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LINOCRAFT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8383

www.linocraftprinters.com

INTERIM REPORT 2022/2023

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This report, 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 report 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 report misleading.

Financial Highlights

- The Group's total revenue amounted to approximately RM109.7 million for the six months ended 28 February 2023, decreased by approximately 17.7% as compared to that of the same period in 2022.

- The gross loss amounted to approximately RM0.3 million for the six months ended 28 February 2023, as compared to the gross profit of approximately RM25.4 million for the six months ended 28 February 2022.

- The Group recorded a net loss of approximately RM14.6 million for the six months ended 28 February 2023.

- The Board does not recommend the payment of interim dividends for the six months ended 28 February 2023.

Financial Results

The board of Directors (the "**Board**") is pleased to announce 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 2023 (the "**Interim Financial Statements**") together with the comparative figures for the corresponding periods in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 28 February 2023

	Notes	Three months ended 28 February 2023 (Unaudited) RM'000	Three months ended 28 February 2022 (Unaudited) RM'000	Six months ended 28 February 2023 (Unaudited) RM'000	Six months ended 28 February 2022 (Unaudited) RM'000
Revenue	4	**41,440**	58,267	**109,686**	133,345
Cost of sales		**(45,719)**	(48,880)	**(110,018)**	(107,914)
Gross (loss)/profit		**(4,279)**	9,387	**(332)**	25,431
Other operating income		**4,013**	1,729	**3,318**	2,844
Distribution costs		**(2,532)**	(3,734)	**(5,282)**	(7,394)
Administrative expenses		**(4,037)**	(4,625)	**(8,188)**	(9,620)
Other operating expenses		**—**	—	**—**	(5)
(Loss)/profit from operation		**(6,835)**	2,757	**(10,484)**	11,256
Finance costs		**(1,641)**	(1,542)	**(4,140)**	(3,387)
Share of loss of a joint venture		**—**	—	**(4)**	(4)
(Loss)/profit before income tax expense	5	**(8,476)**	1,215	**(14,628)**	7,865
Income tax expense	7	**—**	(300)	**—**	(1,400)
(Loss)/profit for the period		**(8,476)**	915	**(14,628)**	6,465
Other comprehensive (expense)/income, net of tax					
Items that may be reclassified subsequently to profit or loss					
— Exchange differences on translation to profit or loss		**722**	260	**801**	679
Total comprehensive (expense)/income for the period		**(7,754)**	1,175	**(13,827)**	7,144
		RM	RM	**RM**	RM
(Loss)/earnings per share					
Basic and diluted (loss)/earnings per share	8	**(1.06) sen**	0.11 sen	**(1.83) sen**	0.81 sen

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 28 February 2023

	Notes	As at 28 February 2023 RM'000	As at 31 August 2022 RM'000
Non-current assets			
Property, plant and equipment	9	**105,438**	102,560
Right-of-use assets		**23,686**	28,551
Interest in a joint venture		**162**	139
Rental deposits		**1,514**	406
Deferred tax assets		**3,553**	3,493
Total non-current assets		**134,353**	135,149
Current assets			
Inventories		**72,283**	82,848
Trade and other receivables, deposits and prepayments	10	**57,471**	95,958
Amounts due from a related company		**113**	42
Tax recoverable		**3,573**	1,851
Cash and cash equivalents		**9,023**	11,551
Total current assets		**142,463**	192,250
Current liabilities			
Trade and other payables	11	**32,795**	45,069
Bank borrowings		**107,178**	122,193
Amounts due to related companies		**985**	1,666
Derivative financial instruments		**1**	416
Lease liabilities		**5,336**	7,916
Tax payables		**—**	—
Total current liabilities		**146,295**	177,260
Net current (liabilities)/assets		**(3,832)**	14,990
Total assets less current liabilities		**130,521**	150,139

	Notes	As at 28 February 2023 RM'000	As at 31 August 2022 RM'000
Non-current liabilities			
Bank borrowings		**23,899**	34,416
Lease liabilities		**12,870**	8,143
Deferred tax liabilities		**5,998**	5,999
Total non-current liabilities		**42,767**	48,558
Net assets		**87,754**	101,581
Capital and reserves			
Share capital	12	**4,304**	4,304
Reserves		**83,450**	97,277
Total equity		**87,754**	101,581

