LEFT FIELD

Left Field Printing Group Limited

Stock Code : 1540

INTERIM REPORT 2023

CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Left Field Printing Group Limited (the "Company", together with its subsidiaries, the "Group") is an investment holding company while its subsidiaries are principally engaged in the provision of printing solutions and services in Australia.

In the first six months of 2023, the Company's businesses operated within a complex economic environment of rising inflation with cost increases across power, labour, and materials, consecutive interest rate increases by the Reserve Bank of Australia, and weakening consumer demand as households reined in spending to manage rising debt and the cost of essentials. This, combined with the easing of logistical congestion and the overstock of titles from 2022, resulted in a significant reduction in production demand for books, predominately in the read-for-pleasure space. The professional and educational sector has remained stagnant while the demand of Government sector is still weak.

Our revenue for the six months ended 30 June 2023 increased approximately 28.7% compared to the prior period, finishing at approximately HK$263.8 million, mainly due to the inclusion of revenue from Griffin Press. Direct operating costs also increased by approximately 35.7% to approximately HK$217.9 million as a result of the inclusion of Griffin Press and higher paper and material prices.

Profit before tax dropped by approximately 16.3% compared to the prior period, to approximately HK$11.1 million for the six months ended 30 June 2023, mainly due to the higher sales, administration and finance costs incurred by Griffin Press.

PROSPECTS

The acquisition of the Griffin business has proven to be challenging. The planned synergy from combining the operations of McPherson's and Griffin Press and allocating jobs to the site with the best production efficiency is still a work in progress. We are negotiating with a number of customers on contracts that were awarded to Griffin before the acquisition. These contracts carry terms that prevent Griffin Press from operating efficiently in this complex environment. We are hopeful that, with the understanding of our key customers, a resolution will be worked out.

Looking to the second half of 2023, the management team expects the Australian economy to remain soft, with many households facing cost of living pressures due to high inflation and interest rates. The Company plans to implement the identified synergies for its book printing division, which comprises McPherson's Printing and Griffin Press, to achieve better efficiency for domestic production of read-for-pleasure books. For the professional and educational sector, the installation of new binding equipment at Ligare is expected to enhance productivity and efficiency. And the site consolidation at CanPrint's is ongoing to deliver productivity improvements and cost savings.

PROSPECTS – continued

As production demand is likely to remain flat in the second half compared to the prior period, our management team is committed to ensuring that all business units are focused on controlling costs across all areas while maintaining industry-leading quality and reliability for our customers.

FINANCIAL REVIEW

Revenue

Revenue for the six months ended 30 June 2023 was approximately HK$263.8 million, representing an increase of approximately 28.7% from the prior period (six months ended 30 June 2022: approximately HK$205.0 million). More revenue for the six months ended 30 June 2023 was driven by the revenue generated by Griffin Press Printing Pty Ltd ("Griffin Press"), the book printing business acquired from Ovato Limited, which offset the effect of weak domestic consumer demand for books in the read-for-pleasure, quick turnaround time educational as well as Government sector as a result of complex economic environment in Australia and the easing of global logistic congestion.

Gross profit and gross profit margin

Our gross profit raised by approximately HK$1.4 million, or approximately 3.2% from approximately HK$44.5 million for the six months ended 30 June 2022 to approximately HK$45.9 million for the six months ended 30 June 2023. Such increase was as a result of the increase in revenue but mostly offset by the increased raw materials and other production costs. Gross profit margin deteriorated from approximately 21.7% in the first half of 2022 to approximately 17.4% in the first half of 2023. This was mainly due to the increase in raw materials costs and other production costs were not able to fully pass on to some read-for-pleasure books' customers accordance with various contractual terms.

Other income

Other income raised from approximately HK$3.1 million for the six months ended 30 June 2022 to approximately HK$4.2 million for the six months ended 30 June 2023. Such increase was mainly attributable to the foreign exchange gains on the settlement of trade receivables denominated in currency other than Australian Dollar ("AUD") and the scrap recoveries contributed by Griffin Press.

