Company. Details of the movements in the authorised and issued and fully paid share capital of the Company during the period from 13 April 2017 (date of incorporation) to 28 February 2018 are summarised as follows:

	Number of Shares	**Amount**	**Amount**
		RM'000	*HK$'000*
Ordinary Shares of HK$0.01 each			
Authorised:			
Upon incorporation *(Note i)*	38,000,000	207	380
Increase in authorized share capital *(Note ii)*	4,962,000,000	27,077	49,620
At 31 August 2017 and 28 February 2018	5,000,000,000	27,284	50,000

	Number of Shares	**Amount**	**Amount**
		RM'000	*HK$'000*
Issued and fully paid:			
Issue of Shares upon incorporation *(Note i)*	1	*	*
Issue of ordinary Shares for re-organisation *(Note iii)*	44	*	*
Capitalisation issue *(Note iv)*	599,999,955	3,228	6,000
Issue of ordinary Shares for Share Offer *(Note iv)*	200,000,000	1,076	2,000
At 28 February 2018	800,000,000	4,304	8,000

* Represents amount less than RM1,000

Notes:

(i) The Company was incorporated in the Cayman Islands on 13 April 2017 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of par value of HK$0.01 each, of which 1 share was allotted and issued on the same date. Changes in the share capital of the Company is further detailed in the section headed "History, Development and Corporate Structure" in the Prospectus.

(ii) On 25 August 2017, the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 divided into 5,000,000,000 shares of HK$0.01 each by the creation of additional 4,962,000,000 shares of HK$0.01 each.

(iii) On 16 August 2017, the Company allotted and issued 44 shares in aggregate to Stan Cam Holdings Limited and Linocraft Investment Pte Limited ("**Linocraft Investment**") which were credited as fully paid as consideration for the transfer of their shareholding interest in the Company.

(iv) On 14 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.

(v) All Shares issued rank *pari passu* in all respects with all Shares then in issue.

13. OPERATING LEASES

Operating lease payments represent rentals payable by the Group for 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 had operating lease commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 28 February 2018 *RM'000*	As at 31 August 2017 *RM'000*
Rented premises		
Not later than one year	**794**	601
Later than one year and not later than two years	**419**	163
Later than two years and not later than five years	**384**	200
	1,597	964

	As at 28 February 2018 *RM'000*	As at 31 August 2017 *RM'000*
Plant, machinery and equipment		
Not later than one year	**50**	70
Later than one year and not later than two years	**51**	40
Later than two years and not later than five years	**92**	19
	193	129
	1,790	1,093

14. CAPITAL COMMITMENTS

	As at 28 February 2018	As at 31 August 2017
	RM'000	*RM'000*
Commitments for the acquisition of:		
Investment property	**3,949**	3,949
Property, plant and equipment	**25,966**	15,578
	29,915	19,527

15. RELATED PARTY TRANSACTIONS

(a) As at 31 August 2017, Mr. Ong Yoong Nyock and Mr. Tan Woon Chay provide personal guarantees to secure for the bank borrowings and banking facilities and finance lease obligations grant to the Group. These personal guarantees had been released, discharged or replaced by corporate guarantees or other securities provided by the Group upon Listing.

(b) The remuneration of directors and other members of key management during the periods were as follows:

	Six months ended 28 February	
	2018	2017
	RM'000	*RM'000*
Wages and salaries	**3,092**	1,128
Contribution to retirement benefits schemes	**308**	129
	3,400	1,257

(c) During the periods, the Group entered into the following transactions with related parties:

Related party relationship	Common director	Interest	Name/ Company name	Type of transaction	Six months ended 28 February 2018	2017
					RM'000	*RM'000*
An entity controlled by Ong Yoong Nyock, a director of the Company (**Mr.**"**Ong**")	Mr. Ong	70%	TIONG NAM HOLDINGS SDN BHD	(a) Interest expenses paid to related companies	**13**	246
Mr. Ong, being a member of the key management personnel of the entity	N/A	N/A	STRAITS PLUS (M) S/B		**5**	93
					18	339
An entity controlled by Mr. Ong	Mr. Ong	70%	TIONG NAM HOLDINGS SDN BHD	(b) Consultancy fees paid to a related company	**—**	24
An entity controlled by Mr. Ong	Mr. Ong	70%	TIONG NAM HOLDINGS SDN BHD	(c) Commission fees paid to a related company	**9**	160