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 28 February 2023

	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Exchange reserve RM'000	Retained earnings RM'000	Total RM'000
Balance at 1 September 2021 (Audited)	4,304	35,967	8,548	(1,864)	48,028	94,983
Profit for the period	—	—	—	—	6,465	6,465
Other comprehensive income	—	—	—	679	—	679
Total comprehensive income	—	—	—	679	6,465	7,144
Balance at 28 February 2022 (Unaudited)	4,304	35,967	8,548	(1,185)	54,493	102,127
Balance at 1 September 2022 (Audited)	4,304	35,967	8,548	(1,119)	53,881	101,581
Loss for the period	—	—	—	—	(14,628)	(14,628)
Other comprehensive (expense)/ income	—	—	—	801	—	801
Total comprehensive (expense)/ income	—	—	—	801	(14,628)	(13,827)
Balance at 28 February 2023 (Unaudited)	4,304	35,967	8,548	(318)	39,253	87,754

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 28 February 2023

	Six months ended 28 February	
	2023	2022
	RM'000	RM'000
Net cash (used in)/generated from:		
Operating activities	**32,545**	14,104
Investing activities	**(1,756)**	(2,074)
Financing activities	**(32,036)**	(7,568)
Net (decrease)/increase in cash and cash equivalents	**(1,247)**	4,462
Effects of exchange rate changes on cash and cash equivalents	**(1,281)**	(1,049)
Cash and cash equivalents at beginning of period	**11,551**	12,143
Cash and cash equivalents at end of period	**9,023**	15,556

Notes to the Consolidated Financial Information

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 13 April 2017 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. 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, Hong Kong and Lot 1769, Jalan Belati, Off Jalan Kempas Lama, Taman Perindustrian Maju Jaya, 81300 Johor Bahru, Johor Darul Takzim, Malaysia, respectively.

The shares of the Company (the "**Shares**") was listed on GEM on 15 September 2017 (the "**Listing**") 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 consolidated 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 convention, except for certain financial instruments that are measured at fair value at the end of the reporting period.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

As at 28 February 2023, the current liabilities of the Group exceeded its current assets by approximately RM3.8 million including short-term bank borrowings of approximately RM107.2 million and only maintained available cash and cash equivalents of approximately RM9.0 million. These conditions may cast significant doubt on the Group's ability to continue as a going concern. The management of the Group has prepared a cash flow projection covering a period of 12 months from the end of the reporting period. The Directors, after making due enquires and considering the management's projection and taking account of the following, believe that there will be sufficient financial resources to continue its operations and to meet its financial obligation as and when they fall due within the next 12 months from 28 February 2023.

i. At the date of approval of these unaudited condensed consolidated financial statements, the unutilised bank facility available for drawdown amounted to approximately RM41.3 million; and

ii. The management of the Group has been endeavouring to improve the Group's operating results and cash flows through various means, such as, developing a network of quality customers and provide quality products, so as to strengthen its brand name and boost the continuous growth and profitability of its packaging products.

Accordingly, the Directors consider that it is appropriate to prepare the unaudited condensed consolidated financial statements on a going concern basis.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

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. As the Group mainly operates in Malaysia, 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.

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 consolidated financial statements do not include 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 2022 ("**2022 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 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 2022. 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.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new or revised HKFRSs (Continued)

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

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKAS 1 and HK Interpretation 5 (Revised)	Classification of Liabilities as Current or Non-current and Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after 1 January 2024.

3 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

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 2022 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, inserts, 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 HKFRSs as a whole about resources allocation and performance assessment. Accordingly, only entity-wide disclosure, major customers and geographic information are presented.