Selling and distribution costs

Selling and distribution costs increased by approximately HK$0.8 million or approximately 5.8% from approximately HK$15.4 million for the six months ended 30 June 2022 to approximately HK$16.2 million for the six months ended 30 June 2023. The increase in selling and distribution costs was as a result of the inclusion of full period selling and distribution expenses of Griffin Press as well as the adjustment of selling staff salaries in respond to the rising inflation in Australia.

Administrative expenses

Administrative expenses increased approximately HK$4.2 million from approximately HK$17.8 million for the six months ended 30 June 2022 to approximately HK$22.0 million for the six months ended 30 June 2023, representing a period-on-period increase of approximately 23.6%. Such increase was substantially caused by the inclusion of the overhead administrative expenses of Griffin Press.

Income tax expense

Income tax expense decreased from approximately HK$4.5 million (effective income tax rate: 33.7%) for the six months ended 30 June 2022 to approximately HK$3.6 million (effective income tax rate: 32.2%) for the six months ended 30 June 2023. Such decrease was consistent with the reduction in taxable income during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW – continued

Net profit

During the period, the Group reported a net profit of approximately HK$7.5 million (six months ended 30 June 2022: approximately HK$8.8 million), which represented a decrease of approximately HK$1.3 million or approximately 14.4%. The lower profitability of the Group during the period was mainly due to reduction in gross profit margin during the period that the Group was not able to fully pass on the increased materials and production costs to some read-for-pleasure customers.

Liquidity and financial resources

As at 30 June 2023, the Group had net current assets of approximately HK$167.3 million (31 December 2022: approximately HK$173.4 million), among which, cash and bank balances, were approximately HK$62.4 million in aggregate (31 December 2022: approximately HK$48.3 million) which were denominated in AUD, HK$, US Dollars ("USD") and Great British Pound ("GBP").

The Group's current ratio was approximately 3.1 times (31 December 2022: approximately 2.8 times). The improvement of current ratio was due to the improved trade receivables collection days. The only interest bearing liabilities were lease liabilities of approximately HK$25.7 million (31 December 2022: approximately HK$24.1 million) which were denominated in AUD. The Group's gearing ratio as at 30 June 2023 was approximately 10.0% (31 December 2022: approximately 9.5%), which is calculated on the basis of the Group's total interest-bearing debts over total equity. The increase of the Group's interest-bearing liabilities, hence the gearing ratio, was mainly due to renewal of certain property and equipment leases during the period. Save as the aforesaid, the Group maintained sufficient cash position to meet its operations and healthy 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 its 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 both the short and long term.

FINANCIAL REVIEW – continued

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 investors, creditors 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, GBP 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 period, the Group acquired property, plant and equipment at approximately HK$7.8 million (30 June 2022: approximately HK$6.8 million). The purchases during the period were financed by internal resources of the Group.

Material acquisitions and disposals

There were no material acquisitions and disposals of subsidiaries, associates and joint venture in the course during the period of 2023.

Capital commitments and contingent liabilities

As at 30 June 2023, the Group had approximately HK$3.1 million capital commitment contracted but not provided for in respect of the acquisition of property, plant and equipment (31 December 2022: approximately HK$11.9 million).

The Group did not have any significant contingent liabilities (31 December 2022: Nil).

Charge of assets

As at 30 June 2023, there was no pledged deposit (31 December 2022: Nil).

