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LEFT FIELD PRINTING GROUP LIMITED
澳獅環球集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 1540)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

AUDITED RESULTS

The board of directors (the "Board") of Left Field Printing Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 AUD'000	2018 AUD'000
Revenue	4	76,067	79,398
Direct operating costs		(58,534)	(61,511)
Gross profit		17,533	17,887
Other income	4	2,543	7,960
Selling and distribution costs		(5,349)	(6,005)
Administrative expenses		(5,859)	(6,522)
Other expenses		-	(4,791)
Finance costs		(282)	(51)
Profit before income tax	5	8,586	8,478
Income tax expense	6	(2,585)	(1,029)
Profit for the year		6,001	7,449

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

	Notes	2019 AUD'000	2018 AUD'000
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Recognition to profit or loss on deregistration of a subsidiary		-	(4,840)
Other comprehensive income for the year, net of tax		-	(4,840)
Total comprehensive income for the year		6,001	2,609
Profit for the year attributable to:			
Owners of the Company		6,001	7,449
Total comprehensive income attributable to:			
Owners of the Company		6,001	2,609
Earnings per share for profit attributable to owners of the Company during the year			
Basic and diluted	8	AUD1.18 cents	AUD1.75 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 AUD'000	2018 AUD'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	8,293	9,744
Right-of-use assets	10	5,200	-
Deferred tax assets		3,114	3,006
Deposits for acquisition of property, plant and equipment		-	518
		16,607	13,268
Current assets			
Inventories	11	9,225	7,921
Trade receivables	12	9,665	11,891
Other receivables, deposits and prepayments		877	915
Current tax recoverable		-	299
Pledged deposit		1,056	1,056
Cash and cash equivalents		30,536	29,650
		51,359	51,732
Current liabilities			
Trade and other payables	13	5,396	7,035
Finance lease liabilities	14	-	110
Lease liabilities	15	1,796	-
Provisions		4,108	3,752
Current tax liabilities		834	-
		12,134	10,897
Net current assets		39,225	40,835
Total assets less current liabilities		55,832	54,103
Non-current liabilities			
Finance lease liabilities	14	-	352
Lease liabilities	15	3,569	-
Provisions		342	684
Deferred tax liabilities		981	427
		4,892	1,463
Net assets		50,940	52,640
EQUITY			
Share capital		917	917
Reserves		50,023	51,723
Total equity		50,940	52,640

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital AUD'000	Share premium AUD'000	Contributed surplus AUD'000	Merger reserve AUD'000	Foreign currency translation reserve AUD'000	Proposed final dividend AUD'000	Retained earnings AUD'000	Total AUD'000
Balance at 1 January 2018	-	-	-	14,491	4,840	-	16,659	35,990
Profit for the year	-	-	-	-	-	-	7,449	7,449
Other comprehensive income, net of tax	-	-	-	-	(4,840)	-	-	(4,840)
Total comprehensive income for the year	-	-	-	-	(4,840)	-	7,449	2,609
2018 proposed final dividend (Note 7)	-	-	-	-	-	4,608	(4,608)	-
Transactions with owners in their capacity as owners								
Dividends (Note 7)	-	-	-	-	-	-	(14,750)	(14,750)
Dividend reinvestment in a subsidiary, net of expenses incurred	-	-	-	11,743	-	-	-	11,743
Total transactions with owners	-	-	-	11,743	-	-	(14,750)	(3,007)
Issue of shares pursuant to the group reorganisation	727	-	33,217	(33,944)	-	-	-	-
Issue of shares pursuant to the listing of the Company's shares	190	18,801	-	-	-	-	-	18,991
Capitalised expenses incurred in connection with issue of new shares	-	(1,943)	-	-	-	-	-	(1,943)
Balance at 31 December 2018	917	16,858	33,217	(7,710)	-	4,608	4,750	52,640

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

	Share capital AUD'000	Share premium AUD'000	Contributed surplus AUD'000	Merger reserve AUD'000	Foreign currency translation reserve AUD'000	Proposed final dividend AUD'000	Retained earnings AUD'000	Total AUD'000
Balance at 31 December 2018 as originally presented	917	16,858	33,217	(7,710)	-	4,608	4,750	52,640
Effect of initial application of IFRS 16 (Note 2.1)	-	-	-	-	-	-	(168)	(168)
Restated balance at 1 January 2019	917	16,858	33,217	(7,710)	-	4,608	4,582	52,472
Profit for the year	-	-	-	-	-	-	6,001	6,001
Total comprehensive income for the year	-	-	-	-	-	-	6,001	6,001
2019 proposed final dividend (Note 7)	-	-	-	-	-	4,737	(4,737)	-
Transactions with owners in their capacity as owners								
Dividends (Note 7)	-	-	-	-	-	(4,608)	(2,925)	(7,533)
Total transactions with owners	-	-	-	-	-	(4,608)	(2,925)	(7,533)
Balance at 31 December 2019	917	16,858	33,217	(7,710)	-	4,737	2,921	50,940

1. GENERAL INFORMATION

Left Field Printing Group Limited (the "Company") was incorporated as an exempted company with limited liability in Bermuda on 18 April 2018. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business in Hong Kong is 26/F, 625 King's Road, North Point, Hong Kong. The principal place of business in Australia is 138 Bonds Road, Riverwood, NSW 2210, Australia. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK") on 8 October 2018.

The Company is an investment holding company. The Company and its subsidiaries are collectively referred to as the "Group" hereafter. Major operations of the Group are carried out in Australia.