(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	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	**2023 (Unaudited) RM'000**	2022 (Unaudited) RM'000
Malaysia	**22,691**	34,392	**62,616**	79,891
Singapore	**2,739**	3,113	**5,546**	5,279
Philippines	**16,010**	20,762	**41,524**	48,175
	41,440	58,267	**109,686**	133,345

3. SEGMENT INFORMATION (Continued)

(c) Information about major customers

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

	Three months ended 28 February		Six months ended 28 February	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	**2023 (Unaudited) RM'000**	2022 (Unaudited) RM'000
Customer A	**11,752**	16,563	**30,481**	39,617
Customer B	**N/A***	3,747	**N/A***	15,697
Customer C	**N/A***	6,506	**N/A***	13,852

* The corresponding customer did not contribute more than 10% of total revenue of the Group during the six months ended 28 February 2023 and 2022 respectively.

4. REVENUE

An analysis of disaggregation of the Group's revenue from contract with customers are as follows:

	Three months ended 28 February		Six months ended 28 February	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	**2023 (Unaudited) RM'000**	2022 (Unaudited) RM'000
Sales of productions products transferred at a point in time:				
— Packaging	**31,011**	41,765	**79,353**	93,527
— Insert	**8,026**	12,005	**23,965**	28,887
— Instruction manual	**2,227**	4,402	**5,884**	10,739
— Label	**176**	95	**484**	192
	41,440	58,267	**109,686**	133,345

The following table provides information about trade receivables from contracts with customers.

	As at 28 February 2023 Unaudited RM'000	As at 31 August 2022 Audited RM'000
Receivable (Note 10)	**44,670**	77,902

All sales of goods are for periods of one year or less. As permitted under HKFRS15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

	Three months ended 28 February		Six months ended 28 February	
	2023	2022	**2023**	2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RM'000	RM'000	**RM'000**	RM'000
(Loss)/profit before income tax expense is arrived at after charging/(crediting):				
Cost of inventories sold*	**45,719**	48,880	**110,018**	107,914
Depreciation of property, plant and equipment	**2,163**	1,878	**4,345**	3,743
Depreciation of right-of-use assets	**2,033**	2,167	**3,870**	4,221
Employee costs	**11,397**	11,744	**23,979**	24,514
(Gain)/loss on foreign exchange	**(2,597)**	—	**1,159**	2,258
(Reversal of)/allowance for expected credit losses	**—**	—	**(771)**	5
The fair value loss/(gain) on derivative financial instruments	**1**	(19)	**(415)**	(238)

* For the six months ended 28 February 2023 and 2022, cost of inventories sold included approximately RM23.8 million (2022: RM24.2 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 interim dividends for the six months ended 28 February 2023 (2022: 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	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	**2023 (Unaudited) RM'000**	2022 (Unaudited) RM'000
Current tax — Corporate income tax — charge for the period	—	300	—	1,400
Deferred tax	—	—	—	—
Income tax expense	—	300	—	1,400

The Company was incorporated in the Cayman Islands that is tax-exempted as no business is carried out in the Cayman Islands under the laws of the Cayman Islands.

Hong Kong Profits Tax is calculated at tiered rates of 8.25% (2022: 8.25%) on the first HK$2 million and 16.5% for the remainder (2022: 16.5%) on the remaining balance of the estimated assessable profits of the qualifying subsidiary operating in Hong Kong for the six months ended 28 February 2023 and 2022.

7. INCOME TAX EXPENSE (Continued)

Corporate income tax in Malaysia is calculated at the statutory rate of 24% (2022: 24%) of the estimated taxable profit for the six months ended 28 February 2023 and 2022.

Companies in Malaysia with a paid up capital of RM2,500,000 and below can enjoy lower corporate tax rate in Malaysia of 17% (2022: 17%) on the first RM600,000 (2022: RM600,000) taxable profit and remaining balance of the estimated taxable profit at tax rate of 24% (2022: 24%).

Subsidiary located in Philippines was subject to Philippines income tax at the rate of 30% (2022: 30%) on the estimated taxable income during the six months ended 28 February 2023. Starting from the fourth taxable year after the year the business operations commenced, entities incorporated in the Philippines are required to pay tax equivalent to the higher of 30% (2022: 30%) regular corporate income tax ("**RCIT**") on taxable income and the 2% (2022: 2%) minimum corporate income tax ("**MCIT**") on gross income. Gross income is equivalent to revenue less direct costs. Any excess of the MCIT over RCIT can be carried forward and credited against RCIT for three succeeding taxable years.

