LEFT FIELD Printing Group Limited

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 2021

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 2021, together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	4	387,267	329,947
Direct operating costs		(309,745)	(281,402)
Gross profit		77,522	48,545
Other income	4	6,215	45,926
Selling and distribution costs		(26,649)	(23,458)
Administrative expenses		(28,741)	(28,785)
Finance costs		(1,482)	(1,549)
Profit before income tax	5	26,865	40,679
Income tax expense	6	(8,514)	(12,621)
Profit for the year		18,351	28,058

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

	Notes	2021 HK$'000	2020 HK$'000
Other comprehensive (expense)/ income:			
Item that will not be reclassified subsequently to profit or loss:			
Exchange (loss) /gain on translation from functional currency to presentation currency		(15,349)	23,123
Other comprehensive (expense)/ income for the year, net of tax		(15,349)	23,123
Total comprehensive income for the year		3,002	51,181
Profit for the year attributable to:			
Owners of the Company		18,351	28,058
Total comprehensive income attributable to:			
Owners of the Company		3,002	51,181
Earnings per share			
Basic and diluted	8	HK3.68 cents	HK5.57 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	31,133	41,171
Right-of-use assets	10	24,154	32,670
Deferred tax assets		13,831	16,223
Deposits for acquisition of property, plant and equipment		427	681
		69,545	90,745
Current assets			
Inventories	11	47,647	45,358
Trade receivables	12	63,642	72,511
Other receivables, deposits and prepayments		5,382	11,342
Current tax recoverable		4,217	-
Cash and cash equivalents		169,884	174,752
		290,772	303,963
Current liabilities			
Trade and other payables	13	28,918	33,670
Lease liabilities	14	10,535	11,693
Provisions		25,311	21,750
Current tax liabilities		-	37
		64,764	67,150
Net current assets		226,008	236,813
Total assets less current liabilities		295,553	327,558
Non-current liabilities			
Lease liabilities	14	15,024	22,470
Provisions		1,504	4,398
Deferred tax liabilities		5,905	5,638
		22,433	32,506
Net assets		273,120	295,052
EQUITY			
Share capital		4,987	4,987
Reserves		268,133	290,065
Total equity		273,120	295,052

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	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 2020	5,069	93,207	183,655	(42,177)	(7,072)	25,345	14,503	272,530
Profit for the year	-	-	-	-	-	-	28,058	28,058
Other comprehensive income								
Currency translation	-	-	-	-	23,123	-	-	23,123
Total comprehensive income for the year	-	-	-	-	23,123	-	28,058	51,181
2020 proposed final dividend (note 7)	-	-	-	-	-	14,960	(14,960)	-
Transactions with owners in their capacity as owners								
Shares repurchased	(82)	(3,210)	-	-	-	-	-	(3,292)
Transaction costs associated with shares repurchased	-	(22)	-	-	-	-	-	(22)
Dividends (note 7)	-	-	-	-	-	(25,345)	-	(25,345)
Total transactions with owners	(82)	(3,232)	-	-	-	(25,345)	-	(28,659)
Balance at 31 December 2020	4,987	89,975	183,655	(42,177)	16,051	14,960	27,601	295,052

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

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

1. GENERAL INFORMATION

Left Field Printing Group Limited (the "Company") was incorporated as an exempted company with limited liability in Bermuda on 18 April 2018. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business in Hong Kong is Level 11 East Wing, NEO, 123 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The principal place of business in Australia is 138 Bonds Road, Riverwood, NSW 2210, Australia. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK") on 8 October 2018.

As at 31 December 2021, 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"). Starting from 1 January 2020, the Group has changed its presentation currency of its consolidated financial statements from AUD to Hong Kong Dollars ("HK$"). The directors of the Company considered that the change of presentation currency to HK$ 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.

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

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 Adoption of new or amended IFRSs

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IAS 16	Interest Rate Benchmark Reform – Phase 2

The amendments listed above did not have any significant impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended IFRSs that is not yet effective for the current accounting period except for the amendment to IFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021. Impact on the applications of these amended IFRSs are summarised below.

Impacts on early application of Amendment to IFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021

The Group has early applied the amendment in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of IFRS 16 Leases ("IFRS 16") by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior years.

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

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

Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[1]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[1]

[1] Effective for annual periods beginning on or after 1 January 2022.
[2] Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.
[3] Effective for annual periods beginning on or after 1 January 2023.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

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

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

Amendments to IFRS 3 – Reference to the Conceptual Framework
The amendments update the reference to the latest version of Conceptual Framework issued in March 2018, and add an exception to the requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability.