Pursuant to the reorganisation of the Group (the "Reorganisation") as set out under the section headed "History and Corporate Structure" in the prospectus of the Company dated 20 September 2018, the Company became the holding company of the Group on 8 October 2018. The Reorganisation was merely a reorganisation of the Group's business, with no change in management of such business, and the controlling shareholder remains the same. Accordingly, the consolidated financial statements of the Group have been prepared as if the current Group structure had been in existence throughout the year ended 31 December 2018.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standard Board (the "IASB"), and all applicable individual International Accounting Standards ("IASs") and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also include the applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 Adoption of new or amended IFRSs – effective 1 January 2019

During the year, the Group has adopted all the new or amended IFRSs which are first effective for the reporting year and relevant to the Group.

Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRS 9	Prepayment Features with Negative Compensation
IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments

The impacts of the adoption of IFRS 16 have been summarised in below. The other new or amended IFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 Adoption of new or amended IFRSs – effective 1 January 2019 (Continued)

(i) Impact of the adoption of IFRS 16

IFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces IAS 17 "Leases" ("IAS 17"), IFRIC-Int 4 "Determining whether an Arrangement contains a Lease" ("IFRIC-Int 4"), SIC-Int 15 "Operating Leases-Incentives" and SIC-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". From a lessee's perspective, almost all leases are recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from IAS 17. For details of IFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under IFRS 16, please refer to section (ii) to (iv) of this note.

The Group has applied IFRS 16 using cumulative effect approach and recognised all the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under IAS 17 and related interpretations as allowed by the transition provision in IFRS 16.

The following table summarised the impact of transition to IFRS 16 on the consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows:

	Increase/ (Decrease) AUD'000
Assets	
Property, plant and equipment	(558)
Right-of-use assets	2,798
Total assets	2,240
Liabilities	
Finance lease liabilities – current	(110)
Finance lease liabilities – non-current	(352)
Lease liabilities – current	1,504
Lease liabilities – non-current	1,366
Total liabilities	2,408
Equity	
Retained earnings	(168)
Total equity	(168)

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 Adoption of new or amended IFRSs – effective 1 January 2019 (Continued)

(i) Impact of the adoption of IFRS 16 (Continued)

The following reconciliation explains how the operating lease commitments disclosed applying IAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 January 2019:

	AUD'000
Reconciliation of operating lease commitment to lease liabilities	
Operating lease commitment as at 31 December 2018	3,357
Lease liabilities discounted at relevant incremental borrowing rates	3,280
Less: short-term leases for which leases terms end within 31 December 2019	(872)
Lease liabilities relating to operating leases recognised upon application of IFRS 16	2,408
Add: obligations under finance lease recognised at 31 December 2018	462
Lease liabilities as at 1 January 2019	2,870

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 was 5%.

(ii) New definition of a lease

Under IFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 Adoption of new or amended IFRSs – effective 1 January 2019 (continued)

(iii) Accounting as a lessee

Under IAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under IFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but IFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised right-of-use assets and lease liabilities at the commencement date of IFRS 16.

(iv) Transition

As mentioned above, the Group has applied IFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 January 2019). The comparative information presented in 2018 has not been restated and continues to be reported under IAS 17 and related interpretations as allowed by the transition provision in IFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying IAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified as operating leases under IAS 17 as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied IAS 36 "Impairment of Assets" at 1 January 2019 to assess if there was any impairment as on that date.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 Adoption of new or amended IFRSs – effective 1 January 2019 (continued)

(iv) Transition (Continued)

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (i.e. 1 January 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019; and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) IFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 and (ii) not to apply IFRS 16 to contracts that were not previously identified as containing a lease under IAS 17 and IFRIC-Int 4.

The Group has also leased certain property, plant and equipment which previously were classified as finance leases under IAS 17. As the Group has elected to adopt the cumulative effect method over the adoption of IFRS 16, for those finance leases under IAS 17, the right-of-use assets and the corresponding lease liabilities at 1 January 2019 were the carrying amount of the lease assets and lease liabilities under IAS 17 immediately before that date. For those leases, the Group has accounted for the right-of-use assets and the lease liabilities applying IFRS 16 from 1 January 2019.

2.2 New or amended IFRSs that have been issued but are not yet effective

At the date of this report, the following new or amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

IFRS 17	Insurance Contracts[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current[3]
Amendments to IAS 1 and IAS 8	Definition of Material[1]
Amendments to IFRS 3	Definition of a Business[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2022
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New or amended IFRSs that have been issued but are not yet effective (Continued)

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors of the Company are currently assessing the impact of the new or amended IFRSs upon initial application. So far, the directors of the Company have preliminarily concluded that the initial application of these IFRSs will not result in material financial impact on the consolidated financial statements. Information on new or amended IFRSs that are expected to have an impact on the Group's accounting policies is provided below.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current
The amendments clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period and make clear the link between the settlement of the liability and the outflow of resources from the entity.

Amendments to IAS 1 and IAS 8 – Definition of Material
The amendments clarify the definition of 'material', align the definition across all IFRS standards and the conceptual framework, and incorporating supporting requirements in IAS 1 into the definition.

Amendments to IFRS 3 - Definition of a Business
The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform
The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

3. SEGMENT INFORMATION

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the chief operating decision maker (the "Chief Operating Decision Maker"). The Chief Operating Decision Maker is responsible for the allocation of resources to operating segments and assessing their performance, has been identified as the board of directors.

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker as defined above that are used to make strategic decision.

These individuals review the business primarily from a product and service offering perspective and have identified one reportable segment, which is printing solutions and services.