8. (LOSS)/EARNINGS PER SHARE

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

8. (LOSS)/EARNINGS PER SHARE (Continued)

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

	Three months ended 28 February		Six months ended 28 February	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	**2023 (Unaudited) RM'000**	2022 (Unaudited) RM'000
(Loss)/earnings				
(Loss)/profit for the period attributable to owners of the Company	**(8,476)**	915	**(14,628)**	6,465

	Number of Shares			
Shares				
Weighted average number of Shares in issue during the periods	**800,000,000**	800,000,000	**800,000,000**	800,000,000

Diluted (loss)/earnings per Share were the same as the basic (loss)/earnings per Share as the Group had no dilutive potential Shares during the six months ended 28 February 2023 and 2022.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 28 February 2023, the Group acquired items of property, plant and equipment with cost of approximately RM1.9 million (2022: RM4.3 million). Items of plant and machinery with a net book value of RMnil million were disposed of during the six months ended 28 February 2023 (2022: RM0.01 million). The Group acquired right-of-use assets with cost of approximately RM4.8 million (2022: nil) and transferred right-of-use assets to items of property, plant and equipment with carrying amount of approximately RM5.4 million (2022: nil).

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The ageing analysis trade debtors (net of impairment losses), based on invoice dates, as at 28 February 2023 and 31 August 2022 is as follows.

	As at 28 February 2023 Unaudited RM'000	As at 31 August 2022 Audited RM'000
Within 1 month	**30,192**	23,614
1 to 2 months	**7,688**	38,075
2 to 3 months	**4,467**	12,326
Over 3 months	**2,323**	3,887
	44,670	77,902
Deposit and prepayments	**11,240**	15,398
Other receivables	**1,561**	2,658
	57,471	95,958

The Group usually grants credit period ranging from 0 to 90 days (31 August 2022: 0 to 90 days) to its trade customers.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND

PREPAYMENTS (Continued)

At the end of each of the reporting periods, the Group applies the practical expedient to estimate the expected credit losses ("**ECL**") based on a provision matrix for trade receivables of the Group. Based on the impairment assessment, a reversal of allowance of ECL of RM771,000 (2022: allowance of RM5,000) was provided for the six months ended 28 February 2023. The Group did not hold any collateral as security or other credit enhancement over the trade receivables.

11. TRADE 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 and other payables are trade creditors with the following ageing analysis, based on invoice dates, as at 28 February 2023 and 31 August 2022:

	As at 28 February 2023 Unaudited RM'000	As at 31 August 2022 Audited RM'000
Current or less than 1 month	**9,864**	19,105
1 to 3 months	**4,180**	12,665
More than 3 months but less than 12 months	**2,046**	1,590
More than 12 months	**—**	771
	16,090	34,131
Accruals	**5,411**	5,492
Deposit received	**2,065**	1,062
Other payables	**9,229**	4,384
	32,795	45,069

12. SHARE CAPITAL

	Number of Shares	Amount RM'000	Amount HK$'000
Ordinary Shares of HK$0.01 each			
Authorised:			
At 1 September 2021, 31 August 2022 and 28 February 2023	5,000,000,000	27,284	50,000
Issued and fully paid:			
At 1 September 2021, 31 August 2022 and 28 February 2023	800,000,000	4,304	8,000

13. CAPITAL COMMITMENTS

	As at 28 February 2023 RM'000	As at 31 August 2022 RM'000
Commitments for the acquisition of:		
Landed property	**100**	177
Equipment	**142**	—
	242	177

14. RELATED PARTY TRANSACTIONS

(a) The remuneration of executive Directors during the periods were as follows:

	Six months ended 28 February	
	2023	2022
	RM'000	RM'000
Wages and salaries	**1,478**	3,128
Contribution to retirement benefits schemes	**94**	192
	1,572	3,320

