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 2022

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 2022, together with the comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	4	505,361	387,267
Direct operating costs		(411,590)	(309,745)
Gross profit		93,771	77,522
Other income, net	4	16,284	6,215
Selling and distribution costs		(34,356)	(26,649)
Administrative expenses		(39,327)	(28,732)
Fair value loss on financial asset at fair value through profit or loss	15	(2,635)	-
Provision of impairment of trade receivables and other receivables, net		(14,944)	(9)
Finance costs		(1,079)	(1,482)
Profit before income tax	5	17,714	26,865
Income tax expense	6	(6,490)	(8,514)
Profit for the year		11,224	18,351

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Notes	2022 HK$'000	2021 HK$'000
Other comprehensive (loss)/ income:			
Item that will not be reclassified subsequently to profit or loss:			
Exchange loss on translation of functional currency to presentation currency		(14,597)	(15,349)
Other comprehensive loss for the year, net of tax		(14,597)	(15,349)
Total comprehensive (loss)/income for the year		(3,373)	3,002
Profit for the year attributable to:			
Owners of the Company		11,224	18,351
Total comprehensive income attributable to:			
Owners of the Company		(3,373)	3,002
Earnings per share			
Basic	8	HK2.25 cents	HK3.68 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 HK$'000	2021 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	44,959	31,133
Deposits for acquisition of property, plant and equipment		5,119	427
Right-of-use assets	10	22,978	24,154
Deferred tax assets		21,491	13,831
Goodwill	11	12,374	-
		106,921	69,545
Current assets			
Inventories	12	87,854	47,647
Trade receivables	13	119,957	63,642
Other receivables, deposits and prepayments	14	8,631	5,382
Financial assets at fair value through profit or loss	15	-	-
Current tax recoverable		2,414	4,217
Cash and cash equivalents		48,349	169,884
		267,205	290,772
Current liabilities			
Trade and other payables	16	48,324	28,918
Lease liabilities	17	14,192	10,535
Provisions	18	31,326	25,311
		93,842	64,764
Net current assets		173,363	226,008
Total assets less current liabilities		280,284	295,553
Non-current liabilities			
Lease liabilities	17	9,903	15,024
Provisions	18	2,713	1,504
Deferred tax liabilities		12,881	5,905
		25,497	22,433
Net assets		254,787	273,120
EQUITY			
Share capital		4,987	4,987
Reserves		249,800	268,133
Total equity		254,787	273,120

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Foreign currency translation reserve HK$'000	Proposed final dividend HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1 January 2022	4,987	89,975	183,655	(42,177)	702	14,960	21,018	273,120
Profit for the year	-	-	-	-	-	-	11,224	11,224
Other comprehensive income								
Currency translation	-	-	-	-	(14,597)	-	-	(14,597)
Total comprehensive income for the year	-	-	-	-	(14,597)	-	11,224	(3,373)
Transactions with owners in their capacity as owners								
Dividends (Note 7)	-	-	-	-	-	(14,960)	-	(14,960)
Total transactions with owners	-	-	-	-	-	(14,960)	-	(14,960)
Balance at 31 December 2022	4,987	89,975	183,655	(42,177)	(13,895)	-	32,242	254,787

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Foreign currency translation reserve HK$'000	Proposed final dividend HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1 January 2021	4,987	89,975	183,655	(42,177)	16,051	14,960	27,601	295,052
Profit for the year	-	-	-	-	-	-	18,351	18,351
Other comprehensive income								
Currency translation	-	-	-	-	(15,349)	-	-	(15,349)
Total comprehensive income for the year	-	-	-	-	(15,349)	-	18,351	3,002
2021 proposed final dividend (Note 7)	-	-	-	-	-	14,960	(14,960)	-
Transactions with owners in their capacity as owners								
Dividends (Note 7)	-	-	-	-	-	(14,960)	(9,974)	(24,934)
Total transactions with owners	-	-	-	-	-	(14,960)	(9,974)	(24,934)
Balance at 31 December 2021	4,987	89,975	183,655	(42,177)	702	14,960	21,018	273,120

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 Level 11 East Wing, NEO, 123 Hoi Bun Road, Kwun Tong, Kowloon, 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.

As at 31 December 2022, the Company's ultimate holding company is Lion Rock Group Limited, which was incorporated in Bermuda and is also a listed company on the Main Board of the SEHK.

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.

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

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.