The board (the "Board") of directors (the "Directors") of Left Field Printing Group Limited (the "Company") presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2023 together with the comparative unaudited figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		(Unaudited) Six months ended 30 June	
		2023	2022
	Notes	HK$'000	HK$'000
Revenue	3	263,769	204,955
Direct operating costs		(217,860)	(160,491)
Gross profit		45,909	44,464
Other income, net	5	4,247	3,148
Selling and distribution costs		(16,243)	(15,355)
Administrative expenses		(22,034)	(17,831)
Fair value loss on financial asset at fair value through profit and loss		–	(683)
Finance costs	4	(768)	(470)
Profit before income tax	6	11,111	13,273
Income tax expense	7	(3,577)	(4,467)
Profit for the period		7,534	8,806
Other comprehensive income/(loss)			
Item that will not be reclassified subsequently to profit or loss:			
Exchange loss on translation of functional currency to presentation currency		(6,086)	(13,073)
Other comprehensive loss for the period, net of tax		(6,086)	(13,073)
Total comprehensive income/(loss) for the period		1,448	(4,267)
Profit for the period attributable to:			
Owners of the Company		7,534	8,806
Total comprehensive income/(loss) attributable to:			
Owners of the Company		1,448	(4,267)
Earnings per share	8	HK$	HK$
Basic		1.5 cents	1.8 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	(Unaudited) At 30 June 2023 HK$'000	(Audited) At 31 December 2022 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	45,194	44,959
Deposits paid for acquisition of property, plant and equipment		12,867	5,119
Right-of-use assets	10	24,536	22,978
Deferred tax assets		21,525	21,491
Goodwill	11	12,091	12,374
		116,213	106,921
Current assets			
Inventories		97,333	87,854
Trade receivables	12	79,502	119,957
Other receivables, deposits and prepayments	12	3,901	8,631
Financial assets at fair value through profit or loss		–	–
Current tax recoverable		2,844	2,414
Cash and cash equivalents		62,404	48,349
		245,984	267,205
Current liabilities			
Trade and other payables	13	33,548	48,324
Lease liabilities	14	16,666	14,192
Provisions		28,487	31,326
		78,701	93,842
Net current assets		167,283	173,363
Total assets less current liabilities		283,496	280,284
Non-current liabilities			
Lease liabilities	14	9,052	9,903
Provisions		3,536	2,713
Deferred tax liabilities		14,673	12,881
		27,261	25,497
Net assets		256,235	254,787
EQUITY			
Share capital	15	4,987	4,987
Reserves		251,248	249,800
Total equity		256,235	254,787

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital	Share premium	Contributed surplus	Merger reserve	Foreign currency translation reserve	Proposed final dividend	Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2023 (Audited)	4,987	89,975	183,655	(42,177)	(13,895)	–	32,242	254,787
Profit for the period	–	–	–	–	–	–	7,534	7,534
Other comprehensive loss								
Currency translation	–	–	–	–	(6,086)	–	–	(6,086)
Total comprehensive income/(loss) for the period	–	–	–	–	(6,086)	–	7,534	1,448
Transaction with owners in their capacity as owners								
Dividends (Note 18)	–	–	–	–	–	–	–	–
Total transaction with owners	–	–	–	–	–	–	–	–
Balance at 30 June 2023 (Unaudited)	4,987	89,975	183,655	(42,177)	(19,981)	–	39,776	256,235

	Share capital	Share premium	Contributed surplus	Merger reserve	Foreign currency translation reserve	Proposed final dividend	Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2022 (Audited)	4,987	89,975	183,655	(42,177)	702	14,960	21,018	273,120
Profit for the period	–	–	–	–	–	–	8,806	8,806
Other comprehensive loss								
Currency translation	–	–	–	–	(13,073)	–	–	(13,073)
Total comprehensive income/(loss) for the period	–	–	–	–	(13,073)	–	8,806	(4,267)
Transaction with owners in their capacity as owners								
Dividends (Note 18)	–	–	–	–	–	–	–	–
Total transaction with owners	–	–	–	–	–	–	–	–
Balance at 30 June 2022 (Unaudited)	4,987	89,975	183,655	(42,177)	(12,371)	14,960	29,824	268,853

