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 2023

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 2023, together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 HK$'000	2022 HK$'000
Revenue	4	558,038	505,361
Direct operating costs		(444,423)	(411,590)
Gross profit		113,615	93,771
Other income and gains or losses, net	4	7,526	16,284
Selling and distribution costs		(33,149)	(34,356)
Administrative expenses		(39,632)	(39,327)
Fair value loss on financial asset at fair value through profit or loss	15	-	(2,635)
Reversal of/(provision for) impairment of trade receivables and other receivables, net		120	(14,944)
Finance costs		(1,353)	(1,079)
Profit before income tax	5	47,127	17,714
Income tax expense	6	(13,794)	(6,490)
Profit for the year		33,333	11,224

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Notes	2023 HK$'000	2022 HK$'000
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Exchange loss on translation of functional currency to presentation currency		(567)	(14,597)
Other comprehensive income for the year, net of tax		(567)	(14,597)
Total comprehensive income for the year		32,766	(3,373)
Profit for the year attributable to:			
Owners of the Company		33,333	11,224
Total comprehensive income attributable to:			
Owners of the Company		32,766	(3,373)
Earnings per share			
Basic	8	HK6.68 cents	HK2.25 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 HK$'000	2022 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	64,058	44,959
Deposits for acquisition of property, plant and equipment		568	5,119
Right-of-use assets	10	17,523	22,978
Deferred tax assets		20,239	21,491
Goodwill	11	12,303	12,374
		114,691	106,921
Current assets			
Inventories	12	91,170	87,854
Trade receivables	13	102,640	119,957
Other receivables, deposits and prepayments	14	8,792	8,631
Financial assets at fair value through profit or loss	15	-	-
Current tax recoverable		-	2,414
Cash and cash equivalents		85,514	48,349
		288,116	267,205
Current liabilities			
Trade and other payables	16	42,708	48,324
Lease liabilities	17	14,914	14,192
Provisions	18	29,221	31,326
Provisions for income tax		8,943	-
		95,786	93,842
Net current assets		192,330	173,363
Total assets less current liabilities		307,021	280,284
Non-current liabilities			
Lease liabilities	17	3,645	9,903
Provisions	18	3,169	2,713
Deferred tax liabilities		12,654	12,881
		19,468	25,497
Net assets		287,553	254,787
EQUITY			
Share capital		4,987	4,987
Reserves		282,566	249,800
Total equity		287,553	254,787

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	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 2023	4,987	89,975	183,655	(42,177)	(13,895)	-	32,242	254,787
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	33,333	33,333
Other comprehensive income								
Currency translation	-	-	-	-	(567)	-	-	(567)
Total comprehensive income for the year	-	-	-	-	(567)	-	33,333	32,766
Transactions with owners in their capacity as owners								
2023 proposed final dividend (Note 7)	-	-	-	-	-	19,947	(19,947)	-
Total transactions with owners	-	-	-	-	-	19,947	(19,947)	-
Balance at 31 December 2023	4,987	89,975	183,655	(42,177)	(14,462)	19,947	45,628	287,553

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023 (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 2022	4,987	89,975	183,655	(42,177)	702	14,960	21,018	273,120
Total comprehensive income for the year								
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

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 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 consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards and IAS® Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively "IFRS Accounting Standards") 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 IFRS Accounting Standards

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

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

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 IFRS Accounting Standards that is not yet effective for the current accounting period.

2. **ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)**

2.2 Amended IFRS Accounting Standards that have been issued but are not yet effective

At the date of this report, the following amended IFRS Accounting Standards 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[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[1]
Amendments to IAS 21	Lack of Exchangeability[2]
Amendments to IFRS 10 and IAS 28	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[1]

[1] Effective for annual periods beginning on or after 1 January 2024.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] No mandatory effective date yet determined but available for adoption.

The directors of the Company anticipate that all of the pronouncements will be adopted for the first period beginning after the effective date of the pronouncement. The directors of the Company are currently assessing the impact of the amended IFRS Accounting Standards upon initial application. So far, the directors of the Company have preliminarily concluded that the initial application of these IFRS Accounting Standards will not 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:

	2023 **HK$'000**	**2022** **HK$'000**
EBITDA on ordinary activities	80,142	44,965
Depreciation	(31,662)	(28,263)
Net finance (cost) /income	(1,353)	1,012
Profit before income tax	47,127	17,714