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS Standards	Annual Improvements to IFRSs 2018-2020 Cycle – Amendments to IFRS 9 "Financial Instruments"
Amendments to IFRS 3	Reference to the Conceptual Framework

The amendments listed above did not have any significant impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended IFRSs that is not yet effective for the current accounting period.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

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.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to IFRS 10 and IAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after 1 January 2024.
[3] No mandatory effective date yet determined but available for adoption.

The directors of the Company do not anticipate that the initial application of these IFRSs will result in material financial impact on the consolidated financial statements.

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.

3. SEGMENT INFORMATION (CONTINUED)

(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 CGU. Revenue and non-current assets of the Group are mainly in Australia.

(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 statement of profit or loss and other comprehensive income is as follows:

	2022 **HK$'000**	**2021** **HK$'000**
EBITDA on ordinary activities	44,963	50,379
Depreciation and amortisation	(28,263)	(22,420)
Net finance income/(cost)	1,014	(1,094)
Profit before income tax	17,714	26,865

(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 as the Group has majority of its operation and workforce located in Australia.

3. SEGMENT INFORMATION (CONTINUED)

(e) Segment information

	Printing solutions and services HK$'000	Corporate* HK$'000	Total HK$'000
2022			
Total external revenue	505,361	-	505,361
Other income	9,649	660	10,309
Operating expenses#	(454,359)	(16,346)	(470,705)
EBITDA	60,651	(15,686)	44,965
Depreciation	(28,181)	(82)	(28,263)
Net finance (cost)/income	(1,370)	2,382	1,012
Profit before income tax	31,100	(13,386)	17,714
Total consolidated segment results	31,100	(13,386)	17,714
2021			
Total external revenue	387,267	-	387,267
Other income/(cost)	8,400	(1,657)	6,743
Operating expenses#	(335,497)	(8,134)	(343,631)
EBITDA	60,170	(9,791)	50,379
Depreciation	(22,264)	(156)	(22,420)
Net finance (cost)/income	(1,504)	410	(1,094)
Profit before income tax	36,402	(9,537)	26,865
Total consolidated segment results	36,402	(9,537)	26,865

* 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 customers contributing over 10% of the Group's revenue of the corresponding years is as follows:

	2022 HK$'000	2021 HK$'000
Customer A	71,624	62,760
Customer B	63,297	59,856

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

	2022 HK$'000	2021 HK$'000
Scrap recoveries	3,121	1,741
Reversal of provision for lease dilapidation	980	-
Exchange (loss)/gain, net	(63)	227
Debt forgiveness (Note (i) below)	4,484	-
Loan interest income	3,158	-
Gain on disposals of property, plant and equipment	1,916	-
Gain of lease modification	290	-
Insurance refunds	643	1,122
Bank Interest income	452	347
Government subsidies (Note (ii) below)	-	2,234
Others	1,303	544
	16,284	6,215

Notes:

(i) On 10 September 2022, the Group entered into a deed of settlement with Ovato Limited ("Ovato") in which Ovato released all claims in connection with the business combination and other payables from the Group. Aggregate amount HK$4,484,000 was recognised as other income.

(ii) In 2021, the Group was entitled to government payments relating to employee retention schemes in Australia and Hong Kong as a result of COVID-19 amounted to HK$2,234,000. No such subsidies received in 2022.

In 2021, under the JobKeeper program in Australia, the Group recorded HK$2,234,000 as payroll subsidies which related to the period through to 31 December 2021 for employees that continued to work in either a full or partial capacity. No such subsidies received in 2022.

As at 31 December 2022 (2021: nil), there was no government subsidies receivable included in other receivables.

There were no unfulfilled conditions or contingencies attached to these subsidies.

5. PROFIT BEFORE INCOME TAX

	2022 HK$'000	2021 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation of right-of-use assets (Note 10 and Note (i) below)	18,283	11,617
Auditor's remuneration (Note (ii) below)	1,365	636
Cost of inventories recognised as expense	193,106	127,562
Debt forgiveness	(4,484)	-
Depreciation of property, plant and equipment (Note 9 and Note (iii) below)	9,980	10,803
Interest on lease liabilities	1,079	1,431
Provision for/(reversal of) impairment of inventories	434	(1,280)
Provision for impairment of trade receivables and other receivables, net	14,944	9
Fair value loss of financial asset at fair value through profit and loss (Note 15)	2,635	-
Short-term leases expenses	2,841	2,743
Employee benefits expense (Note (iv) below)		
Salaries, wages and other staff costs	142,351	118,044
Superannuation (Note (v) below)	11,314	9,805
	153,665	127,849

Notes:

(i) Depreciation charges on right-of-use assets of HK$14,573,000 (2021: HK$9,238,000) and HK$3,710,000 (2021: HK$2,379,000) have been included in direct operating costs and administrative expenses respectively for the year.