Related party relationship	Common director	Interest	Name/ Company name	Type of transaction	Six months ended 28 February 2018 RM'000	2017 RM'000
An entity controlled by Mr. Ong	Mr. Ong	70%	TIONG NAM HOLDINGS SDN BHD	(d) Management fees paid to a related company	**10**	150
An entity controlled by Mr. Ong	Mr. Ong	70%	TIONG NAM LOGISTICS SOLUTIONS SDN BHD	(e) Transportation fees paid to a related company	**2,612**	2,634
Mr. Ong, being a member of the key management personnel of the entity	N/A	N/A	CLS RISK CONSULT SDN BHD	(f) Road tax and insurance fees paid to a related company	**49**	78
Chua Sui Keng, a director of Linocraft Malaysia, being a director of the entity	Chua Sui Keng	N/A	TN EQUIPMENT RENTAL (JB) SDN BHD	(g) Rental expenses of equipments paid to related companies	**254**	254
An entity controlled by Chua Sui Keng, a director of Linocraft Malaysia	Chua Sui Keng	25%	GF EQUIPMENT RENTAL SDN BHD		**380**	187
An entity controlled by Chua Sui Keng, a director of Linocraft Malaysia	Chua Sui Keng	25%	G-FORCE EQUIPMENT SERVICES SDN BHD		**16**	2
					650	443
Joint venture	Tan Woon Chay	50% hold by Linocraft Printers Sdn. Bhd. (after 26 Jan 2017)	Linocraft Singapore Pte. Ltd.	Purchases from the Group	**873**	—
Associate	Tan Woon Chay	25% hold by Linocraft Printers Sdn. Bhd. (before 26 Jan 2017)	Linocraft Singapore Pte. Ltd.	Purchases from the Group	**—**	723

16. EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 28 February 2018 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

The Shares were successfully listed on the GEM on 15 September 2017 by way of Share Offer. The Listing has marked a milestone for the Group. We believe that the net proceeds from the Listing will assist the implementation of the Group's business strategies as stated in 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.

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.

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 six months ended 28 February 2018 and 2017:

	Six months ended 28 February			
	2018		2017	
	(Unaudited)		(Unaudited)	
	RM'000	*%*	*RM'000*	*%*
Sales of production products:				
— Packaging	**42,502**	**49.4**	34,240	60.0
— Insert	**25,099**	**29.2**	10,462	18.3
— Instruction manual	**18,011**	**20.9**	11,890	20.8
— Labels	**380**	**0.5**	459	0.9
	85,992	**100.0**	57,051	100.0

Our Group's total revenue amounted to approximately RM86.0 million and RM57.1 million for the six months ended 28 February 2018 and 2017 respectively. Approximate 85.1% (2017: 92.5%) of our revenue was attributable to our customers in Malaysia, with the remaining from Singapore and the Philippines during the reporting periods.

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 RM42.5 million and RM34.2 million for the six months ended 28 February 2018 and 2017 respectively, representing approximately 49.4% and 60.0% of our total revenue, respectively.

Inserts

The production of inserts is our second 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 RM25.1 million and RM10.5 million for the six months ended 28 February 2018 and 2017 respectively, representing approximately 29.2% and 18.3% of our total revenue, respectively.

Instruction Manuals

The production of instruction manuals is the third 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 RM18.0 million and RM11.9 million for the six months ended 28 February 2018 and 2017 respectively, representing approximately 20.9% and 20.8% 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 RM0.4 million and RM0.5 million for the six months ended 28 February 2018 and 2017 respectively, representing approximately 0.5% and 0.9% 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 diecutting, 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. Our Group has purchased one KBA Rapida 164, a VVLF offset printing press for our another new production plant and it has started production.