14. RELATED PARTY TRANSACTIONS (Continued)

(b) 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 2023 RM'000	2022 RM'000
An entity controlled by Mr. Ong Yoong Nyock ("**Mr. Ong**"), the Director	Mr. Ong	84%	TIONG NAM LOGISTICS SOLUTIONS SDN BHD	Logistics services fees paid to a related company	**1,490**	1,368
An entity controlled by Chua Sui Keng, a director of Linocraft Printers Sdn. Bhd	Chua Sui Keng	25%	GF EQUIPMENT RENTAL SDN BHD	Lease payments of equipment to related companies	**248**	312
				Interest on lease liabilities of equipment to related companies	**10**	13
Joint venture	Tan Woon Chay	50% hold by Linocraft Printers Sdn. Bhd.	Linocraft Singapore Pte. Ltd.	Purchases from the Group	**604**	836

15. EVENTS AFTER THE REPORTING PERIOD

Save for the continuous impact of COVID-19 pandemic (the "**Pandemic**"), the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 28 February 2023 and up to the date of this report. The Group will be watchful of the development of the Pandemic and continue to evaluate its impacts on the business, financial position, cash flows and financial performance of the Group.

Management Discussion and Analysis

BUSINESS REVIEW

Our Group is a well-established integrated offset printing and packaging solutions provider in Malaysia with more than 50 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 continue 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) inserts; (iii) instruction manuals; 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 2023 and 2022:

	Six months ended 28 February			
	2023 (Unaudited)		2022 (Unaudited)	
	RM'000	**%**	RM'000	%
Sales of production products:				
— Packaging	**79,353**	**72.4**	93,527	70.1
— Inserts	**23,965**	**21.8**	28,887	21.7
— Instruction manuals	**5,884**	**5.4**	10,739	8.1
— Labels	**484**	**0.4**	192	0.1
	109,686	**100.0**	133,345	100.0

Our Group's total revenue amounted to approximately RM109.7 million and RM133.3 million for the six months ended 28 February 2023 and 2022 respectively. Approximate 57.1% (2022: 59.9%) 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 RM79.4 million and RM93.5 million for the six months ended 28 February 2023 and 2022 respectively, representing approximately 72.4% and 70.1% 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 RM24.0 million and RM28.9 million for the six months ended 28 February 2023 and 2022 respectively, representing approximately 21.8% and 21.7% 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 RM5.9 million and RM10.7 million for the six months ended 28 February 2023 and 2022 respectively, representing approximately 5.4% and 8.1% 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 RM0.5 million and RM0.2 million for the six months ended 28 February 2023 and 2022 respectively, representing approximately 0.4% and 0.1% of our total revenue, respectively.

FUTURE PROSPECTS AND OUTLOOK

Our Group continues to focus on strengthening its market position in the offset printing and packaging industry as well as approaching reputable international brands from different industries to grow our business in Malaysia and the Philippines. We had adopted proactive strategies and policies to cope with the Pandemic including developing and obtaining new customers and streamlining manufacturing processes in the plant to improve cost efficiency.

At the time of writing, there remains significant uncertainty on the extent of the continuous impact from the aftermath of the Pandemic, the negative cross-border effects from the geo-political conflicts, and soaring inflationary pressure. These will result in uncertainties in the global economy. We expect financial year 2022/2023 to remain challenging to the Group. In the coming quarters, we will remain focus on growing our business and keeping a watchful and vigilant eye on business dynamics to deliver sustainable long term growth. Looking back on the past five decades, the Group has weathered many different types of storms. With its deep-rooted culture of resilience and dedicated workforce, we believe that the Group will survive this turbulent time and emerge stronger on the other side.

The Directors will focus its efforts to closely monitor and review its business strategies and strive to create long term sustainable value for our Company and shareholders of the Company (the "**Shareholders**") in spite of the Pandemic.

FINANCIAL REVIEW

Revenue

During the six months ended 28 February 2023, the revenue decreased by approximately 17.7% or RM23.7 million as compared to that of the same period in 2022. The decrease in revenue was mainly due to less demand from major customers. The revenue contributed by the top five customers decreased from approximately RM91.4 million for the six months ended 28 February 2022 to RM66.2 million for the six months ended 28 February 2023, which accounted for 68.5% and 60.4% of our total revenue for the corresponding periods, respectively.