(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
2023			
Total external revenue	558,038	-	558,038
Other income	6,389	1,137	7,526
Operating expenses#	(476,185)	(9,237)	(485,422)
EBITDA	88,242	(8,100)	80,142
Depreciation	(31,478)	(184)	(31,662)
Net finance cost	(1,279)	(74)	(1,353)
Profit before income tax	55,485	(8,358)	47,127
Total consolidated segment results	55,485	(8,358)	47,127
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

* 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 OR LOSSES

(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:

	2023 HK$'000	2022 HK$'000
Customer A	80,533	71,624
Customer B	58,670	63,297
Customer C	98,143	52,883

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

	2023 HK$'000	2022 HK$'000
Scrap recoveries	3,058	3,121
Reversal of provision for lease dilapidation	-	980
Exchange gain/ (loss), net	1,133	(63)
Debt forgiveness (Note (i) below)	-	4,484
Loan interest income	-	3,158
Gain on disposals of property, plant and equipment	248	1,916
(Loss)/gain of lease modification, net	(10)	290
Insurance refunds	694	643
Bank Interest income	1,185	452
Government subsidies (Note (ii) below)	359	-
Others	859	1,303
	7,526	16,284

Notes:

(i) On 10 September 2022, the Group entered into a deed of settlement with Ovato Limited ("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. No such income were received in 2023.

(ii) In 2023, the Group was entitled to a government subsidy relating to a manufacturing energy efficiency improvement project, which provided financial support amounted to HK$359,000 for installing solar panels. No such subsidies were received in 2022.

As at 31 December 2023 (2022: 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

	2023 HK$'000	2022 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation of right-of-use assets (Note 10 and Note (i) below)	18,112	18,283
Auditor's remuneration (Note (ii) below)	990	1,365
Cost of inventories recognised as expense	215,609	193,106
Debt forgiveness	-	(4,484)
Depreciation of property, plant and equipment (Note 9 and Note (iii) below)	13,550	9,980
Interest on lease liabilities (Note 17)	1,289	1,079
Provision for impairment of inventories	4,401	434
(Reversal of)/provision for impairment of trade receivables and other receivables, net	(120)	14,944
Fair value loss of financial asset at fair value through profit or loss (Note 15)	-	2,635
Short-term leases expenses	2,434	2,841
Employee benefits expense (Note (iv) below)		
Salaries, wages and other staff costs	149,974	142,351
Superannuation (Note (v) below)	13,209	11,314
	163,183	153,665

Notes:

(i) Depreciation charges on right-of-use assets of HK$14,348,000 (2022: HK$14,573,000) and HK$3,764,000 (2022: HK$3,710,000) 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$15,000 which was related to the review of a non-exempted continuing connected transaction (2022: HK$390,000 was related to the review of a non-exempted continuing connecting transaction and as reporting accountants in acquisition of the Ovato book printing business) (included in administrative expenses).

(iii) Depreciation charges on property, plant and equipment of HK$12,720,000 (2022: HK$8,823,000) and HK$830,000 (2022: HK$1,157,000) have been included in direct operating costs and administrative expenses respectively for the year.

(iv) Employee benefits expense of HK$132,594,000 (2022: HK$128,290,000), HK$11,225,000 (2022: HK$9,577,000) and HK$19,364,000 (2022: HK$15,798,000) 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. ("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:

	2023 HK$'000	2022 HK$'000
Current tax expense - Australia		
- Tax for the year	13,878	5,219
- Over-provision in prior years	(1,107)	(388)
	12,771	4,831
Deferred tax		
- Charged for the year	1,023	1,659
Total income tax expense	13,794	6,490

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

For years ended 31 December 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 year ended 31 December 2023 (2022: nil). Overseas entity refers to incorporate in Hong Kong.

7. DIVIDENDS

	2023 HK$'000	2022 HK$'000
Final dividend paid in respect of prior year of nil (2022: HK$0.03 per share)	-	14,960
	-	14,960

At a meeting held on 27 March 2024, the directors recommended a final dividend of HK$0.04 per ordinary share, amounting to approximately HK$19,947,000 based on the total amount of ordinary shares in issue at the date. This proposed final dividend is not reflected as a dividend payable in these financial statements, but reflects as an appropriation of retained earnings for the year ended 31 December 2023.