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

		(Unaudited) Six months ended 30 June	
		2023	2022
	Notes	HK$'000	HK$'000
Cash flows from operating activities			
Profit before income tax		11,111	13,273
Adjustments for:			
Depreciation of property, plant and equipment	9	6,385	4,337
Depreciation of right-of-use assets	10	10,615	5,041
(Reversal of)/provision for impairment of trade receivables, net		(155)	287
Bad debts written off		618	–
Provision for/(reversal of) impairment of inventories		2,623	(267)
Finance costs	4	768	470
Loan interest income		–	(1,133)
Loss/(gain) on disposal of property, plant and equipment	6	2	(26)
Loss/(gain) on lease modification	6	5	(373)
Fair value loss of financial assets at fair value through profit or loss		–	683
Net cash inflow generated from operating activities		31,972	22,292
Increase in inventories		(14,553)	(1,779)
Decrease/(increase) in trade and other receivables		43,454	(13,652)
(Decrease)/increase in trade and other payables		(14,213)	820
(Decrease)/increase in provisions		(1,289)	3,557
Cash generated from operations		45,371	11,238
Income taxes paid, net		(2,459)	(5,589)
Net cash generated from operating activities		42,912	5,649

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – continued

For the six months ended 30 June 2023

		(Unaudited) Six months ended 30 June	
		2023	2022
	Notes	HK$'000	HK$'000
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(7,240)	(6,338)
Increase in deposits paid for acquisition of property, plant and equipment		(8,776)	(659)
Proceeds from disposals of property, plant and equipment		28	31
Cash consideration paid for business combination		–	(47,175)
Payments made upfront for leased property, plant and equipment in right-of-use assets		–	(17,668)
Purchase of financial assets at fair value through profit or loss		–	(13,728)
Increase in loan to a third party		–	(54,932)
Loan repayment received		–	4,021
Loan interest received		–	556
Net cash used in investing activities		(15,988)	(135,892)
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(10,504)	(6,602)
Interest portion of lease liabilities paid	4	(768)	(470)
Net cash used in financing activities		(11,272)	(7,072)
Net increase/(decrease) in cash and cash equivalents		15,652	(137,315)
Net effect of exchange rate changes		(1,597)	(2,779)
Cash and cash equivalents at 1 January		48,349	169,884
Cash and cash equivalents at 30 June		62,404	29,790
Analysis of cash and cash equivalents			
Cash and bank balances		62,404	29,790

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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, 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 30 June 2023, 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 functional currency of the Company is Australian Dollars ("AUD") and the presentation currency is Hong Kong Dollars ("HK$"). The directors of the Company considered that presenting in HK$ enables the shareholders and potential investors of the Company to have a more accurate picture of the Group by aligning the Group's financial performance with its share price as the Company's shares are listed on the SEHK.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with International Accounting Standard 34 "Interim Financial Reporting" issued by International Accounting Standard Board (the "IASB"). The condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's audit committee.

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention, unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (Continued)

The accounting policies used in preparing the unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2022 except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by 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 which are relevant to the operations of the Group and mandatory for annual period beginning 1 January 2023.

The adoption of the new and revised IFRSs had no material impact on these unaudited condensed consolidated interim financial statements of the Group for the current and prior accounting period.

The Group has not early adopted the new IFRSs that have been issued but are not yet effective. 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 preliminary concluded that the initial application of these IFRSs will not result in material financial impact on the Group's results of operations and financial position.

These unaudited condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to gain an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. These unaudited condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with IFRSs and should be read in conjunction with the 2022 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.

3. SEGMENT INFORMATION (CONTINUED)

(a) Description of segments (Continued)

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 condensed consolidated statements 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. 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 segment based on a measure of EBITDA as monitored by the board of directors ("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 unaudited condensed consolidated statements of profit or loss and other comprehensive income is as follows:

	(Unaudited) Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
EBITDA on ordinary activities	27,476	22,058
Depreciation	(17,000)	(9,378)
Net finance income	635	593
Profit before income tax	11,111	13,273

3. SEGMENT INFORMATION (CONTINUED)

(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.

