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LINOCRAFT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8383

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**FIRST  
QUARTERLY  
REPORT  
2022/2023**





## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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 RM68.2 million for the three months ended 30 November 2022, decreased by approximately 9.1% as compared to that of the same period in 2021.
- The gross profit amounted to approximately RM3.9 million for the three months ended 30 November 2022, decreased by approximately 75.4% as compared to that of the same period in 2021.
- The Group recorded a net loss of approximately RM6.2 million for the three months ended 30 November 2022.
- The Board does not recommend the payment of interim dividends for the three months ended 30 November 2022.

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 ended 30 November 2022 (the “**First Quarterly Financial Statements**”) together with the comparative figures for the corresponding period in 2021 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 November 2022

		<b>Three months ended 30 November</b>	
	Notes	<b>2022 (Unaudited) RM'000</b>	2021 (Unaudited) RM'000
<b>Revenue</b>	4	<b>68,246</b>	75,078
Cost of sales		<b>(64,299)</b>	(59,034)
<b>Gross profit</b>		<b>3,947</b>	16,044
Other operating (loss)/income		<b>(695)</b>	1,115
Distribution costs		<b>(2,750)</b>	(3,660)
Administrative expenses		<b>(4,151)</b>	(4,995)
Other operating expenses		<b>—</b>	(5)
<b>(Loss)/profit from operation</b>		<b>(3,649)</b>	8,499
Finance costs		<b>(2,499)</b>	(1,845)
Share of loss of a joint venture		<b>(4)</b>	(4)
<b>(Loss)/profit before income tax expense</b>	5	<b>(6,152)</b>	6,650
Income tax expense	7	<b>—</b>	(1,100)
<b>(Loss)/profit for the period</b>		<b>(6,152)</b>	5,550
<b>Other comprehensive income, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
— Exchange differences on translation to profit or loss		<b>79</b>	419
<b>Total comprehensive income for the period</b>		<b>(6,073)</b>	5,969
		<b>RM</b>	RM
<b>(Loss)/earnings per share</b>			
Basic and diluted (loss)/earnings per share	8	<b>(0.77) sen</b>	0.69 sen

## Financial Results

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 November 2022

	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Exchange reserve RM'000	Retained earnings RM'000	Total RM'000
<b>Balance at 1 September 2021 (Audited)</b>	4,304	35,967	8,548	(1,864)	48,028	94,983
Profit for the period	—	—	—	—	5,550	5,550
Other comprehensive income	—	—	—	419	—	419
Total comprehensive income	—	—	—	419	5,550	5,969
<b>Balance at 30 November 2021 (Unaudited)</b>	4,304	35,967	8,548	(1,445)	53,578	100,952
<b>Balance at 1 September 2022 (Audited)</b>	4,304	35,967	8,548	(1,119)	53,881	101,581
Loss for the period	—	—	—	—	(6,152)	(6,152)
Other comprehensive income	—	—	—	79	—	79
Total comprehensive income	—	—	—	79	(6,152)	(6,073)
<b>Balance at 30 November 2022 (Unaudited)</b>	4,304	35,967	8,548	(1,040)	47,729	95,508

# Notes to the Consolidated Financial Statements

## 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 "**Share(s)**") was listed on GEM 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 convention, except for certain financial instruments that are measured at fair value at the end of the reporting period.

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 operating 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.

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

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 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 (the “**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 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 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 <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
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 <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> 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.





## Notes to the Consolidated Financial Statements

### 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 (Continued)

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 differ 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.

## Notes to the Consolidated Financial Statements

### 3. SEGMENT INFORMATION (Continued)

#### (b) Geographic information

The following table provides an analysis of the Group's revenue from external customers.

	Three months ended 30 November	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
Malaysia	39,925	45,499
Singapore	2,807	2,166
Philippines	25,514	27,413
	68,246	75,078

#### (c) Information about major customers

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

	Three months ended 30 November	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
Customer A	18,729	23,054
Customer B	6,881	N/A*
Customer C	N/A*	11,950

\* The corresponding customers did not contribute more than 10% of total revenue of the Group during the period.