The printing solutions and services division provides digital and offset printing, and other ancillary business services including digital asset management, content management, back catalogue fulfilment, direct to consumer distribution and warehousing, variable data and intelligent mailing.

The division has short run, medium and long run production capabilities and in-house finishing.

The printing solutions and services division also has a business services model that enables the efficient and seamless content creation to consumption for the Australian government, government departments and agencies. This includes webhosting, electronic fulfilment, printing on demand and digital asset management. These capabilities have been extended to the publishing sector as well.

(b) Segment revenue

Revenue from external parties reported is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income that are revenue from contracts with customer within the scope of IFRS 15.

Revenue by geographic location is not used by the Chief Operating Decision Maker in reviewing the performance of the cash generating unit. The directors of the Company considered the cost to develop it would be excessive.

3. SEGMENT INFORMATION (CONTINUED)

(c) EBITDA as monitored by the directors and senior management

The Chief Operating Decision Maker assesses the performance of the operating segments based on a measure of EBITDA as monitored by the directors and senior management ("EBITDA"). This measure is consistent with the presentation of financial information internally for management accounts purpose.

A reconciliation of EBITDA to the profit before income tax per the consolidated statements of profit or loss and other comprehensive income is as follows:

	2019 **AUD'000**	**2018** **AUD'000**
EBITDA on ordinary activities	12,047	9,900
Depreciation and amortisation	(4,036)	(1,985)
Net finance income	575	563
Profit before income tax	8,586	8,478

(d) Segment assets and liabilities

The amounts provided to the Chief Operating Decision Maker with respect to total assets and total liabilities are not reported by operating segment. The Chief Operating Decision Maker does not receive information about the geographical locations of the segment assets and liabilities.

3. SEGMENT INFORMATION (CONTINUED)

(e) Segment information

	Printing solutions and services AUD'000	Corporate* AUD'000	Total AUD'000
2019			
Total external revenue	76,067	-	76,067
Other income	1,650	1	1,651
Operating expenses#	(64,320)	(1,351)	(65,671)
EBITDA	13,397	(1,350)	12,047
Depreciation and amortisation	(4,007)	(29)	(4,036)
Net finance (cost)/income	(254)	829	575
Profit before income tax	9,136	(550)	8,586
Total consolidated segment results	9,136	(550)	8,586
2018			
Total external revenue	79,398	-	79,398
Other income	1,752	1,219	2,971
Gain on deregistration of a subsidiary	-	4,840	4,840
Operating expenses#	(71,126)	(6,183)	(77,309)
EBITDA	10,024	(124)	9,900
Depreciation and amortisation	(1,822)	(163)	(1,985)
Net finance (cost)/income	(62)	625	563
Profit before income tax	8,140	338	8,478
Total consolidated segment results	8,140	338	8,478

* Included in "Corporate" are the Group's activities in finance income and costs, staff costs and other corporate activities incurred under central corporate and treasury function which are not able to be allocated to printing solutions and services segment.

\# Included in "Operating expenses" are production expenses, staff costs and other administrative expenses incurred by the Group.

4. REVENUE, OTHER INCOME AND GAINS

(a) The Group derives its revenue from sales of goods at a point in time during the years.

The Group has assessed that the disaggregation of revenue by operating segments in note 3 is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the Chief Operating Decision Maker in order to evaluate the financial performance of the entity.

Revenue from customer contributing over 10% of the Group's revenue of the corresponding years is as follows:

	2019 AUD'000	2018 AUD'000
Customer A	9,134	9,683

The following table provides information about contract liabilities from contracts with customers.

	2019 AUD'000	2018 AUD'000
Contract liabilities (Note 13)	163	302

Contract liabilities relate to the advances received from customers. AUD302,000 of contract liabilities as of 31 December 2018 has been recognised as revenue for the year ended 31 December 2019 from performance obligations satisfied in current year.

The Group has applied the practical expedient to its sales of goods and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of goods that had an original expected duration of one year or less.

(b) An analysis of the Group's other income and gains during the year is as follows:

	2019 AUD'000	2018 AUD'000
Scrap recoveries	568	617
Reversal of impairment of trade receivables	47	-
Exchange gain, net	559	283
Reversal/Write back of provision for leasehold dilapidations (Note (i) below)	-	1,325
Gain on disposals of property, plant and equipment	600	143
Interest income	338	381
Insurance refunds	172	149
Gain on deregistration of a subsidiary (Note (ii) below)	-	4,840
Others (Note (iii) below)	259	222
	2,543	7,960

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(b) (Continued)

Notes:

(i) Reversal/write back of provision for leasehold dilapidations in 2018 was as a result of renewal of a lease arrangement with the landlord and updated assessment on the estimated cost of leasehold dilapidations. Accordingly, provision for leasehold dilapidations of AUD1,325,000 was reversed and recognised in profit or loss in 2018.

(ii) Upon the deregistration of a New Zealand subsidiary, which had been inactive and did not have any material assets and liabilities at the time of deregistration, the corresponding foreign currency translation reserve in relation to this subsidiary of AUD4,840,000 was released and recognised in profit or loss in 2018.

(iii) The balance mainly included reversal of overprovision/accrual in the prior years.