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 six months ended 28 February 2018 increased by approximately 50.7% or approximately RM28.9 million as compared to that of the previous period in 2017. The increase in revenue was mainly due to the increase in sales of packaging, insert and instruction manual, where there was an increase in demand derived from top three customers. Other factors which led to the increase in revenue for packaging, inserts and instruction manual, 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 RM45.1 million for the six months ended 28 February 2017 to RM60.3 million for the six months ended 28 February 2018, which accounted for 79.0% and 70.1% of our total revenue for the corresponding periods, respectively.

Cost of Sales

	Six months ended 28 February	
	2018	2017
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Material costs	**43,683**	32,999
Direct labour	**13,876**	8,736
Manufacturing overhead	**9,098**	6,354
	66,657	48,089

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 six months ended 28 February 2018 increased by approximately 38.6% or RM18.6 million as compared to that of the previous period in 2017. The increase is largely due to increase in purchase of raw materials for (i) increase in demand derived from major customers; and (ii) the increase in demand from contract manufacturers in Malaysia and the Philippines.

Gross Profit and Gross Profit Margin

Our gross profit increased about 115.7% from RM9.0 million for the six months ended 28 February 2017 to RM19.3 million for the six months ended 28 February 2018. Our overall gross profit margin increased by 6.8% from approximately 15.7% for the six months ended 28 February 2017 to approximately 22.5% for the six months ended 28 February 2018.

The increase in our gross profit and gross profit margin was mainly attributable to the significant increase in revenue, it has a positive impact on the overall gross profit and gross profit margin.

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 101.7% from RM3.9 million for the six months ended 28 February 2017 to RM7.9 million for the six months ended 28 February 2018, which was mainly caused by the increase in transport expenses due to (i) the transportation of products to fulfil orders of the contract manufacturer in the Philippines and (ii) increase in demand from our customers.

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 RM4.1 million for the six months ended 28 February 2017 to approximately RM6.8 million for the six months ended 28 February 2018 was mainly due to the combined effect of increase in salary expense of our staff and the set up of Linocraft Printers Philippines Inc., ("**Linocraft Philippines**") and establishment of office premises and additional staff in Hong Kong upon Listing.

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 was charged to consolidated statement of comprehensive income for the year ended 31 August 2017. During the six months ended 28 February 2018, approximately RM$2.8 million which was directly attributable to the issue of the Offer Shares was accounted for as a deduction from equity and RM0.6 million was 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 six months ended 28 February 2018 and 2017, financial cost amounted to approximately RM2.1 million and RM1.4 million, respectively. The increase was mainly due to the average level of interest on finance lease, bank borrowings and overdraft also increase during reporting period.

Share of Profit of an Associate/Share of Profit 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. As at 28 February 2018, the interest in a joint venture amounted to approximately RM112,000 (31 August 2017: RM111,000). The Group did not record share of profit of an associate for the six months ended 28 February 2018 (2017: RM1,000). The share of profit of a joint venture was RM1,000 for the six months ended 30 November 2018.

Net Profit and Earnings per Share

As a result of the foregoing, our Group's net profit was RM4.7 million for the six months ended 28 February 2018 and a net profit of approximately RM0.5 million for the six months ended 28 February 2017. The Group's earnings per share for the six months ended 28 February 2018 was RM0.59 sen (2017: RM0.08 sen.).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 28 February 2018,

(a) the Group's net current assets was approximately RM40.5 million (31 August 2017: net current liabilities of RM7.5 million) and the Group had cash and cash equivalents of approximately RM28.5 million (31 August 2017: RM4.4 million);

(b) the Group had bank borrowings and finance lease obligations of approximately RM76.0 million (2017: RM50.9 million) and RM7.0 million (31 August 2017: RM3.2 million);

(c) the Group's current ratio was approximately 1.5 times (31 August 2017: 0.9 times). The gearing ratio is calculated based on the net debt divided by the adjusted capital plus net debt as the respective periods end. The Group's gearing ratio was approximately 60.3% (31 August 2017: 76%); and

(d) the Group's total equity attributable to owners of the Company amounted to RM78.1 million (31 August 2017: RM32.4 million). The capital of the Company mainly comprises share capital and reserves.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 28 February 2018 (2017: nil).

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

The Group has no significant investments, material acquisitions or disposals of subsidiaries and associated companies for the six months ended 28 February 2018.