(ii) Auditor's remuneration for other services paid during the year amounted HK$390,000 (2021: HK$30,000) which was related to the review of non-exempted continuing connected transactions and as reporting accountants in acquisition of Ovato book printing business (included in administrative expenses) .

(iii) Depreciation charges on property, plant and equipment of HK$8,823,000 (2021: HK$9,364,000) and HK$1,157,000 (2021: HK$1,439,000) have been included in direct operating costs and administrative expenses respectively for the year.

(iv) Employee benefits expense of HK$128,290,000 (2021: HK$105,777,000), HK$9,577,000 (2021: HK$8,720,000) and HK$15,798,000 (2021: HK$13,352,000) included directors' remunerations have been included in direct operating costs, selling and distribution costs and administrative expenses respectively.

(v) A subsidiary, OPUS Group Pty. Ltd. (formerly known as 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:

	2022 HK$'000	2021 HK$'000
Current tax expense - Australia		
- Tax for the year	5,219	6,334
- Over-provision in prior years	(388)	-
	4,831	6,334
Deferred tax		
- Charged for the year	1,659	2,180
Total income tax expense	6,490	8,514

The Group's subsidiaries in Australia are subject to domestic tax rate of 30% (2021: 30%) on the estimated assessable profits.

For years ended 31 December 2022 and 2021, under the two-tiered profits tax rate regime, Hong Kong Profits Tax of the qualifying group entity incorporated in Hong Kong is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000. There is no group entity subject to Hong Kong Profits Tax qualified for the two-tiered profits tax rates regime, is continuously taxed at a flat rate of 16.5% for the year ended 31 December 2022 (2021: nil). Overseas entity refers to incorporate in Hong Kong.

7. DIVIDENDS

	2022 HK$'000	2021 HK$'000
Final dividend paid in respect of prior year of HK$0.03 (2021: HK$0.03) per share	14,960	14,960
Interim dividend paid in respect of current year of nil (2021: HK$0.02 per share)	-	9,974
	14,960	24,934

The directors do not recommend the payment of a final dividend for the year ended 31 December 2022.

8. EARNINGS PER SHARE

The calculation of basic earnings per share amount is based on profit attributable to owners of the Company of approximately HK$11,224,000 (2021: HK$18,351,000) and on the weighted average number of ordinary shares of 498,671,823 (2021: 498,671,823) in issue during the year.

No diluted earnings per share are presented as the Group has no dilutive potential ordinary shares during the year (2021: nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings HK$'000	Plant and equipment HK$'000	Office furniture and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Computer equipment HK$'000	Total HK$'000
At 1 January 2021							
Cost	15,453	264,767	2,551	1,611	9,534	18,357	312,273
Accumulated depreciation and impairment	(10,591)	(229,954)	(2,346)	(1,211)	(9,182)	(17,818)	(271,102)
Net book amount	4,862	34,813	205	400	352	539	41,171
Year ended 31 December 2021							
Opening net book amount	4,862	34,813	205	400	352	539	41,171
Additions	-	2,401	6	-	90	132	2,629
Depreciation for the year	(755)	(9,364)	(91)	(118)	(160)	(315)	(10,803)
Exchange differences	(233)	(1,565)	(8)	(17)	(18)	(23)	(1,864)
Closing net book amount	3,874	26,285	112	265	264	333	31,133
At 31 December 2021 and 1 January 2022							
Cost	14,637	252,580	2,421	1,526	9,116	17,407	297,687
Accumulated depreciation and impairment	(10,763)	(226,295)	(2,309)	(1,261)	(8,852)	(17,074)	(266,554)
Net book amount	3,874	26,285	112	265	264	333	31,133
Year ended 31 December 2022							
Opening net book amount	3,874	26,285	112	265	264	333	31,133
Acquired through business combination (Note 19)	-	2,441	8	-	-	364	2,813
Additions	1,283	20,410	7	-	-	195	21,895
Depreciation for the year	(582)	(8,823)	(74)	(110)	(84)	(307)	(9,980)
Disposal	-	(5)	-	-	-	-	(5)
Exchange differences	(253)	(589)	(5)	(13)	(12)	(25)	(897)
Closing net book amount	4,322	39,719	48	142	168	560	44,959
At 31 December 2022							
Cost	15,096	252,977	2,309	1,446	8,601	17,019	297,448
Accumulated depreciation and impairment	(10,774)	(213,258)	(2,261)	(1,304)	(8,433)	(16,459)	(252,489)
Net book amount	4,322	39,719	48	142	168	560	44,959

As at 31 December 2022 and 2021, the Group's freehold land and buildings were situated in Australia.

10. RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Plant and equipment HK$'000	Total HK$'000
At 1 January 2021			
Cost	94,397	6,644	101,041
Accumulated depreciation	(63,438)	(4,933)	(68,371)
Net book amount	30,959	1,711	32,670
Year ended 31 December 2021			
Opening net book amount	30,959	1,711	32,670
Additions	4,388	2	4,390
Depreciation for the year	(10,656)	(961)	(11,617)
Exchange differences	(1,232)	(57)	(1,289)
Closing net book amount	23,459	695	24,154
At 31 December 2021 and 1 January 2022			
Cost	93,303	4,841	98,144
Accumulated depreciation	(69,844)	(4,146)	(73,990)
Net book amount	23,459	695	24,154
Year ended 31 December 2022			
Opening net book amount	23,459	695	24,154
Acquired through business combination (Note 19)	3,488	609	4,097
Additions	936	21,624	22,560
Depreciation for the year	(11,673)	(6,610)	(18,283)
Lease modification	30	(6,837)	(6,807)
Exchange differences	(930)	(1,813)	(2,743)
Closing net book amount	15,310	7,668	22,978
At 31 December 2022			
Cost	79,646	15,540	95,186
Accumulated depreciation	(64,336)	(7,872)	(72,208)
Net book amount	15,310	7,668	22,978

11. GOODWILL

	HK$'000
At 1 January 2021, 31 December 2021 and 1 January 2022	
Cost	-
Accumulated impairment loss	-
Net carrying amount	-
Year ended 31 December 2022	
Acquired through business combination (Note 19)	13,031
Exchange differences	(657)
Closing net carrying amount	12,374
At 31 December 2022	
Cost	12,374
Accumulated impairment loss	-
Net carrying amount	12,374

12. INVENTORIES

	2022 HK$'000	2021 HK$'000
Raw materials	78,227	45,525
Work-in-progress	11,395	3,458
Finished goods	2,516	2,779
Less: Provision for impairment	(4,284)	(4,115)
	87,854	47,647

13. TRADE RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	120,271	63,754
Less: Provision for impairment	(314)	(112)
	119,957	63,642

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

	2022 HK$'000	2021 HK$'000
0 – 30 days	51,991	33,241
31 – 60 days	36,857	21,405
61 – 90 days	23,431	7,111
91 – 120 days	2,411	787
121 – 150 days	439	1,092
Over 150 days	4,828	6
	119,957	63,642

In general, the Group allows a credit period from 30 to 90 days (2021: 30 to 90 days) to its customers.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 HK$'000	2021 HK$'000
Deposits	1,631	110
Prepayments	6,008	4,520
Other receivables	15,679	752
Less: Provision for impairment of other receivables	(14,687)	-
Other receivables - net	992	752
	8,631	5,382

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 Level 3 HK$'000	2021 Level 3 HK$'000
Financial assets at fair value through profit or loss:		
Unlisted convertible note	-	-

On 24 May 2022, the Group entered into a subscription agreement to subscribe the convertible note of Ovato at a consideration of AUD2,500,000 (equivalent to approximately HK$13,875,000). The subscription was completed on 17 June 2022. In the opinion of the directors of the Company, the subscription of convertible note has no connection with the business acquisition of Ovato's printing business as stated in Note 19 on 24 May 2022, on the basis that the subscription was for the purpose of providing an opportunity for the Group to acquire equity interest in Ovato. This was considered beneficial to the Group. The principal activity of Ovato is commercial printing, catalogue printing, magazine and newspaper printing and packing printing. Details of the key contractual terms on the subscription agreement are set out below.