(e) Segment information

	(Unaudited)		
	Printing solutions and services	Corporate*	Total
	HK$'000	HK$'000	HK$'000
Six months ended 30 June 2023			
Total external revenue	263,769	–	263,769
Other income	2,750	–	2,750
Operating expenses#	(234,082)	(4,961)	(239,043)
EBITDA	32,437	(4,961)	27,476
Depreciation	(16,910)	(90)	(17,000)
Net finance income	358	277	635
Profit/(loss) before income tax	15,885	(4,774)	11,111
Total consolidated segment results	15,885	(4,774)	11,111

	(Unaudited)		
	Printing solutions and services	Corporate*	Total
	HK$'000	HK$'000	HK$'000
Six months ended 30 June 2022			
Total external revenue	204,955	–	204,955
Other income	2,403	–	2,403
Operating expenses#	(177,593)	(7,707)	(185,300)
EBITDA	29,765	(7,707)	22,058
Depreciation	(9,351)	(27)	(9,378)
Net finance (cost)/income	(694)	1,287	593
Profit/(loss) before income tax	19,720	(6,447)	13,273
Total consolidated segment results	19,720	(6,447)	13,273

* 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. FINANCE COSTS

	(Unaudited) Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Interest on lease liabilities	768	470
	768	470

5. OTHER INCOME

	(Unaudited) Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Scrap recoveries	1,901	989
Gain on disposal of property, plant and equipment	–	26
Gain on lease modification	–	373
Insurance refunds	354	293
Loan interest income	–	1,133
Other interest income	355	142
Reversal of impairment of trade receivables, net	155	–
Exchange gains, net	1,192	–
Other	290	192
	4,247	3,148

6. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	(Unaudited) Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Provision for/(reversal of) impairment of inventories	2,623	(267)
(Reversal of)/provision for impairment of trade receivables, net	(155)	287
Loss/(gain) on disposal of property, plant and equipment	2	(26)
Exchange (gains)/losses, net	(1,192)	121
Cost of inventories recognised as expenses	102,988	71,236
Depreciation of property, plant and equipment (Note 9)	6,385	4,337
Depreciation of right-of-use assets (Note 10)	10,615	5,041
Fair value loss of financial assets at fair value through profit or loss	–	683
Loss/(gain) on lease modification	5	(373)
Bad Debt written off	618	–
Short-term leases expenses	210	510
Employee benefits expense		
Salaries, wages and other staff costs	71,234	62,458
Superannuation	6,548	4,954

7. INCOME TAX EXPENSE

The amount of income tax expense charged/(credited) to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	(Unaudited) Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Current tax expense – Australia	2,054	8,411
Deferred tax	1,523	(3,944)
	3,577	4,467

The Group's subsidiaries in Australia are subject to domestic tax rate of 30% (2022: 30%) on the estimated assessable profits.

For period ended 30 June 2023 and 2022, 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 period ended 30 June 2023 (2022: nil). Oversea entity refers to incorporate in Hong Kong.

8. EARNINGS PER SHARE

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

	(Unaudited) Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Earnings for the purposes of basic earnings per share for the period	7,534	8,806

	Number of shares ('000)	
	2023	2022
Weighted average number of ordinary shares for the purpose of basic earnings per share	498,672	498,672

No diluted earnings per share are presented as the Group has no dilutive potential ordinary shares during the period (2022: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment	Office furniture and equipment	Motor vehicles	Leasehold improvements	Computer equipment	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2023 (Audited)							
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
Period ended 30 June 2023 (Unaudited)							
Opening net book amount	4,322	39,719	48	142	168	560	44,959
Additions	–	7,549	–	171	16	99	7,835
Disposal	–	–	–	(30)	–	–	(30)
Depreciation	(185)	(5,929)	(30)	(58)	(27)	(156)	(6,385)
Exchange differences	(95)	(1,068)	(1)	(22)	(4)	5	(1,185)
Closing net book amount	4,042	40,271	17	203	153	508	45,194
At 30 June 2023 (Unaudited)							
Cost	14,752	253,575	2,202	1,502	8,421	16,675	297,127
Accumulated depreciation and impairment	(10,710)	(213,304)	(2,185)	(1,299)	(8,268)	(16,167)	(251,933)
Net book amount	4,042	40,271	17	203	153	508	45,194

At 30 June 2023 and 31 December 2022, the Group's freehold land and buildings were situated in Australia.