5. PROFIT BEFORE INCOME TAX

	2019 AUD'000	2018 AUD'000
Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration (Note (i) below)	137	107
Bad debts written-off	34	7
Cost of inventories recognised as expense	24,622	24,799
Depreciation of property, plant and equipment (Note 9 and Note (ii) below)		
- Owned	1,925	1,903
- Held under finance leases (Note (iii) below)	-	82
Amortisation of right-of-use assets (Note (iii) and (iv) below)	2,111	-
Write-down/(Write back) of inventories	257	(267)
(Reversal of)/Provision for impairment of trade receivables, net	(47)	2
Exchange gain, net	(559)	(283)
Gain on disposals of property, plant and equipment	(600)	(143)
Gain on deregistration of a subsidiary (Note 4(b)(ii))	-	(4,840)
Interest on lease liabilities	272	-
Short-term leases expenses	842	-
Lease payments related to operating leases under IAS 17	-	3,059
Listing expenses (Note (v) below)	-	4,791
Employee benefits expense (Note (vi) below)		
Salaries, wages and other staff costs	22,402	23,720
Superannuation (Note (vii) below)	1,790	1,793
	24,192	25,513

5. PROFIT BEFORE INCOME TAX (CONTINUED)

Notes:

(i) Auditor's remuneration for other services paid during the year amounted to AUD6,000 which is related to the review of continuing connected transactions (included in administrative expenses) (2018: AUD307,000, mainly as reporting accountants on the issue of the prospectus and included in listing expenses).

(ii) Depreciation charges on property, plant and equipment of AUD1,606,000 (2018: AUD1,548,000) and AUD319,000 (2018: AUD437,000) have been included in direct operating costs and administrative expenses respectively for the year.

(iii) The Group has initially applied IFRS 16 using cumulative effect approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 January 2019, the Group as lessee is required to recognise the amortisation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information has not been restated. Details of this approach are set out in note 2.1(iv).

(iv) Amortisation charges on right-of-use assets of AUD1,615,000 (2018: Nil) and AUD496,000 (2018: Nil) have been included in direct operating costs and administrative expenses respectively for the year.

(v) The amount was included in other expenses in 2018.

(vi) Employee benefits expense of AUD19,689,000 (2018: AUD20,248,000), AUD1,830,000 (2018: AUD2,045,000) and AUD2,673,000 (2018: AUD3,220,000) have been included in direct operating costs, selling and distribution costs and administrative expenses respectively.

(vii) A subsidiary, OPUS Group Limited ("OPUS") and its controlled entities contribute to a number of superannuation funds. These funds provide benefits on a cash accumulation basis for employees or their dependents on resignation, retirement, total and permanent disablement or death. Benefits are based on the contributions and net income thereon held by the funds on behalf of their members. The level of these benefits varies according to the fund to which the employee belongs. The Group contributions to all superannuation funds are legally enforceable. Contributions may be made by the member in addition to the Group contributions, as specified by the rules of the fund.

6. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2019 AUD'000	**2018 AUD'000**
Current tax expense - Australia	2,224	1,600
Deferred tax	329	(541)
Under/(Over) provision in prior years	32	(30)
Total income tax expense	2,585	1,029

6. INCOME TAX EXPENSE (CONTINUED)

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2019 and 2018. The Group's subsidiaries in Australia are subject to domestic tax rate of 30% (2018: 30%) on the estimated assessable profits.

7. DIVIDENDS

	2019 AUD'000	2018 AUD'000
Final dividend paid in respect of prior year of HKD0.05 (approximately AUD0.01) (2018: AUD0.01) per share (Note (i) below)	4,608	1,054
Interim paid in respect of current year of HKD0.03 (approximately AUD0.005) (2018: special dividend of AUD0.13) per share (Note (i) and (ii) below)	2,925	13,696
	7,533	14,750

At a meeting held on 13 March 2020, the directors recommended a final dividend of HKD0.05 (approximately AUD0.01) per ordinary share. Those proposed dividends are not reflected as a dividend payable in these financial statements, but reflected as an appropriation of retained earnings for the year ended 31 December 2019.

There are no income tax consequences related to the payment of dividends by the Company to its shareholders.

Notes:

(i) In 2018, dividends represented those declared by OPUS to its shareholders prior to the Reorganisation.

(ii) On 14 June 2018, OPUS declared the special dividend of AUD0.13 per OPUS share. In addition, OPUS had put in place the dividend reinvestment plan, where each OPUS shareholder could elect to receive additional new OPUS shares in lieu of cash for all or part of the special dividend that they were entitled to receive. On 22 August 2018, (i) the special dividend in the amount of AUD1,930,000 was settled in cash; and (ii) pursuant to dividend reinvestment plan, certain OPUS shareholders (whether in full or in part) opted to receive additional new OPUS shares to settle the special dividend in the amount of approximately AUD11,766,000 and 28,614,371 fully paid ordinary OPUS shares were issued.

8. EARNINGS PER SHARE

The calculation of basic earnings per share amount is based on profit attributable to owners of the Company of approximately AUD6,001,000 (2018: AUD7,449,000) and on the weighted average number of ordinary shares of 506,909,823 (2018: 426,361,879) in issue during the year.