Principle amount	AUD2,500,000
Issue date	17 June 2022
Maturity date	25 November 2023
Coupon rate	0%
Conversion Period	From 17 June 2022 to 25 November 2023
Conversion Price	AUD0.14 per share, which subject to adjustment

The convertible note has been recognised as financial assets mandatorily measured at fair value through profit or loss at the initial recognition. During the year ended 31 December 2022, a fair value loss of HK$2,635,000 (2021: nil) on the convertible note has been recognised in profit or loss.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

On 19 September 2022, the Group entered into an agreement with Ovato to split the convertible note to principle amount of AUD2,000,000 ("Convertible Note A") and AUD500,000 ("Convertible Note B") (the "Convertible Note Split"), subsequently, the Group disposed the Convertible Note A amount of AUD2,000,000 (equivalent to approximately HK$9,900,000) to Mr. Lau Chuk Kin (the "Convertible Note Disposal"), the director of the Company, for a consideration of AUD2,000,000 (equivalent to approximately HK$9,900,000) and settled in cash. Upon the date of the Convertible Note disposal, the carrying amount of the Convertible Note A was to be derecognised at the fair value as at the date of disposal.

The fair value of Convertible Note B had been arrived on the basis of the valuation carried out by an independent valuer.

16. TRADE AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Trade payables	25,226	11,543
Other payables and accruals:		
Other creditors	1,622	2,088
Sundry provisions and accruals	18,528	11,085
Contract liabilities	854	1,717
Provision for pay-as-you-earn/pay-as-you-go	527	334
GST payables	1,567	2,151
	23,098	17,375
	48,324	28,918

As at 31 December 2022, ageing analysis of trade payables based on invoice date is as follows:

	2022 HK$'000	2021 HK$'000
0 – 30 days	16,983	10,117
31 – 60 days	5,898	1,311
61 – 90 days	906	16
91 – 120 days	817	4
Over 120 days	622	95
	25,226	11,543

Credit terms granted by the suppliers are generally 0 to 90 days (2021: 0 to 90 days).

17. LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Balance as at 1 January	25,559	34,163
Acquired through business combination (Note 19)	4,097	-
Additions	22,560	4,390
Lease modification	(7,098)	-
Interest expense	1,079	1,431
Lease payments	(17,970)	(13,053)
Exchange differences	(4,132)	(1,372)
Balance as at 31 December	24,095	25,559
Represented by:		
Current liabilities	14,192	10,535
Non-current liabilities	9,903	15,024
	24,095	25,559

18. PROVISIONS

	2022 HK$'000	2021 HK$'000
Current		
Employee benefit liabilities for annual leave and time in lieu	13,534	9,911
Employee benefit liabilities for long service leave	16,749	12,841
Provision for leasehold dilapidations	1,043	2,559
	31,326	25,311
Non-current		
Employee benefit liabilities for long service leave	1,382	1,504
Provision for leasehold dilapidations	1,331	-
	2,713	1,504
	34,039	26,815

19. BUSINESS COMBINATION

On 24 May 2022, OPUS Group Pty Limited ("OPUS"), a wholly owned subsidiary of the Company, entered into a business acquisition agreement with Ovato, an independent third party, pursuant to which, OPUS has conditionally agreed to purchase and Ovato has conditionally agreed to sell its book printing business at an initial consideration of AUD8,500,000 (equivalent to approximately HK$47,175,000, subject to adjustments as the note below) ("Acquisition of Business"). As all conditions precedent to the business acquisition agreement have been satisfied or waived in accordance with the terms and conditions therein, the Acquisition of Business was completed on 17 June 2022 and was accounted for using acquisition method. The principal reason for this acquisition was to develop strong business connection established with several renowned publishers and consolidate the Group's strong presence in the book printing industry in Australia.

Details of the fair value of identifiable assets and liabilities of the acquired business ("Acquired Business"), purchase consideration and goodwill arising from the acquisition were as follows:

	HK$'000
Property, plant and equipment	2,813
Right-of-use assets	4,097
Inventories	20,399
Trade and other receivables	33,520
Deferred tax asset	2,853
Trade and other payables	(13,386)
Lease liabilities	(4,097)
Provisions	(9,857)
Fair value of net assets acquired	36,342
Consideration	
- Cash consideration paid during the year	47,175
- Deferral consideration	2,198
Goodwill (Note 11)	13,031

CHAIRMAN'S STATEMENT

Dear Fellow Shareholders,

This is the 2022 annual report published by our Hong Kong listed company, Left Field Printing Group Limited.