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$33,333,000 (2022: HK$11,224,000) and on the weighted average number of ordinary shares of 498,671,823 (2022: 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 (2022: 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 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 and 1 January 2023							
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
Year ended 31 December 2023							
Opening net book amount	4,322	39,719	48	142	168	560	44,959
Additions	-	32,520	-	421	150	172	33,263
Depreciation for the year	(327)	(12,720)	(37)	(114)	(53)	(299)	(13,550)
Disposal	-	-	-	(30)	-	-	(30)
Exchange differences	(33)	(381)	-	(31)	(136)	(3)	(584)
Closing net book amount	3,962	59,138	11	388	129	430	64,058
At 31 December 2023							
Cost	15,010	280,202	2,241	1,768	8,568	17,042	324,831
Accumulated depreciation and impairment	(11,048)	(221,064)	(2,230)	(1,380)	(8,439)	(16,612)	(260,773)
Net book amount	3,962	59,138	11	388	129	430	64,058

As at 31 December 2023 and 2022, 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 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 and 1 January 2023			
Cost	79,646	15,540	95,186
Accumulated depreciation	(64,336)	(7,872)	(72,208)
Net book amount	15,310	7,668	22,978
Year ended 31 December 2023			
Opening net book amount	15,310	7,668	22,978
Additions	-	1,720	1,720
Depreciation for the year	(14,725)	(3,387)	(18,112)
Lease modification	13,671	(2,426)	11,245
Exchange differences	(338)	30	(308)
Closing net book amount	13,918	3,605	17,523
At 31 December 2023			
Cost	89,653	9,024	98,677
Accumulated depreciation	(75,735)	(5,419)	(81,154)
Net book amount	13,918	3,605	17,523

11. GOODWILL

	HK$'000
At 1 January 2022	
Cost	-
Accumulated impairment loss	-
Net carrying amount	-
Year ended 31 December 2022	
Opening net book amount	-
Acquired through business combination (Note 19)	13,031
Exchange differences	(657)
Closing net carrying amount	12,374
At 31 December 2022 and 1 January 2023	
Cost	12,374
Accumulated impairment loss	-
Net carrying amount	12,374
Year ended 31 December 2023	
Opening net book amount	12,374
Exchange differences	(71)
Closing net carrying amount	12,303
At 31 December 2023	
Cost	12,303
Accumulated impairment loss	-
Net carrying amount	12,303

12. INVENTORIES

	2023 HK$'000	2022 HK$'000
Raw materials	94,111	78,227
Work-in-progress	3,047	11,395
Finished goods	2,909	2,516
Less: Provision for impairment	(8,897)	(4,284)
	91,170	87,854

13. TRADE RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables	102,828	120,271
Less: Provision for impairment	(188)	(314)
	102,640	119,957

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

	2023 HK$'000	2022 HK$'000
0 – 30 days	46,176	51,991
31 – 60 days	33,854	36,857
61 – 90 days	21,334	23,431
91 – 120 days	1,115	2,411
121 – 150 days	13	439
Over 150 days	148	4,828
	102,640	119,957

In general, the Group allows a credit period from 30 to 90 days (2022: 30 to 90 days) to its customers.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 HK$'000	2022 HK$'000
Deposits	763	1,631
Prepayments	6,345	6,008
Other receivables	1,684	15,679
Less: Provision for impairment	-	(14,687)
Other receivables - net	1,684	992
	8,792	8,631

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 Level 3 HK$'000	2022 Level 3 HK$'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.

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.

In light of Ovato's ongoing insolvency proceedings, the Convertible Note B has been derecognised on 25 November 2023 without any conversion taking place. A fair value loss of HK$2,635,000 on the Convertible Note was recognised in the profit or loss for the year ended 31 December 2022.

16. TRADE AND OTHER PAYABLES

	2023 HK$'000	2022 HK$'000
Trade payables	13,266	25,226
Other payables and accruals:		
Other creditors	1,453	1,622
Sundry provisions and accruals	23,241	18,528
Contract liabilities	1,226	854
Provision for pay-as-you-earn/pay-as-you-go	634	527
GST payables	2,888	1,567
	29,442	23,098
	42,708	48,324

As at 31 December 2023, ageing analysis of trade payables based on invoice date, is as follows:

	2023 HK$'000	2022 HK$'000
0 – 30 days	11,010	16,983
31 – 60 days	1,143	5,898
61 – 90 days	7	906
91 – 120 days	-	817
Over 120 days	1,106	622
	13,266	25,226

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

17. LEASE LIABILITIES

	2023 HK$'000	2022 HK$'000
Balance as at 1 January	24,095	25,559
Acquired through business combination (Note 19)	-	4,097
Additions	1,720	22,560
Lease modification	11,245	(7,098)
Interest expense	1,289	1,079
Lease payments	(19,483)	(17,970)
Exchange differences	(307)	(4,132)
Balance as at 31 December	18,559	24,095
Represented by:		
Current liabilities	14,914	14,192
Non-current liabilities	3,645	9,903
	18,559	24,095

18. PROVISIONS

	2023 HK$'000	2022 HK$'000
Current		
Employee benefit liabilities for annual leave and time in lieu	12,992	13,534
Employee benefit liabilities for long service leave	15,163	16,749
Provision for leasehold dilapidations	1,066	1,043
	29,221	31,326
Non-current		
Employee benefit liabilities for long service leave	1,809	1,382
Provision for leasehold dilapidations	1,360	1,331
	3,169	2,713
	32,390	34,039

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 2023 annual report published by our Hong Kong listed company, Left Field Printing Group Limited.