No diluted earnings per share are presented as the Group has no dilutive potential ordinary shares during the year (2018: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings AUD'000	Plant and equipment AUD'000	Office furniture and equipment AUD'000	Motor vehicles AUD'000	Leasehold improvements AUD'000	Computer equipment AUD'000	Total AUD'000
At 1 January 2018							
Cost	2,632	48,454	461	293	1,990	3,035	56,865
Accumulated depreciation and impairment	(1,311)	(43,360)	(394)	(285)	(1,525)	(2,987)	(49,862)
Net book amount	1,321	5,094	67	8	465	48	7,003
Year ended 31 December 2018							
Opening net book amount	1,321	5,094	67	8	465	48	7,003
Additions	-	4,699	36	34	115	31	4,915
Disposals	-	(60)	-	-	(129)	-	(189)
Depreciation for the year	(176)	(1,548)	(26)	(4)	(202)	(29)	(1,985)
Closing net book amount	1,145	8,185	77	38	249	50	9,744
At 31 December 2018 and 1 January 2019							
Cost	2,632	48,906	455	327	1,848	3,039	57,207
Accumulated depreciation and impairment	(1,487)	(40,721)	(378)	(289)	(1,599)	(2,989)	(47,463)
Net book amount	1,145	8,185	77	38	249	50	9,744
Year ended 31 December 2019							
Opening net book amount	1,145	8,185	77	38	249	50	9,744
Adjustment upon application of IFRS 16 (Note 2.1)	-	(444)	-	-	(114)	-	(558)
Additions	-	877	9	38	9	99	1,032
Depreciation for the year	(174)	(1,606)	(32)	(17)	(55)	(41)	(1,925)
Closing net book amount	971	7,012	54	59	89	108	8,293
At 31 December 2019							
Cost	2,632	46,113	431	366	1,624	3,130	54,296
Accumulated depreciation and impairment	(1,661)	(39,101)	(377)	(307)	(1,535)	(3,022)	(46,003)
Net book amount	971	7,012	54	59	89	108	8,293

As at 31 December 2019 and 2018, the Group's freehold land and buildings were situated in Australia.

In 2018, the net carrying amount of the Group's plant and equipment included an amount of AUD441,000 in respect of assets acquired under finance leases (Note 14).

10. RIGHT-OF-USE ASSETS

	Leased properties AUD'000	Plant and equipment AUD'000	Total AUD'000
At 1 January 2019			
Carrying amount	2,099	699	2,798
At 31 December 2019			
Carrying amount	4,690	510	5,200
For the year ended 31 December 2019			
Amortisation charge	1,864	247	2,111

10. RIGHT-OF-USE ASSETS (CONTINUED)

	2019 AUD'000
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16	842
Total cash outflow for leases	2,290
Additions to right-of-use assets	4,513

In 2019 and 2018, the Group leased a number of properties and production equipment for its operations. The leases run for an initial period which ranged from one to five years (2018: one to five years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has options to purchase certain machineries for a nominal amount at the end term. The Group's obligations are secured by the underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default of repayment by the Group.

Approximately half of the leases for property, plant and equipment expired in the year. The expired contracts were renewed by new leases for identical underlying assets. This resulted in additions to right-of-use assets of AUD4,513,000 in 2019.

11. INVENTORIES

	2019 AUD'000	2018 AUD'000
Raw materials	9,318	7,894
Work-in-progress	461	319
Finished goods	328	333
Less: Provision for impairment of inventories	(882)	(625)
	9,225	7,921

12. TRADE RECEIVABLES

	2019 AUD'000	2018 AUD'000
Trade receivables	9,734	12,007
Less: Provision for impairment	(69)	(116)
	9,665	11,891

12. TRADE RECEIVABLES (CONTINUED)

Ageing analysis of trade receivables, net of provision as at 31 December 2019, based on the invoice date, is as follows:

	2019 AUD'000	2018 AUD'000
0 – 30 days	5,012	5,274
31 – 60 days	2,731	4,443
61 – 90 days	1,527	1,856
91 – 120 days	348	229
121 – 150 days	40	73
Over 150 days	7	16
	9,665	11,891

In general, the Group allows a credit period from 30 to 90 days (2018: 30 to 90 days) to its customers.

13. TRADE AND OTHER PAYABLES

	2019 AUD'000	2018 AUD'000
Trade payables	2,253	3,507
Other payables and accruals:		
Other creditors	428	452
Sundry provisions and accruals	2,264	2,580
Contract liabilities	163	302
Provision for pay-as-you-earn/pay-as-you-go	39	17
GST payables	249	177
	3,143	3,528
	5,396	7,035

As at 31 December 2019, ageing analysis of trade payables based on invoice date is as follows:

	2019 AUD'000	2018 AUD'000
0 – 30 days	1,889	2,058
31 – 60 days	328	1,074
61 – 90 days	8	311
91 – 120 days	9	5
Over 120 days	19	59
Total trade payables	2,253	3,507

Credit terms granted by the suppliers are generally 0 to 90 days (2018: 0 to 90 days).

14. FINANCE LEASE LIABILITIES

	2018 AUD'000
Total minimum lease payments:	
Due within one year	134
Due in the second to fifth years	385
	519
Future finance charges on finance leases	(57)
Present value of finance lease liabilities	462
Present value of minimum lease payments:	
Due within one year	110
Due in the second to fifth years	352
	462
Less: Portion due within one year included under current liabilities	(110)
Non-current portion included under non-current liabilities	352

The Group entered into finance leases for various items of machineries. In 2018, the leases ran for an initial period of five years and did not have options to renew or any contingent rental provisions. All finance lease liabilities have been reclassified as lease liabilities (Note 15) at the date of initial application of IFRS 16.

Finance lease liabilities were effectively secured by the underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default of repayment by the Group.