In 2022, our businesses experienced a complex and interlinked external market environment of rising inflation, supply chain constraints and uneven demand spikes affecting all sectors of our business. The welcome addition of Griffin Press in mid-June has improved our production capacity and capability in the read-for-pleasure market and the synergies across all our businesses facilitated an effective management of production bottlenecks and supply constraints for a positive customer outcome.

For the Australian book industry, according to Nielsen Bookscan data, book sales increased by 7.2% in 2022 compared with the prior year with adult fiction leading the growth with 19.45%, children's books increasing by 7.7% and adult non-fiction holding steady with a 0.4% increase compared to the prior year.

For the Group, 2022 is the first year of post-COVID manufacturing where the focus shifted away from navigating government mandated restrictions back towards managing demand, cost increases as well as supply chain disruptions.

Our pragmatic and hands-on management approach has enabled each of our businesses to operate dynamically and collaboratively to respond to demand and supply pressure and maintain effective production capacity.

Looking forward to 2023, cost pressures across power, raw materials and labour continue to be an area of key focus as the global supply chain shifts and adapts to the ongoing East Europe conflict and the legacy left by COVID-19. Our management team remains proactive to monitor and mitigate supply chain impacts on our ability to service publishing clients and will ensure we continue to invest in suitable technology and equipment to deliver our value proposition of speed, quality and service as a leading and sustainable onshore print partner.

We are very thankful and appreciative of our dedicated staff, supportive customers and suppliers this year and thanks everyone for their contribution to local book manufacturing in Australia.

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.

2022 presented a set of complex market conditions for the Group, with domestic economy experiencing rising inflation, supply chain disruptions and demand spikes. The East Europe conflict and legacy of COVID-19 continues to impact raw material costs and availability, power and fuel surcharges as well as transit times that can be unpredictable.

The group's revenue increased by 30.5% to HK$505.4 million compared to the prior year. Direct operating costs increased by 32.9% to HK$411.6 million and earnings before tax reduced by 34.1% to HK$17.7 million compared to the prior year.

PROSPECTS

Looking forward, the management team continues to be cautious about the Group's prospects in 2023 given the significant cost increases affecting raw materials and power as well as the macroeconomic conditions that may affect domestic demand. The acquisition of Griffin Press in mid-June has been well supported by our customers and established our read-for-pleasure printing business as the undisputed leader in Australia. However, the progress of integration is behind schedule and the board is making serious efforts to ensure that the budgeted operational and financial results for 2023 are met and we are able to respond dynamically to meet the needs of our customers.

FINANCIAL REVIEW

Revenue

Revenue in 2022 was approximately HK$505.4 million, representing an increase of approximately 30.5% from the previous year (2021: approximately HK$387.3 million). More revenue for the year ended 31 December 2022 was driven by a number of the Group's read-for-pleasure publishers continuously increased their local printed books for quicker turnaround time and new agreements entered into with read-for-pleasure books customers in the prior year and early this year. The revenue from the book printing business of Ovato Limited ("Ovato Book Printing Business") (now traded as Griffin Press Printing Pty Ltd) contributed approximately HK$102.3 million since the acquisition. Because of the depressed government spending and effect of COVID-19 related government restrictions, the printing demands from government agencies were still weak while the quick turnaround time educational section was holding steady.

Gross profit and gross profit margin

Our gross profit raised by approximately HK$16.3 million, or approximately 21.0%, from approximately HK$77.5 million in 2021 to approximately HK$93.8 million in 2022 while gross profit margin deteriorated slightly by approximately 1.4% in comparison of last year from 20.0% to 18.6%. The reduction of gross profit margin was mainly due to the selling prices were not able to adjust in the light of the increase in raw material costs and production costs for various contracted read-for-pleasure books customers in accordance with various contract terms.

Other income

Other income significantly increased by approximately HK$10.1 million from approximately HK$6.2 million in 2021 to approximately HK$16.3 million in 2022. The increment was mainly attributable to HK$4.5 million debt forgiveness in relation to the acquisition of Ovato Book Printing Business and interest income together with early termination fee received as a result of the early settlement of a loan granted to Ovato Limited ("Ovato"). Such increase was partly offset by the completion of government subsidy from the JobKeeper Payment Scheme contributed approximately HK$2.2 million to the prior year.

Selling and distribution costs

Selling and distribution costs have increased by approximately HK$7.7 million, or approximately 28.9%, from approximately HK$26.6 million in 2021 to approximately HK$34.4 million in 2022. The increase in selling and distribution expenses was attributable to the increased domestic and overseas freight and fuel costs as a result of various government restrictions and global supply chain distribution.