## Notes to the Consolidated Financial Statements

### 4. REVENUE

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

	Three months ended 30 November	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
Sales of production products transferred at a point in time:		
— Packaging	48,342	51,762
— Insert	15,939	16,882
— Instruction manual	3,657	6,337
— Label	308	97
	68,246	75,078

## Notes to the Consolidated Financial Statements

### 5. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

	Three months ended 30 November	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
(Loss)/profit before income tax expense is arrived at after charging/(crediting):		
Cost of inventories sold	64,299	59,034
Depreciation of property, plant and equipment	2,182	1,865
Depreciation of right-of-use assets	1,837	2,054
Employee costs	12,582	12,770
Loss on foreign exchange	3,756	1,493
(Reversal of)/Allowance for expected credit losses	(771)	5
The fair value gain on derivative financial instruments	(416)	(219)

### 6. DIVIDENDS

The Board does not recommend the payment of interim dividends for the three months ended 30 November 2022 (2021: nil).

## Notes to the Consolidated Financial Statements

### 7. INCOME TAX EXPENSE

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

	Three months ended 30 November	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
Current tax — Corporate income tax — charge for the period	—	1,100
Deferred tax	—	—
Income tax expense	—	1,100

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% (2021: 8.25%) on the first HK\$2 million and 16.5% for the remainder (2021: 16.5%) on the remaining balance of the estimated assessable profits of the qualifying subsidiary operating in Hong Kong for the three months ended 30 November 2022.

Corporate income tax in Malaysia is calculated at the statutory rate of 24% (2021: 24%) of the estimated taxable profit for the three months ended 30 November 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% (2021: 17%) on the first RM600,000 (2021: RM600,000) taxable profit and remaining balance of the estimated taxable profit at tax rate of 24% (2021: 24%).

### 7. INCOME TAX EXPENSE (Continued)

Subsidiary located in Philippines was subject to Philippines income tax at the rate of 30% (2021: 30%) on the estimated taxable income during the three months ended 30 November 2022. 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% (2021: 30%) regular corporate income tax (“**RCIT**”) on taxable income and the 2% (2021: 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 basic (loss)/earnings per Share amount is based on the (loss)/profit 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 (loss)/earnings per Share is based on the following information:

	Three months ended 30 November	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
<b>(Loss)/earnings</b> (Loss)/profit for the period attributable to owners of the Company	(6,152)	5,550
<b>Shares</b> Weighted average number of ordinary Shares in issue during the period	800,000,000	800,000,000



## Notes to the Consolidated Financial Statements

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

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 three months ended 30 November 2022 and 2021.

### 9. 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 30 November 2022 and up to the date of this report. The Group will be watchful of the development 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 three months ended 30 November 2022 and 2021:

	Three months ended 30 November			
	2022 (Unaudited)		2021 (Unaudited)	
	RM'000	%	RM'000	%
Sales of production products:				
— Packaging	48,342	70.8	51,762	68.9
— Inserts	15,939	23.4	16,882	22.5
— Instruction manuals	3,657	5.4	6,337	8.4
— Labels	308	0.4	97	0.2
	68,246	100.0	75,078	100.0

Our Group's total revenue amounted to approximately RM68.2 million and RM75.1 million for the three months ended 30 November 2022 and 2021, respectively. Approximately 58.5% (2021: 60.6%) of our revenue was attributable to our customers in Malaysia, with the remaining from Singapore and the Philippines during the reporting periods.





## Management Discussion and Analysis

### Packaging

Packaging accounts for our largest business segment of the 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 RM48.3 million and RM51.8 million for the three months ended 30 November 2022 and 2021, respectively, representing approximately 70.8% and 68.9% 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 RM15.9 million and RM16.9 million for the three months ended 30 November 2022 and 2021 respectively, representing approximately 23.4% and 22.5% of our total revenue, respectively.

### Instruction Manuals

The production of instruction manuals is the third largest business 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 RM3.7 million and RM6.3 million for the three months ended 30 November 2022 and 2021 respectively, representing approximately 5.4% and 8.4% 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 RM0.3 million and RM0.1 million for the three months ended 30 November 2022 and 2021 respectively, representing approximately 0.4% and 0.2% 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 Pandemic and the negative cross-border effects from the geo-political conflicts. 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.

## Management Discussion and Analysis

Looking back on the past five decades, the Group has weathered many different types of storm. 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 three months ended 30 November 2022, the revenue decreased by approximately 9.1% or RM6.8 million as compared to that of the same period in 2021. The decrease in revenue was mainly due to less demand from major customers. The revenue contributed by the top five customers decreased from approximately RM54.4 million for the three months ended 30 November 2021 to RM42.8 million for the three months ended 30 November 2022, which accounted for 72.4% and 62.8% of our total revenue for the corresponding periods, respectively.