CAPITAL COMMITMENTS

As at 28 February 2018, the capital commitments of the Group are related to purchase of property, plant and equipment of approximately RM29.9 million (31 August 2017: RM19.5 million).

PLEDGE OF ASSETS

At the 28 February 2018, certain of the Group's land and buildings and plant and machinery with the aggregate carrying amount of RM40.8 million (31 August 2017: RM38.2 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 28 February 2018 and 31 August 2017.

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 28 February 2018 and 31 August 2017, our Group had no opened derivative financial instrument.

EMPLOYEES AND REMUNERATION POLICY

As at 28 February 2018, the Group had a total of 518 (31 August 2017: 512) 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 six months ended 28 February 2018, and 2017, the Group's staff costs, including Directors' emoluments, were approximately RM18.1 million and RM11.3 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.

An analysis comparing the future plans and use of proceeds contained in the Prospectus with the Group's actual business progress for the period from the date of Listing to 28 February 2018 (the "**Relevant Period**") is set out below:

Business strategy	Implementation Activities	Actual business progress during the Relevant Period
(i) Diversified customer industry-continue to expand business in other industries such as fast moving consumer goods ("**FMCG**"), medical & cosmetics and food & beverage	— Recruitment of brand manager in Malaysia	The Group is seeking for appropriate candidate.
	— Additional warehouse for Malaysia operations (Phase 1)	The Group are in the midst of submitting the relevant site plan to Land Office for approval of planning permission.
(ii) Geographical expansion-gain access to new markets	— Setting up full production facilities at Production Plant 2	The full production facilities at Production Plant 2 are being set up.
	— Renovation of Production Plant 2 at Light Industry & Science Park III in the Philippines	Renovation of Production Plant 2 at Light Industry & Science Park III are in progress.
	— Balance payment for VVLF offset printing press for Philippine operations	Balance of the payment has been paid
	— Purchase of lorries for Philippine operations	The Group is comparing the quotation to purchase the lorry.
	— Recruitment of staff for Philippine team	Additional 6 staff has been recruited.
	— Hostel for Philippine team	The hostel has been rented for Philippine team.

USE OF PROCEEDS

As disclosed in the Prospectus, the net proceeds from the Share Offer were approximately HK$61 million, after deducting the listing related expenses. As at 28 February 2018, all of the unused proceeds were deposited in the licensed bank in Hong Kong or Malaysia. During the Relevant Period, the net proceeds from the Share Offer has been applied as follows:

	Planned use of net proceeds as stated in the Prospectus during the Relevant Period		**Actual use of proceeds during the Relevant Period**
	%	*HK$' million*	*HK$' million*
Diversified customer industry-expansion into other industries	4.3	2.6	—
Geographical expansion	37.9	23.1	4.4
Repayment of bank loan	11.7	7.1	4.5
General working capital	9.1	5.6	—
	63.0	38.4	8.9

OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 28 February 2018, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules ("Model Code") relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in the Company

Name of Director	Nature of interest	Number of Shares held[1]	Percentage of shareholding
Mr. Ong Yoong Nyock ("**Mr. Ong**")[2]	Interest of a controlled corporation	480,000,000(L)	60.00%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Mr. Ong beneficially owns 50% of Charlecote Sdn. Bhd., which in turn owns 70% of the issued share capital of Linocraft Investment. Linocraft Investment owns 60% of the issued share capital of our Company. By virtue of the SFO, Mr. Ong is deemed to be interested in the Shares held by Linocraft Investment.

(ii) Interests in associated corporation of our Company

Name of Directors	Name of associated corporation	Capacity	Number of Shares	Approximate percentage of shareholding
Mr. Ong[1]	Linocraft Investment	Beneficial owner and interest of a controlled corporation	8,050	80.50%
	Charlecote Sdn. Bhd.	Beneficial owner	2	100.00%
Mr. Tan Woon Chay	Linocraft Investment	Beneficial owner	1,681	16.81%

Note:

(1) Charlecote Sdn. Bhd., which holds 70% of Linocraft Investment, is held as to 50% by Mr. Ong and 50% by Mrs. Ong. By virtue of the SFO, Mr. Ong is deemed to be interested in all the shares in Charlecote Sdn. Bhd. and the shares of Linocraft Investment held by Charlecote Sdn. Bhd..