Cost of Sales

	Six months ended 28 February	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000
Material costs	**75,631**	73,841
Direct labour	**15,914**	16,622
Manufacturing overhead	**18,473**	17,451
	110,018	107,914

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

The cost of sales for the six months ended 28 February 2023 increased by approximately 2.0% or RM2.1 million as compared to that of the same period in 2022. The rise in cost of sales was resulted from additional provisions of RM2 million for end-of-life finished goods, consumption of raw material with premium cost due to inflation, reimbursements for recruitment, along with flight and boarding expenses which was associated with introducing new foreign workers.

The Group is taking various cost-cutting measures by reduction of overtime, terminating contract workers and reduce on purchase of buffer raw material. The Group anticipates the impact of these cost-cutting measures will be reflected in the upcoming quarters. Nevertheless, the Group is putting effort to monitor the circumstances and shall take adequate actions to improve the operating performance.

Gross (Loss)/Profit and Gross Profit Margin

For the six months ended 28 February 2023, the Group recorded a gross loss of approximately RM0.3 million (2022: gross profit of RM25.4 million). Our overall gross profit margin decreased by 19.4% from approximately 19.1% for the six months ended 28 February 2022 to negative gross profit margin of approximately 0.3% for the six months ended 28 February 2023.

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 decreased about 28.6% from RM7.4 million for the six months ended 28 February 2022 to RM5.3 million for the six months ended 28 February 2023, which was mainly caused by the lower transport rate and lesser transport demands in view of the reduced sales during the six months ended 28 February 2023.

Administrative Expenses

The administrative expenses were approximately RM8.2 million for the six months ended 28 February 2023 (2022: RM9.6 million). 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) professional fee such as legal and consultant fees; and (iii) others such as repair and maintenance for office equipment, bank charges and depreciation which mainly represents the depreciation expenses for the property, plant and equipment as well as the depreciation of right-of-use assets.

Finance Costs

Finance costs represented interest on bank overdraft, bank borrowings and lease liabilities. For the six months ended 28 February 2023 and 2022, financial costs amounted to approximately RM4.1 million and RM3.4 million, respectively. The increase in finance costs was mainly due to the higher interest rate during the six months ended 28 February 2023.

Share of Loss of a Joint Venture

Our Group has 50% equity interest in Linocraft Singapore Pte. Ltd, which engages in trading business for packaging and printing related products. The share of loss of a joint venture was RM4,000 for the six months ended 28 February 2023 (2022: RM4,000).

Net (Loss)/Profit and (Loss)/Earnings per Share

The loss for the six months ended 28 February 2023 was mainly attributable to (i) decrease in revenue; (ii) increase in cost of sales due to various factors, amongst them were provision of RM2 million for end-of-life finished goods, consumption of raw material with premium cost due to inflation, reimbursements for recruitment, along with flight and boarding expenses which was associated with introducing new foreign workers; and (iii) recent trend of rising interest rates has resulted in higher finance cost. As a result of the foregoing, our Group's net loss was approximately RM14.6 million for the six months ended 28 February 2023 (2022: profit of RM6.5 million). The Group's basic and diluted loss per Share for the six months ended 28 February 2023 was RM1.83 sen (2022: earnings of RM0.81 sen).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 28 February 2023,

(a) the Group's net current liabilities were approximately RM3.8 million (31 August 2022: net current assets of RM15.0 million) and the Group had cash and cash equivalents of approximately RM9.0 million (31 August 2022: RM11.6 million), most of cash and cash equivalents were denominated in Malaysian Ringgit (RM), United States Dollar (USD), Philippines Peso (Peso) and Hong Kong Dollar (HK$);

(b) the Group had bank borrowings and lease liabilities of approximately RM131.1 million (31 August 2022: RM156.6 million) and RM18.2 million (31 August 2022: RM16.1 million); bank borrowings and lease liabilities were denominated in RM, USD, Peso and HK$;

(c) the Group's current ratio was approximately 0.97 times (31 August 2022: 1.08 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 67.2% (31 August 2022: 67.8%); and

(d) the Group's total equity attributable to owners of the Company amounted to RM87.8 million (31 August 2022: RM101.6 million). The capital of the Company mainly comprises share capital and reserves.

DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 28 February 2023 (2022: nil).

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

The Group has no significant investments, material acquisitions or disposal of subsidiaries and associated companies for the six months ended 28 February 2023.

CAPITAL COMMITMENTS

As at 28 February 2023, the capital commitments of the Group are related to purchase of property, plant and equipment of approximately RM0.2 million (31 August 2022: RM0.2 million).

PLEDGE OF ASSETS

At the 28 February 2023, certain of the Group's right-of-use assets and property, plant and equipment with net carrying amount of RM13.2 million and RM60.2 million (31 August 2022: RM16.9 million and RM64.2 million) were pledged as security.

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 report and the prospectus of the Company dated 31 August 2017 (the "**Prospectus**"), 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 2023 and 31 August 2022.

FOREIGN CURRENCY RISK

The Group operates mainly in Malaysia and the Philippines, and is exposed to foreign currency risks arising from various currency exposures, mainly with respect to USD, Peso and SGD. The Group derives majority of our revenue in RM, Pesos 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 the Philippines that settle payment in RM and Peso. Quotations from suppliers and payments made to them are generally in RM, Peso 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 results. As at 28 February 2023, our Group had financial liabilities at fair value of approximately RM1,000 (31 August 2022: liabilities of RM416,000). The fair values of the foreign exchange forward contracts are determined based on the underlying conditions in the contracts and the market information at the valuation date including observable market inputs such as forward rates. The net gain on change in fair value of derivative financial instruments of RM415,000 (2022: gain of RM238,000) had been recognised in profit or loss for the six months ended 28 February 2023.

EMPLOYEES AND REMUNERATION POLICY

As at 28 February 2023, the Group had a total of 1,162 (31 August 2022: 974) 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 2023, the Group's staff costs, including Directors' emoluments, were approximately RM24.0 million (2022: RM24.5 million). 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 2023 (the "**Relevant Period**") is set out below:

Business strategy	Implementation activities	Actual business progress during the Relevant Period
1. Diversified customer industry — continue to expand business in other industries such as fast moving consumer goods, medical & cosmetics and food & beverage	— Recruitment of brand manager in Malaysia	The Group has recruited the brand manager during mid of June 2018.
	— Additional warehouse for Malaysia operations (Phase 1)	The Phase 1 construction of additional warehouse has been completed by September 2019.
	— Additional warehouse for Malaysia operations (Phase 2)	The Phase 2 construction of additional warehouse has been completed by September 2019.
	— Expansion of design and solutions and quality assurance facilities in Malaysia	The expansion of design and solutions is yet to commence, the quality assurance facilities have been completed while the quality assurance laboratory has not yet commenced.

Business strategy	Implementation activities	Actual business progress during the Relevant Period
2. Product line expansion — develop new products/services to increase revenue stream	— Development of new product line — adhesive labels in Malaysia	The Group is in the process of sourcing the adhesive labels machine.
	— Setting up of low dust facilities in Malaysia for medical and cosmetics, and food and beverage packaging products (phase 1)	The setup has been completed.
	— Renovation and improvement of factory in Malaysia	The renovation and improvement have been completed.
	— Setting up of low dust facilities in Malaysia for medical and cosmetics, and food and beverage packaging products (phase 2)	The low dust facilities have been completed.
	— Setting up of sample show room in Malaysia	To be commenced.
	— Replacement of equipment for Malaysia operations	The Company has acquired a new stitching machine to replace the old machine.
	— Purchase of new printing machines	The Company has acquired the printing machine and it's up and running now.
	— Expansion of rigid box assembly line in Malaysia	Already completed.