15. LEASE LIABILITIES

	2019 AUD'000
Current	1,796
Non-current	3,569
	5,365

15. LEASE LIABILITIES (CONTINUED)

Future lease payments are due as follows:

	Minimum lease payments 31 December 2019 AUD'000	**Interest 31 December 2019 AUD'000**	**Present value 31 December 2019 AUD'000**
Due within one year	2,024	228	1,796
Due in the second to fifth years	3,740	381	3,359
Due over fifth years	212	2	210
	5,976	611	5,365

	1 January 2019 (Note) AUD'000	**1 January 2019 (Note) AUD'000**	**1 January 2019 (Note) AUD'000**
Due within one year	1,614	110	1,504
Due in the second to fifth years	1,430	64	1,366
	3,044	174	2,870

	31 December 2018 (Note) AUD'000	**31 December 2018 (Note) AUD'000**	**31 December 2018 (Note) AUD'000**
Due within one year	134	24	110
Due in the second to fifth years	385	33	352
	519	57	462

Note:

The Group has initially applied IFRS 16 using the cumulative effect approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 31 December 2018 has not been restated and relates solely to leases previously classified as finance leases (Note 14). See note 2.1 for further details about transition.

CHAIRMAN'S STATEMENT

Dear Fellow Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Left Field Printing Group Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group"), I hereby present the annual results of the Group for the financial year ended 31 December 2019.

This is the second annual report published by the Company since its listing in Hong Kong.

2019 has been a challenging year for the Australian economy, whereby despite historically low interest rates, tax cuts and low unemployment rate, the growth was still stagnant and consumer spending was weak. As such, the Australian book industry experienced a flat year with unit sales falling by 0.9% to 60.6 million copies in 2019 as compared to the prior year. While printed books continue to be the dominant format for domestic book consumption, publishing clients have become more dynamic in mixing and matching delivery formats to suit consumption trends.

For the Group, our individual business units were successful in managing direct operating costs while maintaining production efficiency. This assisted the Group in navigating through the flat trading conditions and producing stable profits.

Looking forward, our business units will continue to hold their own in their individual printing product sectors. Despite ongoing industry consolidation and challenging trading conditions, it is expected that our expertise in the book market and our value propositions of speed, quality and service will continue to sustain the Group's position as a leading print partner for publishing customers.

I would like to thank our staff, customers and suppliers for their support in 2019 and look forward to working with all of our key stakeholders in the coming year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company with its subsidiaries being principally engaged in the provision of printing solutions and services in Australia.

2019 presented challenging economic conditions for the Group, whereby the domestic economy was stagnating and consumer spending was weak despite historically low interest rates, tax cuts and low unemployment rate. Disrupters for conducting business in Australia included the Australia leadership changes that gripped much of the first half of 2019, ongoing severe weather events, as well as ongoing trade and technology tensions between the United States of America and China, both Australia's leading trade partners.

Weak economic performance translated to depressed retail spending. Consequently, in line with the performance of book industry, the Group's revenue for the year ended 31 December 2019 was reduced by approximately 4.2% to approximately AUD76.1 million as compared to the prior year. Direct operating costs decreased by approximately 4.8% to approximately AUD58.5 million and earnings before tax held steady compared to the prior year at approximately AUD8.6 million (2018: approximately AUD8.5 million).

PROSPECTS

Looking forward, the management team expects that it will be a challenging year for 2020. While the economic environment of Australia is expected to be tough with the possible impact of COVID-19 outbreak and the Group's management team is disappointed that a large publisher in the read-for-pleasure books sector (which was one of the Group's top five customers) did not renew its contract with the Group for orders from 2020, the Group is dedicating efforts seeking to replenish revenue through engagements with other customers and is focused on managing the operating costs in line with performance.

Facing with the developments where publishing customers are now adapting to multi-format delivery of content and requests of shorter delivery turnarounds, the Group is well positioned to continue its exceptional service offering within the industry for the coming year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

Revenue in 2019 was approximately AUD76.1 million, representing a decline of approximately 4.2% from the previous year (2018: approximately AUD79.4 million). The reduction in revenue was mainly driven by the net effects of the decline in print spending from various government agencies and read-for-pleasure book publishers which was slightly offset by the growth of sales from a quick turnaround time education book customer which pulled back some printing orders from offshore to onshore.

Gross profit and gross profit margin

Our gross profit decreased slightly by approximately AUD0.4 million, or approximately 2.0%, from approximately AUD17.9 million in 2018 to approximately AUD17.5 million in 2019, while gross profit margin slightly improved from approximately 22.5% in the prior year to approximately 23.0% in the current year. In spite of the increase in the raw material costs, in particular, paper costs, as well as the increase in direct employee basic wages due to various adjustments in accordance with legal and union requirements, the reduction in subcontracting costs through sharing of printing capacity among the factories within the Group and effective management on variables labour costs of casual labour and overtime costs improved the production profitability.

Other income

Other income significantly reduced from approximately AUD8.0 million in 2018 to approximately AUD2.5 million in 2019. The decrease was attributable to the recognition of the one-off gain of approximately AUD4.8 million on the deregistration of a foreign subsidiary and a reversal/write back of provision for leasehold dilapidations of approximately AUD1.3 million which occurred in 2018 but did not recur in 2019. In the prior year, due to the de-registration of OPUS Group NZ Holdings Limited in May 2018, a balance of approximately AUD4.8 million was reclassified from foreign exchange translation reserve to profit or loss, resulting in a gain recorded under other income. The reversal/write back of provision for leasehold dilapidations in 2018 was as a result of renewal of a lease arrangement with the landlord and the updated assessment on the estimated costs of leasehold dilapidations.

Selling and distribution costs

Selling and distribution costs decreased by approximately AUD0.7 million or 10.9% from approximately AUD6.0 million in 2018 to approximately AUD5.3 million in 2019. The decrease was mainly driven by lower freight costs incurred during the year as a result of decrease in volume of read-for-pleasure books which required more frequent inter-state deliveries, as well as reduction in sales staff headcount as a result of the implementation of cost control measures.