The Australian book industry, according to Nielsen Bookscan, for the full year of 2023 was worth AUD1.33 billion, a reduction of 5% compared to 2022 but still above 2021 by both value and volume. Adult fiction grew by 5% to represent 29% of the market while adult non-fiction (representing 42% of the market) declined by 5%. Children's books fell 4.4% compared in 2022.

For the Group, with 2023 the first full calendar year with Griffin Press a part of the group, the operational focus was to consolidate and strengthen our production capacity and value proposition for the read-for-pleasure market. We are pleased with the synergies achieved thus far as our businesses worked collaboratively to effectively manage production bottlenecks for a positive customer outcome.

Looking forward to 2024, we expect there will be some demand shifts and continuing upward cost pressures to continue for our businesses as a result of overseas conflicts in East Europe and the Red Sea, high domestic inflation and subdued domestic consumption from the cost of living pressures. Our management teams will proactively work to improve our production efficiency to meet the changing business environment and look to mitigate negative impacts so we continue to deliver a speed, quality and service value proposition as the leading and sustainable local print partner.

We continue to be thankful and appreciative of our dedicated staff, supportive customers and suppliers this year and look forward to contributing positively 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.

In 2023, our businesses weathered a slowing domestic economy as cost of living pressures surged and continued upward pressure on costs with higher than expected domestic inflation. While we experienced a reprieve from supply chain disruptions of 2022, the growing conflict in Gaza presented new areas of concern for supply chain stability as the Red Sea shipping crisis unfold in the last couple of months of 2023.

The group's revenue increased by 10.4% to HK$558.0 million compared to the prior year. Direct operating costs increased by 8.0% to HK$444.4 million and earnings before tax increased by 166.0% to HK$47.1 million compared to prior year.

PROSPECTS

Looking forward, the management team is cautious about the Group's prospects in 2024 given the ongoing production efficiency gains our operations are expected to make while managing an uneven macroeconomic environment of persistent cost pressures, waning consumer demand and subdued economic growth. Our focus for all sites will be cost control, operational collaboration so we can respond dynamically to the operating environment to meet the needs of our customers.

FINANCIAL REVIEW

Revenue

Revenue in 2023 was approximately HK$558.0 million, representing an increase of approximately 10.4% from the previous year (2022: approximately HK$505.4 million). More revenue for the year ended 31 December 2023 was driven by a full year revenue generated by Griffin Press Printing Pty Ltd ("Griffin Press"), the book printing business acquired from Ovato Limited ("Ovato") in June 2022, but partly offset by the effect of weak domestic printing 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$19.8 million, or approximately 21.2%, from approximately HK$93.8 million in 2022 to approximately HK$113.6 million in 2023 and gross profit margin enhanced by approximately 1.8% in comparison of last year from approximately 18.6% to approximately 20.4%, which was back to 2021's level. The fluctuation of gross profit margin was mainly due to in accordance with various customers' contracted terms, the selling prices were not able to adjust immediately in the prior year in response to the increase in raw material costs and production costs. Besides, the synergies of production efficiency from book printing division which comprises McPherson's Printing Pty Ltd and Griffin Press was started to flow to the business with improvement of both delivery time and production costs.

Other income and gains or losses, net

Other income significantly decreased by approximately HK$8.8 million, or approximately 53.8% from approximately HK$16.3 million in 2022 to approximately HK$7.5 million in 2023. Such drops were mainly attributable to some one-off transactions in the prior year that included approximately HK$4.5 million debt forgiveness in relation to the acquisition of book printing business from Ovato and a gain on disposal of property, plant and equipment amounted approximately HK$1.8 million.

Selling and distribution costs

Selling and distribution costs have decreased by approximately HK$1.3 million, or approximately 3.5%, from approximately HK$34.4 million in 2022 to approximately HK$33.1 million in 2023. The reduction in selling and distribution expenses was as a net result of the full year relevant costs incurred by Griffin Press in 2023 and a drop in domestic production demand and volume.