#### Cost of Sales

	Three months ended 30 November	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
Material costs	45,831	41,533
Direct labour	8,918	8,539
Manufacturing overhead	9,550	8,962
	64,299	59,034

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 three months ended 30 November 2022 increased by approximately 8.9% or RM5.3 million as compared to that of the same period in 2021. The increase in cost of sales was mainly due to (i) the increase in material costs as a result of stronger United States Dollar and inflation, (ii) an one off reimbursement of recruitment cost and its related professional fee to comply with Corporate Social Environmental Responsibility requirement, (iii) flight costs and boarding expenses which were related to foreign workers starting work locally.

### **Gross Profit and Gross Profit Margin**

Our gross profit decreased about 75.4% from approximately RM16.0 million for the three months ended 30 November 2021 to RM3.9 million for the three months ended 30 November 2022. Our overall gross profit margin decreased by 15.6% from approximately 21.4% for the three months ended 30 November 2021 to approximately 5.8% for the three months ended 30 November 2022.

### **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 24.9% from RM3.7 million for the three months ended 30 November 2021 to RM2.8 million for the three months ended 30 November 2022, which was mainly caused by the lower transport rate and lesser transport demands in view of the reduced sales during the three months ended 30 November 2022.

### **Administrative Expenses**

The administrative expenses were approximately RM4.2 million for the three months ended 30 November 2022 (2021: RM5.0 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 fees such as legal consultancy 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 right-of-use assets.



## Management Discussion and Analysis

### Finance Costs

Finance costs represented interest on bank overdraft, bank borrowings and lease liabilities. For the three months ended 30 November 2022 and 2021, finance costs amounted to approximately RM2.5 million and RM1.8 million, respectively. The increase in finance costs was mainly due to the higher interest rate during the three months ended 30 November 2022.

### Share of Loss of a Joint Venture

Our Group has 50% equity interest in Lincraft Singapore Pte. Ltd, which engages in trading business for packaging and printing related products. The share of loss of a joint venture was approximately RM4,000 for the three months ended 30 November 2022 (2021: RM4,000).

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

The loss for the three months ended 30 November 2022 was mainly attributable to (i) decrease in revenue; (ii) increase in costs of raw materials; (iii) increase in foreign exchange loss due to the strengthening of Malaysian Ringgit against United States Dollar; and (iv) higher finance cost. As a result of the foregoing, our Group's net loss was approximately RM6.2 million for the three months ended 30 November 2022 (2021: profit of RM5.6 million). The Group's basic and diluted loss per Share for the three months ended 30 November 2022 was RM0.77 sen (2021: earnings of RM0.69 sen).

### DIVIDENDS

The Board does not recommend the payment of interim dividends for the three months ended 30 November 2022 (2021: nil).

## 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 2022, 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 <sup>(1)</sup>	Percentage of shareholding
Mr. Ong Yoong Nyock (“ <b>Mr. Ong</b> ”) <sup>(2)</sup>	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.

## Other Information

### (ii) Interests in associated corporation of the Company

Name of Directors	Name of associated corporation	Capacity	Number of Shares	Percentage of shareholding
Mr. Ong <sup>(1)</sup>	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 30 November 2022, 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 2022, 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 <sup>(1)</sup>	Percentage of shareholding
Linocraft Investment	Beneficial owner	408,000,000 (L)	51.00%
Charlecote <sup>(2)</sup>	Interest of a controlled corporation	408,000,000 (L)	51.00%
Mrs. Ong <sup>(3)</sup>	Interest of spouse	408,000,000 (L)	51.00%
Stan Cam Holdings Limited (" <b>Stan Cam</b> ")	Beneficial owner	120,000,000 (L)	15.00%
Ralex Investment Holdings Limited <sup>(4)</sup>	Interest of a controlled corporation	120,000,000 (L)	15.00%
Mr. Gan Ker Wei (" <b>Mr. Gan</b> ") <sup>(5)</sup>	Interest of a controlled corporation	120,000,000 (L)	15.00%
Mrs. Amy Ong Lai Fong <sup>(6)</sup>	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.





## Other Information

- (4) Stan Cam is owned as to 75% by Ralex Investment Holdings Limited. By virtue of the SFO, Ralex Investment Holdings Limited is deemed to be interested in the Shares held by Stan Cam.
- (5) Stan Cam is owned as to 75% by Ralex Investment Holdings Limited. Ralex 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 2022, 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 three months ended 30 November 2022, 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 2022.



## 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 three months ended 30 November 2022.

## 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, the Company had complied with the code provisions in the CG Code during the three months ended 30 November 2022.



## Other Information

### 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 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, 12 January 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.*