Administrative expenses

Administrative expenses decreased by approximately AUD0.7 million from approximately AUD6.5 million in 2018 to approximately AUD5.9 million in 2019, representing a year-on-year drop of approximately 10.2%. The decrease was primarily due to the drop in (i) employee benefits expenses as a result of reduction in administrative staff headcount due to the implementation of cost control measures; and (ii) repair and maintenance expenses as compared to the previous year as no major repairing work was conducted in 2019.

FINANCIAL REVIEW (Continued)

Other expenses

In relation to the listing of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), there were one-off listing expenses of approximately AUD4.8 million, consisting of professional fees and other related expenses incurred during the listing process, charged to profit or loss in the prior year. There was no such cost in 2019.

Income tax expense

Income tax expense increased from approximately AUD1.0 million (effective income tax rate: 12.1%) in 2018 to approximately AUD2.6 million (effective income tax rate: 30.1%) in 2019. Such increase was mainly attributable to the reclassification of the gain of approximately AUD4.8 million from foreign exchange translation reserve to profit or loss in the prior year as a result of the deregistration of OPUS Group NZ Holdings Limited, which was a non-assessable income in the prior year and not having recurred in 2019.

Net profit and adjusted net profit

The Group reported a net profit of approximately AUD6.0 million in 2019 compared to AUD7.4 million in the prior year, which represented a decrease of approximately AUD1.4 million or 19.4%. If the non-recurring listing expenses (net of tax effect) and gain on deregistration of a foreign subsidiary were excluded, the Group's adjusted net profit in the prior year would be approximately AUD6.0 million. As such, the net profit of the Group remained relatively stable across two years despite the reduction of sales by approximately 4.2% in the current year.

Liquidity and financial resources

As at 31 December 2019, the Group had net current assets of approximately AUD39.2 million (2018: approximately AUD40.8 million), among which, cash and bank balances together with the pledged deposit, were approximately AUD31.6 million in aggregate (2018: AUD30.7 million) which were denominated in Australian Dollars ("AUD"), New Zealand Dollars ("NZD"), US Dollars ("USD") and Hong Kong Dollars ("HKD").

The Group's current ratio was approximately 4.2 times (2018: approximately 4.7 times), which is calculated by the Group's current assets over current liabilities. The only interest bearing liabilities were lease liabilities of approximately AUD5.4 million (2018: finance lease liabilities of approximately AUD0.5 million) which were denominated in AUD. The Group's gearing ratio as at 31 December 2019 was approximately 10.5% (2018: approximately 0.9%), which is calculated on the basis of the Group's total interest-bearing debts over total equity. The significant increase of the Group's interest-bearing liabilities, hence the gearing ratio, was mainly due to the adoption of International Financial Reporting Standard 16 Leases ("IFRS 16") in current year. Save as the aforesaid, the Group maintained net cash position and healthy current and gearing ratios, reflecting its healthy financial position.

The Group adopts centralised financing and treasury policies in order to ensure that Group funding is utilised efficiently. The Group also regularly monitors its liquidity requirements and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

FINANCIAL REVIEW (Continued)

Working capital management

The Group's capital employed includes share capital, reserves and lease liabilities (2018: finance lease liabilities). The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group acknowledges the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group is not subject to any externally imposed capital requirements.

The allocation of capital between its specific business segments' operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific business segment operations and activities is undertaken independently of those responsible for the operation.

Foreign currency management

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currencies. The currencies in which transactions primarily denominated are AUD, NZD, USD, European Union Euros and HKD. As at 31 December 2019 and 2018, foreign exchange risks on financial assets and liabilities denominated in other currencies were insignificant to the Group.

Management evaluates the Group's foreign currency risk using cash flow forecasts with the objective of keeping its exposure to a minimum. The Group may in certain circumstances use forward exchange contracts to hedge its foreign currency risk. When used, the contracts would normally have maturities of less than one year at reporting date. The Group does not hold or issue financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Capital expenditure

During the year, the Group acquired property, plant and equipment at approximately AUD1.0 million (2018: approximately AUD4.9 million). The purchases during the year were financed by internal resources of the Group, including the Net Proceeds from the Share Offer (as defined in the paragraph headed "Use of proceeds" below).

Material acquisitions and disposals

There were no material acquisitions and disposals of subsidiaries, associates and joint venture in the course during 2019. In 2018, the Group has undergone a reorganisation in preparation for the listing of the Company's shares on the Hong Kong Stock Exchange during prior year, where the Company became the holding company of the companies now comprising the Group on 8 October 2018. For details of such reorganisation, please refer to the section headed "History and corporate structure" in the Company's prospectus dated 20 September 2018 (the "Prospectus").

Capital commitment and contingent liabilities

As at 31 December 2019, the Group had no capital commitment (2018: committed to acquire a machinery of approximately AUD4,000).

The Group did not have any significant contingent liabilities as at 31 December 2019 (2018: Nil).

FINANCIAL REVIEW (Continued)

Charge of assets

As at 31 December 2019, the pledged deposit of approximately AUD1.1 million (2018: approximately AUD1.1 million) was pledged for banking facilities of AUD820,000. (2018: AUD820,000). Banking facilities of AUD566,000 was utilised as at 31 December 2019 (2018: AUD560,000).

Employees and emolument policy

As at 31 December 2019, the Group had 282 full-time employees (2018: 301). The remuneration packages of the Group's employees are maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary, bonus and over-time payments system. Other employees' fringe and welfare benefits include retirement benefits, occupational injury insurance and other miscellaneous items.