Administrative expenses

Administrative expenses were relatively stable among two years. It increased approximately by HK$0.3 million from approximately HK$39.3 million in 2022 to HK$39.6 million in 2023, representing a year on year increase of approximately 0.8%. This was a net result of the full year administrative expenses incurred by Griffin Press but mostly offset by the non-recurring of professional costs incurred for various corporate projects in the prior year.

FINANCIAL REVIEW (CONTINUED)

Reversal of/ (provision for) impairment of trade receivables and other receivables

Provision of impairment of trade and other receivables in the prior year mainly represented the increased credit risk of the other receivables after Ovato's appointment of administrator in July 2022. These receivables have been written-off in the current year as Ovato has already commenced its liquidation process in 2023.

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

Balance in the prior year represented the fair value loss of the convertible note subscribed with Ovato in 2022. This convertible note has been expired during the year and derecognised.

Finance costs

Finance costs increased by approximately HK$0.3 million or approximately 25.4% from approximately HK$1.1 million in 2022 to approximately HK$1.4 million in 2023. The increase was mainly attributable to the full year interest portion of Griffin Press's lease liabilities was recognised during the year.

Income tax expense

Income tax expense increased from approximately HK$6.5 million (effective income tax rate: approximately 36.6%) in 2022 to approximately HK$13.8 million (effective income tax rate: approximately 29.3%) in 2023. The increase was consistent with higher taxable income during the year. The effective tax rate in the current year was close to domestic tax rate of 30%.

Net profit

The Group reported a net profit of approximately HK$33.3 million in 2023 compared to approximately HK$11.2 million in the prior year, which represented an increase of approximately HK$22.1 million or approximately 197.0%. The improvement of profit after tax was mainly due to various one-off transactions recognised in the prior year, which included the provision for impairment of trade receivables and other receivables and fair value loss of the convertible note subscribed with Ovato, as well as a positive contribution from Griffin Press for its full year operation.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Liquidity and financial resources

As at 31 December 2023, the Group had net current assets of approximately HK$192.3 million (2022: approximately HK$173.4 million), among which, cash and bank balances were approximately HK$85.5 million (2022: approximately HK$48.3 million) which were denominated in Australian Dollars ("AUD"), US Dollars ("USD"), Great British Pound ("GBP") and HK$. The enhancement of cash and bank balances was mainly attributable to positive operating cashflow generated during the year.

The Group's current ratio was approximately 3.0 times as at 31 December 2023 (2022: approximately 2.8 times), which was calculated by the Group's current assets over current liabilities. The only interest bearing liabilities were lease liabilities of approximately HK$18.6 million as at 31 December 2023 (2022: approximately HK$24.1 million) which were denominated in AUD. The Group's gearing ratio as at 31 December 2023 was approximately 6.5% (2022: approximately 9.5%), which is calculated on the basis of the Group's total interest-bearing debts over total equity. The improvement of the Group's current ratio was mainly due to positive operating result during the year. Save as the aforesaid, the Group maintained net cash position and healthy current and gearing ratios, reflecting its healthy financial position.

The Group adopts centralised financing and treasury policies in order to ensure that Group funding is utilised efficiently. The Group also regularly monitors its liquidity requirements, 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.

FINANCIAL REVIEW (CONTINUED)

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, 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 year, the Group acquired property, plant and equipment at approximately HK$33.3 million (2022: approximately HK$21.9 million). The purchases during the year 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 2023. 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.

Capital commitment and contingent liabilities

As at 31 December 2023, the Group had capital commitment of approximately HK$0.8 million to acquire machineries (2022: approximately HK$11.9 million).

The Group did not have any significant contingent liabilities as at 31 December 2023 (2022: nil).

Employees and emolument policy

As at 31 December 2023, the Group had 329 full-time employees (2022: 325). 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.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of a final dividend of HK$4 cents per share (the “Final Dividend”) for the year ended 31 December 2023 (2022: final dividend: nil per share) to holders of ordinary shares whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 23 May 2024. The register of shareholders will be closed on 23 May 2024, which no transfer of shares will be registered. To qualify for the Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, whose share registration public office is located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 22 May 2024. Subject to the passing of the relevant resolution of the forthcoming annual general meeting, the Final Dividend is expected to be paid on 12 June 2024.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (2022: 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 C1 of the Listing Rules during the year ended 31 December 2023.

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 2023.

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

Hong Kong, 27 March 2024

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 2023 will also be published on the aforesaid websites in due course.