Administrative expenses

Administrative expenses increased approximately by HK$10.6 million from approximately HK$28.7 million in 2021 to approximately HK$39.3 million in 2022, representing a year on year increase of approximately 36.9%. Such increase was mainly contributed by the spending incurred in the Griffin Press Printing Pty Ltd as well as the administrative staff salaries adjustment in respond to the rising inflation in Australia and the professional costs incurred for various corporate projects during the year.

Provision of impairment of trade receivables and other receivables

Provision of impairment of trade and other receivables in the current year mainly represented the increased credit risk of the other receivables in the light of Ovato's appointment of administrator in July 2022.

Fair value loss on financial assets at fair value through profit or loss

Balance in current year represented the fair value loss of the convertible note subscribed during the year with Ovato.

Finance costs

Finance costs decreased approximately HK$0.4 million or 27.2% from approximately HK$1.5 million in 2021 to approximately HK$1.1 million in 2022. The decrease was mainly to the reduction of lease liabilities.

Income tax expense

Income tax expense decreased from approximately HK$8.5 million (effective income tax rate: 31.7%) in 2021 to approximately HK$6.5 million (effective income tax rate: 36.6%) in 2022. Such decrease was consistent with the reduction in taxable income during the year. The effective tax rate in the current year was higher than the domestic tax rate of 30% in Australia because of the fair value loss of the convertible note and the professional costs incurred for various corporate projects were treated as income tax non-deductible.

FINANCIAL REVIEW (CONTINUED)

Net profit

The Group reported a net profit of approximately HK$11.2 million in 2022 compared to HK$18.4 million in the prior year, which represented a decrease of approximately HK$7.2 million or 38.8%. The reduction of profit after tax was mainly due to the one-off impairment of other receivables and the fair value loss of convertible note but partly offset by the increase of non-recurring other income as aforesaid.

Liquidity and financial resources

As at 31 December 2022, the Group had net current assets of approximately HK$173.4 million (2021: approximately HK$226.0 million), among which, cash and bank balances were approximately HK$48.3 million (2021: HK$169.9 million) which were denominated in Australian Dollars ("AUD"), US Dollars ("USD") and HK$. The reduction of cash and bank balances was mainly attributable to various corporate projects during the year.

The Group's current ratio was approximately 2.8 times as at 31 December 2022 (2021: 4.5 times), which is calculated by the Group's current assets over current liabilities. The only interest bearing liabilities were lease liabilities of approximately HK$24.1 million as at 31 December 2022 (2021: approximately HK$25.6 million) which were denominated in AUD. The Group's gearing ratio as at 31 December 2022 was approximately 9.5% (2021: approximately 9.4%), which is calculated on the basis of the Group's total interest-bearing debts over total equity. The decrease of the Group's current ratio was mainly due to various corporate projects completed during the year which reduced the cash and bank balances by approximately HK$121.6 million. 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, its compliance with lending covenants 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.

Working capital management

The Group's capital employed includes share capital, reserves and 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, New Zealand Dollar, USD, European Union Euros, Great British Pound and HK$.

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 HK$21.9 million (2021: approximately HK$2.6 million). The purchases during the year were financed by internal resources of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Material acquisitions and disposals

On 24 May 2022, the Group entered into a business acquisition agreement with Ovato to purchase Ovato Book Printing Business at an initial consideration of AUD8,500,000 (equivalent to approximately HK$47,175,000), with a deferred consideration of AUD396,000 (equivalent to approximately HK$2,198,000). As all conditions precedent to the business acquisition agreement have been satisfied or waived in accordance with the terms and conditions therein, the acquisition was completed on 17 June 2022. There were no other material acquisitions and disposals of subsidiaries, associates and joint venture in the course during the year of 2022.

Capital commitment and contingent liabilities

As at 31 December 2022, the Group had capital commitment of HK$11.9 million to acquire machineries (2021: HK$0.2 million).

The Group did not have any significant contingent liabilities as at 31 December 2022 (2021: nil).

Employees and emolument policy

As at 31 December 2022, the Group had 325 full-time employees (2021: 271). 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 HK$0.01 each were issued to the public and placees at the final offer price of HK$1.00 per share for total gross proceeds of HK$105.0 million (the "Share Offer"). The total net proceeds raised from the Share Offer (the "Net Proceeds") were approximately HK$66.5 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 HK$1.05 per share, being the mid-point of the then indicative offer price range of HK$1.00 to HK$1.10 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.