Save as disclosed above, as at 28 February 2018, none of the Directors or chief executives of the Company had, or was deemed to have, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of the Company as referred to in Model Code.

Substantial Shareholders' Interests and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 28 February 2018, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Nature of interest	Interests in Shares[1]	Percentage of shareholding
Linocraft Investment	Beneficial owner	480,000,000(L)	60%
Charlecote Sdn. Bhd.[2]	Interest of controlled corporation	480,000,000(L)	60%
Mrs. Ong[3]	Interest of spouse	480,000,000(L)	60%
Stan Cam Holdings Limited ("**Stan Cam**")	Beneficial owner	120,000,000(L)	15%
Ralexi Investment Holdings Limited[4]	Interest of controlled corporation	120,000,000(L)	15%
Mr. Gan Ker Wei ("**Mr. Gan**")[5]	Interest of controlled corporation	120,000,000(L)	15%
Mrs. Amy Ong Lai Fong[6]	Interest of spouse	120,000,000(L)	15%

Notes:

(1) The letter "L" denotes long position in the Shares.

(2) Charlecote Sdn. Bhd. holds 70% of the issued share capital of Linocraft Investment, which in turn owns 60% of our Company. By virtue of the SFO, Charlecote Sdn. Bhd. is deemed to be interested in the Shares held by Linocraft Investment.

(3) Mrs. Ong is the spouse of Mr. Ong. By virtue of the SFO, Mrs. Ong is deemed to be interested in the Shares held by Charlecote Sdn. Bhd. and Mr. Ong.

(4) Stan Cam is owned as to 75% by Ralexi Investment Holdings Limited. By virtue of the SFO, Ralexi Investment Holdings Limited is deemed to be interested in the Shares held by Stan Cam.

(5) Stan Cam is owned as to 75% by Ralexi Investment Holdings Limited. Ralexi Investment Holdings Limited is wholly-owned by Mr. Gan. By virtue of the SFO, Mr. Gan is deemed to be interested in the Shares held by Stan Cam.

(6) Mrs. Amy Ong Lai Fong is the spouse of Mr. Gan. By virtue of the SFO, she is deemed to be interested in the Shares held by Mr. Gan.

Save as disclosed above, as at 28 February 2018, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

The Company has not adopted any share option scheme.

Purchase, Sale or Redemption of the Company's Listed Securities

The Shares were successfully listed on GEM on 15 September 2017. Save as disclosed in the Prospectus in relation to the Group Reorganisation, during the six months ended 28 February 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

Competing Interests

As confirmed by the Directors, the Controlling Shareholders and their respective close associates do not have any interests in any business, apart from the business operated by members of the Group, which competes or is likely to compete, directly or indirectly, with the business of the Group during the six months ended 28 February 2018.

Compliance Adviser's Interests

As at 28 February 2018, neither Ample Capital Limited, the compliance adviser of the Company, nor any of its directors, employees or close associates has any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

Directors' Securities Transactions

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the period from the date of Listing to 28 February 2018.

Corporate Governance Code

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**") and in relation to, among others, our Directors, Chairman and Chief Executive Officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the shareholders of the Company.

The Shares were successfully listed on GEM on 15 September 2017. To the best knowledge of the Board, save for the deviation from the code provision E.1.2 as explained below, the Company had complied with the code provisions in the CG Code during the period from the date of Listing to 28 February 2018.

Pursuant to code provision E.1.2 of the CG Code, the chairman of the Board (the "**Chairman**) should attend the annual general meeting (the "**AGM**"). However, Mr. Ong Yoong Nyock, being the Chairman, was unable to attend the AGM held on 10 January 2018 due to his other prior engagement. Mr. Ong invited Mr. Tan Woon Chay, an executive Director and chief executive officer to chair and answer questions from Shareholders at the AGM.

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 CG Code 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 chairman of the audit committee. The Interim Financial Statements have not been audited by the Company's auditor, but have been reviewed by the Audit Committee.

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

Hong Kong, 13 April 2018

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.