10. RIGHT-OF-USE ASSETS

	Leased properties	Plant and equipment	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2023 (Audited)			
Carrying amount	15,310	7,668	22,978
At 30 June 2023 (Unaudited)			
Carrying amount	**21,116**	**3,420**	**24,536**
For the six months ended 30 June 2023 (Unaudited)			
Depreciation	**7,461**	**3,154**	**10,615**

11. GOODWILL

	HK$'000
At 1 January 2023 (Audited)	–
Cost	12,374
Accumulated impairment loss	–
Net carrying amount	12,374
Period ended 30 June 2023 (Unaudited)	
Opening net carrying amount	12,374
Exchange differences	(283)
Closing net carrying amount	12,091
At 30 June 2023 (Unaudited)	
Cost	12,091
Accumulated impairment loss	–
Net carrying amount	12,091

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group generally allows a credit period from 30 to 90 days (2022: 30 to 90 days) to its trade customers. Ageing analysis of trade receivables, net of provision as at 30 June 2023, based on invoice date, is as follows:

	(Unaudited) At 30 June 2023	(Audited) At 31 December 2022
	HK$'000	HK$'000
0 – 30 days	43,527	51,991
31 – 60 days	21,553	36,857
61 – 90 days	8,684	23,431
91 – 120 days	5,164	2,411
121 – 150 days	468	439
Over 150 days	106	4,828
Total trade receivables	79,502	119,957
Other receivables, deposits and prepayments	3,901	8,631
	83,403	128,588

As at 30 June 2023, a provision of HK$143,000 (31 December 2022: HK$336,000) was made against the gross amounts of trade receivables.

13. TRADE AND OTHER PAYABLES

As at 30 June 2023, the ageing analysis of trade payables based on invoice date is as follows:

	(Unaudited) At 30 June 2023	(Audited) At 31 December 2022
	HK$'000	HK$'000
0 – 30 days	14,158	16,983
31 – 60 days	765	5,898
61 – 90 days	18	906
91 – 120 days	347	817
Over 120 days	85	622
Total trade payables	15,373	25,226
Other payables	18,175	23,098
	33,548	48,324

Credit terms granted by the suppliers are generally 0 to 90 days (31 December 2022: 0 to 90 days).

14. LEASE LIABILITIES

	(Unaudited) At 30 June 2023	(Audited) At 31 December 2022
	HK$'000	HK$'000
Current	16,666	14,192
Non-current	9,052	9,903
	25,718	24,095

15. SHARE CAPITAL

	No. of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each	10,000,000,000	100,000
Issued and fully paid:		
At 1 January 2023 and 30 June 2023	498,671,823	4,987

16. CAPITAL COMMITMENTS

As at 30 June 2023, the Group had the following capital commitments:

	(Unaudited) At 30 June 2023	(Audited) At 31 December 2022
	HK$'000	HK$'000
Contracted, but not provided for acquisition of property, plant and equipment	3,061	11,863

17. PERFORMANCE BONDS

As at 30 June 2023, there was an obligation of the Group under commercial agreement amounted HK$515,000 (31 December 2022: HK$527,000). There have been no claims from the agreement in both periods.

18. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

19. RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into the following transactions with related parties:

Entity	Relationship with the Group	Nature of transactions	(Unaudited) Six months ended 30 June 2023	2022
			HK$'000	HK$'000
D.M.R.A. Property Pty Limited	Common Director	Rent	2,148	2,012
Angrich Pty Ltd	Common Director	Consulting fees	941	783
1010 Printing International Limited	Fellow Subsidiary	Outwork	–	884
		Sales	–	13
C.O.S. Printers Pte Limited	Fellow Subsidiary	Purchase of property, plant and equipment	483	2,885

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

The key management personnel of the Group are the directors of the Company. The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

	(Unaudited) Six months ended 30 June 2023	2022
	HK$'000	HK$'000
Short-term remuneration	1,980	1,689
Post-employment benefit	80	58
	2,060	1,747

20. FAIR VALUE MEASUREMENT

(a) Recurring fair value measurements

	(Unaudited) At 30 June 2023 Level 3	(Audited) At 31 December 2022 Level 3
	HK$'000	HK$'000
Financial assets at fair value through profit or loss:	–	–
Unlisted convertible note	–	–

(b) Fair values of financial instruments carried at other than fair value

Trade and other receivables, trade and other payables, bank and lease liabilities are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2023 and 31 December 2022.