As disclosed in the Group's 2021 annual report, the Group's plan of purchasing the remaining machinery had been delayed in view of the challenging economic conditions, the reduction of printing demand from various government agencies and quick turnaround time educational book publishers as a result of the adverse impact of the COVID-19 pandemic on the local and global economic environment. Given the impacts of the COVID-19 pandemic on the printing industry and the local and global economy as a whole, the Group has adopted a more conservative approach for utilising the remaining Net Proceeds effectively and efficiently for its long-term benefit and development. As at the date of the Group's prior year annual report, the Group planned to prolong the timeline for using the remaining Net Proceeds up to the year ending 31 December 2024.

Reference is made to joint announcement between Lion Rock Group and the Group dated 24 May 2022 in relation to (i) acquisition of Ovato book printing business and assets (the "Acquisition") and (ii) subscription of convertible note ("Joint Announcement"), the aggregate amount of unutilised Net Proceeds as at the date of the Joint Announcement was approximately HK$19.5 million. The Board resolved to change the use of the unutilised net proceeds to pay part of the initial consideration in respect of the Acquisition. Save for the aforesaid changes, there was no other change in use of the Net Proceeds.

As disclosed in the Joint Announcement, the Board considered that, as the Acquisition involved, among others, the purchase of digital printing presses, printing presses, binding machines and other machinery and equipment used by Ovato in the business, the Acquisition had a synergistic effect with the Group's existing printing business and helped the Group to achieve its plans for the expansion of production capacity and enhancing efficiency as described in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Use of proceeds (Continued)

The Board confirmed that there were no material changes in the nature of the business of the Group as described in the Prospectus. The Board considered the above change in the use of the Net Proceeds was fair and reasonable as this allowed the Group to deploy its financial resources more effectively to enhance the profitability, was largely in line with the intended plan as stated in the Prospectus to expand production capacity, and was in the interests of Group and its shareholders as a whole.

Up to the date of this report, the amount of the Net Proceeds which has been fully utilised amounted to approximately HK$66.5 million, including:

- approximately HK$9.0 million has been utilised to purchase three digital printing presses, two binding machines and one pre-press machine to replace certain existing machines;
- approximately HK$10.8 million has been utilised to purchase two binding machines to expand capacity;
- approximately HK$16.0 million has been utilised for upgrading the ERP and IPALM system, of which approximately HK$2.0 million and HK$14.0 million was utilised to purchase equipment, such as server, and development and purchase of software, respectively;
- approximately HK$4.5 million has been utilised for enhancing of the existing warehousing facilities;
- approximately HK$6.7 million has been utilised as general working capital of the Group; and
- approximately HK$19.5 million has been utilised for payment of part of the initial consideration in respect of the Acquisition

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 unutilised Net Proceeds as at the date of the Joint Announcement, the change of the use of untilised Net Proceeds and the Net proceeds untilised as at the date of this report:

	Allocation percentage	Original allocation of Net Proceeds as disclosed in the Prospectus *Approximate HK$ million*	Revised allocation based on the actual Net Proceeds *Approximate HK$ million*	Unutilised Net Proceeds as at the date of the Joint Announcement *Approximate HK$ million*	Change of the use of unutilised Net Proceeds *Approximate HK$ million*	Net Proceeds utilised as at the date of this report *Approximate HK$ million*
Purchasing machinery	57.2%	41.9	38.0	18.2	-	19.8
Upgrading ERP system and IPALM platform	24.1%	17.7	16.0	-	-	16.0
Expansion of the warehousing facilities and/or streamlining the printing facilities	8.7%	6.4	5.8	1.3	-	4.5
General working capital of the Group	10.0%	7.3	6.7	-	-	6.7
Payment of part of the initial consideration in respect of the Acquisition	-	-	-	-	19.5	19.5
	100.0%	73.3	66.5	19.5	19.5	66.5

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2022. (2021: final dividend of HK$3 cents per share).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (2021: Nil).

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 annual 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 2022.

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. Ho Tai Wai David, Mr. Tsui King Chung David and Mr. Lai Wing Hong Joseph 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 2022.

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

Hong Kong, 31 March 2023

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. Ho Tai Wai David, Mr. Tsui King Chung David and Mr. Lai Wing Hong Joseph 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 2022 will also be published on the aforesaid websites in due course.