Business strategy	Implementation activities	Actual business progress during the Relevant Period
3. Geographical expansion — gain access to new markets	— Setting up full production facilities at Production Plant 2	The full production facilities at Production Plant 2 have been completed.
	— 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 has been completed.
	— Balance payment for VVLF offset printing press for Philippine operations	Balance of the payment has been paid.
	— Purchase of lorries for Philippine operations	The lorry was acquired in September 2018.
	— Recruitment of staff for Philippine team	Additional 6 staff have been recruited.
	— Hostel for Philippine team	The hostel has been rented for Philippine team.
	— Setting up of plant in northern part of Malaysia, with post-press production facilities (finishing only)	To be commenced.

USE OF PROCEEDS

The net proceeds from the Share Offer were approximately HK$61.0 million, after deducting the listing related expenses. As at 28 February 2023, all of the unutilized proceeds (the "**Unutilized 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 used up to 31 August 2022	Balance of Unutilized Proceeds as at 31 August 2022	Actual use of proceeds during the six months ended 28 February 2023	Balance of Unutilized Proceeds as at 28 February 2023	Expected timeline for Unutilized Proceeds
	%	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	
Diversified customer industry — expansion into other industries	10.1	6.0	5.2	0.8	—	0.8	31 August 2023
Product line expansion	23.3	14.2	11.0	3.2	—	3.2	31 August 2023
Geographical expansion	45.8	28.1	23.1	5.0	—	5.0	31 August 2023
Repayment of bank loan	11.7	7.1	7.1	—	—	—	
General working capital	9.1	5.6	5.6	—	—	—	
	100.0	61.0	52.0	9.0	—	9.0	

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 2023, 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 Directors	Nature of interest	Number of Shares held(1)	Percentage of shareholding
Mr. Ong(2)	Interest of a controlled corporation	408,000,000 (L)	51.00%
Mr. Tan Woon Chay	Beneficial owner	1,500,000 (L)	0.19%

Notes:

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

(2) Mr. Ong beneficially owns 50% of Charlecote Sdn. Bhd. ("**Charlecote**") which in turn owns 70% of the issued share capital of Linocraft Investment Pte Limited ("**Linocraft Investment**"). Linocraft Investment owns 51% 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	Percentage of shareholding
Mr. Ong[(1)]	Linocraft Investment	Beneficial owner and interest of a controlled corporation	8,050	80.50%
	Charlecote	Beneficial owner	2	100.00%
Mr. Tan Woon Chay	Linocraft Investment	Beneficial owner	1,950	19.50%

Note:

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

Save as disclosed above, as at 28 February 2023, 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 2023, 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	408,000,000 (L)	51.00%
Charlecote[2]	Interest of controlled corporation	408,000,000 (L)	51.00%
Mrs. Ong[3]	Interest of spouse	408,000,000 (L)	51.00%
Stan Cam Holdings Limited ("**Stan Cam**")	Beneficial owner	120,000,000 (L)	15.00%
Ralexi Investment Holdings Limited[4]	Interest of a controlled corporation	120,000,000 (L)	15.00%
Mr. Gan Ker Wei ("**Mr. Gan**")[5]	Interest of a controlled corporation	120,000,000 (L)	15.00%
Mrs. Amy Ong Lai Fong[6]	Interest of spouse	120,000,000 (L)	15.00%

Notes:

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

(2) Charlecote holds 70% of the issued share capital of Linocraft Investment, which in turn owns 51% of our Company. By virtue of the SFO, Charlecote 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 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 2023, 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

During the six months ended 28 February 2023, 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 2023.

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 six months ended 28 February 2023.

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.

To the best knowledge of the Board, save for the deviation from the code provision F.2.2 as explained below, the Company had complied with the code provisions in the CG Code during the six months ended 28 February 2023.

Pursuant to code provision F.2.2 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 7 February 2023 due to his other prior engagement. Mr. Ong invited Mr. Liew Weng Keat, an independent non-executive Director to chair and answer questions from Shareholders at the AGM.

AUDIT COMMITTEE

Our Company established an Audit Committee pursuant to a resolution of the Directors passed on 25 August 2017 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with 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.

The Audit Committee 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, 14 April 2023

As at the date of this report, 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.