Linocraft Holdings Limited

東 駿 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8383)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 NOVEMBER 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 RM45.4 million for the three months ended 30 November 2017, increased by approximately 62.0% as compared to that of the same period in 2016.
- The gross profit amounted to approximately RM8.9 million for the three months ended 30 November 2017, increased by approximately 43.0% as compared to that of the same period in 2016.
- The Group recorded a net profit of approximately RM1.3 million for the three months ended 30 November 2017.
- The Board does not recommend the payment of interim dividend for the three months ended 30 November 2017.

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 ended 30 November 2017 (the "**First Quarterly Financial Statements**") together with the comparative figures for the corresponding period in 2016 as follows:

Condensed Consolidated Statement of Comprehensive Income
For the three months ended 30 November 2017

		Three months ended 30 November	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	***RM'000***	*RM'000*
Revenue	*4*	**45,436**	28,053
Cost of sales		**(36,558)**	(21,844)
Gross profit		**8,878**	6,209
Other operating income/(loss)		**1,134**	699
Distribution costs		**(4,080)**	(2,561)
Administrative expenses		**(3,390)**	(981)
Other operating expenses		**(3)**	(24)
Profit from operation		**2,539**	3,342
Finance costs		**(1,114)**	(623)
Share of profit of an associate		**—**	—
Share of profit of a joint venture		**1**	—
Profit before income tax expense	*5*	**1,426**	2,719
Income tax expense	*7*	**(168)**	(162)
Profit for the period		**1,258**	2,557
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
— Exchange differences on translation to profit or loss		**(611)**	63
Total comprehensive income for the period		**647**	2,620
		RM	*RM*
Earnings per share			
Basic and diluted earnings per share	*8*	**0.16 sen**	0.43 sen

Condensed Consolidated Statement of Changes in Equity

For the three months ended 30 November 2017

	Share capital *RM'000*	Share premium *RM'000*	Merger reserve *RM'000*	Exchange reserve *RM'000*	Retained earnings *RM'000*	Total *RM'000*
Three months ended 30 November 2016						
At 1 September 2016 (Audited)	2,000	—	—	(255)	30,240	31,985
Profit for the period	—	—	—	—	2,557	2,557
Other comprehensive income	—	—	—	63	—	63
Total comprehensive income	—	—	—	63	2,557	2,620
At 30 November 2016 (Unaudited)	2,000	—	—	(192)	32,797	34,605
Three months ended 30 November 2017						
At 1 September 2017 (Audited)	*	—	8,548	(240)	24,044	32,352
Profit for the period	—	—	—	—	1,258	1,258
Other comprehensive income	—	—	—	(611)	—	(611)
Total comprehensive income	—	—	—	(611)	1,258	647
Issue of ordinary shares *(note ii)*	1,076	41,964	—	—	—	43,040
Transaction costs attributable to issue of new shares	—	(2,769)	—	—	—	(2,769)
Capitalisation issue *(note ii)*	3,228	(3,228)	—	—	—	—
At 30 November 2017 (Unaudited)	4,304	35,967	8,548	(851)	25,302	73,270

* Represents amount less than RM1,000

Notes:

i. The issued share capital of the Group as at 1 September 2016 and 30 November 2016 represented the combined share capital of the group entities prior to the reorganization of the Group.

ii. (a) On 14 September 2017, the Company issued a total of 200,000,000 ordinary shares of HK$0.01 (the "**Shares**") each at a price of HK$0.4 per share as a result of the completion of the share offer (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.

(b) 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.

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 was listed on the GEM (the "**Listing**") on 15 September 2017 by way of 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 packaging products, instruction manuals, insert 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 30 November	
	2017	2016
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Malaysia	**39,161**	26,874
Singapore	**392**	477
Philippines	**5,883**	702
	45,436	28,053

(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 30 November	
	2017	2016
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Customer A	**10,040**	5,466
Customer B	**6,017**	5,630
Customer E	**5,937**	*
Customer F	**5,883**	*
Customer C	**4,775**	5,749
Customer D	*	3,994

* 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 periods are as follows:

	Three months ended 30 November	
	2017	2016
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Sales of production products:		
— Packaging	**24,382**	16,639
— Instruction manual	**9,148**	5,949
— Insert	**11,726**	5,221
— Label	**180**	244
	45,436	28,053

5. PROFIT BEFORE INCOME TAX EXPENSE

	Three months ended 30 November	
	2017	2016
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Profit before income tax expense is arrived at after charging:		
Cost of inventories sold*	**36,558**	21,844
Depreciation of property, plant and equipment		
— Owned	**758**	693
— Held under finance leases	**272**	185
Employee costs	**9,080**	5,235
Minimum lease payments under operating lease		
— Rental of equipment	**591**	296
— Rental of premises	**315**	88
Listing expenses (including professional fees and other expenses)	**576**	—

* For the period ended 30 November 2017 and 2016, cost of inventories sold comprise approximately RM8.1 million and RM4.9 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 a interim dividend for the three months ended 30 November 2017 (2016: nil).