Use of proceeds

On 8 October 2018 (the "Listing Date"), the Company's issued shares were listed on the Main Board of the Hong Kong Stock Exchange. A total of 105,000,000 shares with nominal value of HKD0.01 each were issued to the public and placees at the final offer price of HKD1.00 per share for total gross proceeds of HKD105.0 million (the "Share Offer"). The total net proceeds raised from the Share Offer (the "Net Proceeds") were approximately HKD66.5 million after the deduction of related listing expenses.

With reference to the Prospectus and in light of the difference between the actual amount of the Net Proceeds and estimated amount of the Net Proceeds as stated in the Prospectus (which was disclosed based on an offer price of HKD1.05 per share, being the mid-point of the then indicative offer price range of HKD1.00 to HKD1.10 per share, net of the estimated listing expenses), the Group has adjusted the intended use of the actual amount of the Net Proceeds in the same manner and in the same proportion as disclosed in the Prospectus.

Up to the date of this report, the amount of the Net Proceeds which has been utilised amounted to approximately HKD31.2 million, including:

- approximately HKD6.4 million has been utilised to purchase two digital printing presses, two binding machines and one pre-press machine to replace certain existing machines;
- approximately HKD7.8 million has been utilised to purchase two binding machines to expand capacity;
- approximately HKD10.1 million has been utilised for upgrading the ERP and IPALM system, of which approximately HKD1.5 million and HKD8.6 million was utilised to purchase equipment, such as server, and development and purchase of software, respectively;
- approximately HKD0.2 million has been utilised for enhancing of the existing warehousing facilities; and
- approximately HKD6.7 million has been utilised as general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (Continued)

Use of proceeds (Continued)

Set out below are details of the original allocation of the Net Proceeds as disclosed in the Prospectus, the revised allocation based on the actual Net Proceeds (after the adjustment as mentioned above), the utilised and unutilised amount of the Net Proceeds as at the date of this report:

	Allocation percentage	Original allocation of Net Proceeds as disclosed in the Prospectus *Approximate HKD million*	Revised allocation based on the actual Net Proceeds *Approximate HKD million*	Amount utilised as at the date of this report *Approximate HKD million*	Unutilised Net Proceeds as at the date of this report *Approximate HKD million*
Purchasing machinery	57.2%	41.9	38.0	14.2	23.8
Upgrading ERP system and IPALM platform	24.1%	17.7	16.0	10.1	5.9
Expansion of the warehousing facilities and/or streamlining the printing facilities	8.7%	6.4	5.8	0.2	5.6
General working capital of the Group	10.0%	7.3	6.7	6.7	-
	100.0%	73.3	66.5	31.2	35.3

The Group is in the progress of sourcing two digital printing presses to expand its production capacity for enhancing print-on-demand services. The management expects that such purchases will be completed no later than September 2020. The Group has also commenced the upgrade of the ERP system and IPALM platform since the Listing Date in order to improve their general functionality of production and operations as well as enhancing product offerings to the customers. As at the date of this report, the process of such upgrade is still ongoing and the Group expects that the unutilised proceeds in this regard will be applied no later than end of 2020.

Furthermore, the Group's plan of expanding of its warehousing facilities and/or streamlining of its printing facilities has been delayed in the view of the challenging economic conditions, the reduction of printing demand from various government agencies and read-for-pleasure book publishers coupled with the unsuccessful contract renewal of one of the Group's top five customer as mentioned in the paragraph headed "PROSPECTS" of this Management Discussion and Analysis. To the practicable extent which is in the best interests of the Group, the Directors are in the progress of seeking the best use of the remaining Net Proceeds in accordance with the uses as stated in the Prospectus which would maximise shareholders' return. The Company will update the Shareholders regarding the use of proceeds as and when appropriate in accordance to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of a final dividend of HKD5 cents per share (the "Final Dividend") for the year ended 31 December 2019 (2018: final dividend of HKD5 cents per share) to holders of ordinary shares whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 14 May 2020. The register of shareholders will be closed on 14 May 2020, which no transfer of shares will be registered. To qualify for the Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, whose share registration public office is located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wai Chai, Hong Kong for registration not later than 4:30 p.m. on 13 May 2020. Subject to the passing of the relevant resolution of the forthcoming annual general meeting, the Final Dividend is expected to be paid on 29 May 2020.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Group has no significant events after the reporting period and up to the date of this report.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules during the year ended 31 December 2019.

AUDIT COMMITTEE

The audit committee has four members comprising one non-executive director namely Mr. Paul Antony Young and the three independent non-executive directors, namely, Mr. Chan David Yik Keung, Mr. David Ho, and Mr. Tsui King Chung David with terms of reference in compliance with the Listing Rules. The audit committee has reviewed the audited financial results of the Group for the year ended 31 December 2019.

By Order of the Board
Left Field Printing Group Limited
Richard Francis Celarc
Chairman

Hong Kong, 13 March 2020

As at the date of this announcement, the Board comprises Mr. Richard Francis Celarc, Mr. Lau Chuk Kin and Ms. Tang Tsz Ying as executive directors; Mr. Paul Antony Young as non-executive director; Mr. Chan David Yik Keung, Mr. David Ho and Mr. Tsui King Chung David as independent non-executive directors.

This final results announcement is published on the website of Hong Kong Stock Exchange at www.hkexnews.hk and on the Company's website at www.leftfieldprinting.com. The annual report of the Company for the year ended 31 December 2019 will also be published on the aforesaid websites in due course.