(c) Measurement of fair values

The fair values of the unlisted convertible note in Level 3 is denominated in AUD. Fair value of unlisted convertible note included in Level 3 has been determined based on fair values of underlying investments determined by the directors of the Company with reference to the valuation performed by independent professional valuer.

OTHER INFORMATION

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions set out in Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2023.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(a) Long Position in the shares of the Company (the "Shares")

Name of Directors	Personal Interests	Trust Interests	Beneficiary of a Trust Interests	Corporate Interests	Total Interests	Percentage to the issued share capital of the Company
	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(%)
Mr. Lau Chuk Kin (Note 1)	9,803,278	Nil	Nil	315,805,997	325,609,275	65.30
Mr. Richard Francis Celarc (Note 2)	Nil	7,533,039	5,955,780	11,523,168	25,011,987	5.01
Mr. Paul Antony Young (Note 3)	Nil	Nil	Nil	4,382,967	4,382,967	0.88

Notes:

1. Mr. Lau Chuk Kin ("Mr. Lau") is deemed to be interested in 325,609,275 Shares through his personal interests and corporate interests. Of 315,805,997 corporate interests, 299,153,954 Shares, 16,133,457 Shares and 518,586 Shares are beneficially owned through Bookbuilders BVI Limited ("Bookbuilders BVI"), City Apex Ltd. ("City Apex") and ER2 Holdings Limited ("ER2 Holdings"), respectively. Bookbuilders BVI is a wholly-owned subsidiary of 1010 Group Limited ("1010 Group") and an indirect wholly-owned subsidiary of Lion Rock Group Limited ("Lion Rock"). Lion Rock is held directly by City Apex, ER2 Holdings and Mr. Lau as to 33.52%, 1.08% and 12.08% respectively. City Apex is owned as to 77.00% by ER2 Holdings. ER2 Holdings is owned as to 69.76% by Mr. Lau. By virtue of Part XV of the SFO, Mr. Lau is deemed to be interested the said Shares.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (CONTINUED)

(a) Long Position in the shares of the Company (the "Shares") (Continued)

Notes: (Continued)

2. Mr. Richard Francis Celarc ("Mr. Celarc") is deemed to be interested in 25,011,987 Shares, which comprise (i) 33,117 Shares held by Navigator Australia Limited (as the custodian for the Richard Celarc Family Trust); (ii) 11,523,168 Shares held by D.M.R.A. Property Pty Limited, a company wholly-owned by Mr. Celarc; (iii) 7,533,039 Shares held by the Richard Celarc Family Trust by virtue of Mr. Celarc being the trustee; and (iv) 5,922,663 Shares held by Ligare Superannuation Nominees Pty Ltd as the trustee for Ligare Staff Superannuation Fund of which both Mr. Celarc and his wife are the only members of the superannuation fund.

3. Mr. Paul Antony Young ("Mr. Young") is deemed to be interest in 4,382,967 Shares through Clapsy Pty Ltd, a company owned as to 50.00% and 50.00% by Mr. Young and his wife Mrs. Lorraine Young.

(b) Long Position in the shares of Lion Rock

Name of Director	Personal Interests	Corporate Interests	Total Interests	Percentage to the issued share capital of Lion Rock
	(Shares)	(Shares)	(Shares)	(%)
Mr. Lau Chuk Kin (Note)	92,983,906	266,432,717	359,416,623	46.68

Note:

Of 266,432,717 shares of Lion Rock which Mr. Lau is deemed to be interested, 258,135,326 shares and 8,297,391 shares are beneficially owned by City Apex and ER2 Holdings respectively. As at 30 June 2023, ER2 Holdings was the ultimate holding company of City Apex. Mr. Lau owned 69.76% of the issued share capital of ER2 Holdings and accordingly, Mr. Lau is deemed to be interested in the said shares of Lion Rock pursuant to Part XV of the SFO.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (CONTINUED)