7. INCOME TAX EXPENSE

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

	Three months ended 30 November	
	2017	2016
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Current tax — Corporate income tax in Malaysia		
— charge for the period	**168**	162
Deferred tax	**—**	—
Income tax expense	**168**	162

Corporate income tax in Malaysia is calculated at the statutory rate of 24% (2016: 24%) of the estimated taxable profit for the three months ended 30 November 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: 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 three months ended 30 November 2017 (2016: Nil). Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

8. EARNINGS PER SHARE

The calculation of earnings 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 per share is based on the following information:

	Three months ended 30 November	
	2017	2016
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Earnings		
Profit for the period attributable to owners of the Company	**1,258**	2,557
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period	**771,428,571**	600,000,000

Basic earnings 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 per share were the same as the basic earnings per share as the Group had no dilutive potential shares during the years ended 30 November 2017 and 2016.

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 of the Company 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 three months ended 30 November 2017 and 2016:

	Three months ended 30 November			
	2017		2016	
	(Unaudited)		(Unaudited)	
	RM'000	**%**	*RM'000*	%
Sales of production products:				
— Packaging	**24,382**	**53.7**	16,639	59.3
— Instruction manual	**9,148**	**20.1**	5,949	21.2
— Insert	**11,726**	**25.8**	5,221	18.6
— Labels	**180**	**0.4**	244	0.9
	45,436	**100.0**	28,053	100.0

Our Group's total revenue amounted to approximately RM45.4 million and RM28.1 million for the three months ended 30 November 2017 and 2016 respectively. Approximate 86.2% (2016: 95.8%) 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 RM24.4 million and RM16.6 million for the three months ended 30 November 2017 and 2016 respectively, representing approximately 53.7% and 59.3% 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 RM9.1 million and RM5.9 million for the three months ended 30 November 2017 and 2016 respectively, representing approximately 20.1% and 21.2% 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 RM11.7 million and RM5.2 million for the three months ended 30 November 2017 and 2016 respectively, representing approximately 25.8% and 18.6% 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 RM0.2 million and RM0.2 million for the three months ended 30 November 2017 and 2016 respectively, representing approximately 0.4% 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 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. 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 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 three months ended 30 November 2017 increased by approximately 62.0% or approximately RM17.4 million as compared to that of the previous period in 2016. 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 RM23.4 million for the three months ended 30 November 2016 to RM32.7 million for the three months ended 30 November 2017, which accounted for 83.5% and 71.9% of our total revenue for the corresponding periods, respectively.

Cost of Sales

	Three months ended 30 November	
	2017	2016
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Material costs	**25,044**	14,542
Direct labour	**7,098**	4,033
Manufacturing overhead	**4,416**	3,269
	36,558	21,844

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 three months ended 30 November 2017 increased by approximately 67.4% or RM14.7 million as compared to that of the previous period in 2016. 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 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 increased about 43.0% from RM6.2 million for the three months ended 30 November 2016 to RM8.9 million for the three months ended 30 November 2017. Our overall gross profit margin decreased by 2.6% from approximately 22.1% for the three months ended 30 November 2016 to approximately 19.5% for the three months ended 30 November 2017.

The decrease in our gross profit margin was mainly attributable to (i) increase in the cost of raw materials; (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 59.3% from RM2.6 million for the three months ended 30 November 2016 to RM4.1 million for the three months ended 30 November 2017, 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 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 RM1.0 million for the three months ended 30 November 2016 to approximately RM3.4 million for the months ended 30 November 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 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 three months ended 30

November 2017, 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 three months ended 30 November 2017 and 2016, financial cost amounted to approximately RM1.1 million and RM0.6 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 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. The Group did not record share of profit of an associate for the three months ended 30 November 2017 and 2016 respectively. The share of profit of a joint venture was RM1,000 for the three months ended 30 November 2017.

Net Profit and Earnings per Share

As a result of the foregoing, our Group's net profit was RM1.3 million for the three months ended 30 November 2017 and a net profit of approximately RM2.6 million for the three months ended 30 November 2016. The Group's earnings per share for the three months ended 30 November 2017 was RM0.16 sen (2016: RM0.43 sen).

DIVIDEND

The Board does not recommend the payment of interim dividend for the three months ended 30 November 2017 (2016: nil).

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 30 November 2017, 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 Pte Limited ("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 30 November 2017, 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 30 November 2017, 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 30 November 2017, 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 three months ended 30 November 2017, 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 three months ended 30 November 2017.

Compliance Adviser's Interests

As at 30 November 2017, 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 30 November 2017.

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, the Company had complied with the code provisions in the CG Code during the period from the date of Listing to 30 November 2017.

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 chairman of the audit Committee. The First Quarterly 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, 10 January 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.