(c) Shares award of Lion Rock during the reporting period

Name of Director	Number of shares Outstanding at 1.1.2023	Granted during the period	Vested during the period	Cancelled/ lapsed during the period	Outstanding at 30.6.2023
Mr. Lau Chuk Kin	200,000	–	–	–	200,000
Mr. Richard Francis Celarc	200,000	–	–	–	200,000
Ms. Tang Tsz Ying	1,288,000	–	–	–	1,288,000

Save as disclosed above, as at 30 June 2023, to the best knowledge of the Company, none of the Directors or chief executives of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares of the Company, being 5% or more in the issued share capital of the Company, as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Nature of interest Beneficial Owner	Interest in controlled corporation	Total Interests	Percentage to the issued share capital of the Company
	(Shares)	(Shares)	(Shares)	(%)
ER2 Holdings (Note 1)	518,586	315,287,411	315,805,997	63.33
City Apex (Note 1)	16,133,457	299,153,954	315,287,411	63.23
Lion Rock (Note 1)	Nil	299,153,954	299,153,954	59.99
1010 Group (Note 1)	Nil	299,153,954	299,153,954	59.99
Bookbuilders BVI (Note 1)	299,153,954	Nil	299,153,954	59.99
Mr. Webb David Michael (Note 2)	10,578,447	14,390,113	24,968,560	5.00

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Note:

1. Bookbuilders BVI is a wholly owned subsidiary of 1010 Group and an indirect wholly owned subsidiary of Lion Rock. Lion Rock was owned as to 33.52%, 1.08% and 12.08% by City Apex, ER2 Holdings and Mr. Lau, respectively. ER2 Holdings was the holding company of City Apex and deemed to be interested in the said Shares pursuant to Part XV of the SFO.

2. Mr. Webb David Michael ("Mr. Webb") directly held 10,578,447 Shares and indirectly held 14,390,113 Shares through Preferable Situation Assets Limited. Preferable Situation Assets Limited was 100% owned by Mr. Webb and therefore Mr. Webb was deemed to be interested in the said Shares.

Save as disclosed above, as at 30 June 2023, the Company had not been notified of any other person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares, underlying Shares or debentures of the Company and was required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has no share option scheme as at the date of this interim report.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the reporting period and at the end of the reporting period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all the Directors, the Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the directors throughout the six months ended 30 June 2023.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2023, the Group had 325 full-time employees (30 June 2022: 336). 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.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

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 reviews the Group's financial reporting, internal controls and makes relevant recommendations to the Board.

The audit committee had met with the management to review the Company's interim report for the six months ended 30 June 2023 and had the opinion that such report was compiled with the applicable accounting standards and adequate disclosures had been made.

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

Hong Kong, 30 August 2023

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Richard Francis Celarc *(Chairman)*
Mr. Lau Chuk Kin
Ms. Tang Tsz Ying

Non-Executive Director

Mr. Paul Antony Young

Independent Non-Executive Directors

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

COMPANY SECRETARY

Ms. Tang Tsz Ying HKICPA, ICAA (Australia)

AUTHORISED REPRESENTATIVES

Mr. Lau Chuk Kin
Ms. Tang Tsz Ying

BERMUDA RESIDENT REPRESENTATIVE

Conyers Corporate Services (Bermuda) Limited

AUDIT COMMITTEE

Mr. Ho Tai Wai David *(Chairman)*
Mr. Paul Antony Young
Mr. Tsui King Chung David
Mr. Lai Wing Hong Joseph

NOMINATION COMMITTEE

Mr. Richard Francis Celarc *(Chairman)*
Mr. Ho Tai Wai David
Mr. Tsui King Chung David
Mr. Lai Wing Hong Joseph

REMUNERATION COMMITTEE

Mr. Tsui King Chung David *(Chairman)*
Mr. Lau Chuk Kin
Mr. Ho Tai Wai David
Mr. Lai Wing Hong Joseph

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Hong Kong Branch Registrar

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