The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37") or IFRIC-Int 21 "Levies" ("IFRIC-Int 21") if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 "Business Combinations" should apply the criteria in IAS 37 or IFRIC-Int 21 respectively (instead of the Conceptual Framework) to determine whether a present obligation exists at the acquisition date.

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

Amendments to IAS 1 —Disclosure of Accounting Policies
The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 8—Definition of Accounting Estimates
The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to IAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Amendments to IAS 16 — Property, Plant and Equipment: Proceeds before intended use
The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. Instead, the related sales proceeds together with the costs of providing these items as determined by IAS 2 "Inventories", are to be included in profit and loss.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

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

Amendments to IAS 37 – Onerous Contracts — Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Annual Improvements to IFRSs 2018-2020 Cycle – Amendments to IFRS 9 "Financial Instruments"

The amendment clarifies that only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf, are included when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Annual Improvements to IFRSs 2018-2020 Cycle – Amendments to IFRS 16 "Leases"

The amendment removes the illustration of the reimbursement of leasehold improvements.

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 from Contracts with Customers”.

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 segments based on a measure of EBITDA as monitored by the directors and senior management (“EBITDA”). This measure is consistent with the presentation of financial information internally for management accounts purpose.

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

	2021 HK$’000	**2020 HK$’000**
EBITDA on ordinary activities	50,379	63,642
Depreciation and amortisation	(22,420)	(21,781)
Net finance cost	(1,094)	(1,182)
Profit before income tax	26,865	40,679

(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
2021			
Total external revenue	387,267	-	387,267
Other income	8,400	(1,657)	6,743
Operating expenses#	(335,497)	(8,134)	(343,631)
EBITDA	60,170	(9,791)	50,379
Depreciation and amortisation	(22,264)	(156)	(22,420)
Net finance (cost)/income	(1,504)	410	(1,094)
Profit before income tax	36,402	(9,537)	26,865
Total consolidated segment results	36,402	(9,537)	26,865
2020			
Total external revenue	329,947	-	329,947
Other income	44,484	(518)	43,966
Operating expenses#	(302,065)	(8,206)	(310,271)
EBITDA	72,366	(8,724)	63,642
Depreciation and amortisation	(21,615)	(166)	(21,781)
Net finance (cost)/income	(1,571)	389	(1,182)
Profit before income tax	49,180	(8,501)	40,679
Total consolidated segment results	49,180	(8,501)	40,679

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

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

4. REVENUE, OTHER INCOME AND GAINS

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

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

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

	2021 **HK$'000**	**2020** **HK$'000**
Customer A	59,856	56,518
Customer B	62,760	51,968

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

	2021 **HK$'000**	**2020** **HK$'000**
Contract liabilities (note 13)	1,717	1,631

Contract liabilities relate to the advances received from customers. HK$1,595,000 (2020: HK$871,000) of contract liabilities as of 31 December 2020 has been recognised as revenue for the year ended 31 December 2021 from performance obligations satisfied in current year.

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

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

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

	2021 HK$'000	2020 HK$'000
Scrap recoveries	1,741	1,604
Reversal of impairment of trade receivables	-	249
Exchange gain/(loss), net	227	(33)
Gain on disposals of property, plant and equipment	-	158
Insurance refunds	1,122	1,503
Interest income	347	602
Government subsidies (note (i) below)	2,234	40,918
COVID-19-related rent concessions (note (ii) below)	-	601
Others (note (iii) below)	544	324
	6,215	45,926

Notes:

(i) During the year, the Group was entitled to government payments relating to employee retention schemes in Australia and Hong Kong as a result of COVID-19 amounted to HK$2,234,000 (2020: HK$40,918,000).

Under the JobKeeper program in Australia, the Group recorded HK$2,234,000 (2020: HK$40,864,000) as payroll subsidies which related to the period through to 31 December 2021 for employees that continued to work in either a full or partial capacity. In addition, the Group has not received any grant (2020: HK$54,000) under Employment Support Scheme payments in Hong Kong to provide a time-limited financial support.

As at 31 December 2021, there was no government subsidies receivable included in other receivables. (2020: HK$5,848,000).

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

(ii) In the prior year, the Group received rent concessions in the form of rental reduction from lessors as the Group experienced significant reduction in printing demands during the COVID-19 pandemic.

As disclosed in note 2.1, the Group has elected to apply the practical expedient introduced by the amendment to IFRS 16 to all rent concessions that satisfy the criteria. All of the rent concessions entered into during the year ended 31 December 2021 satisfied the criteria to apply the practical expedient. The application of the practical expedient has no effect total lease liabilities during the year (2020: HK$601,000).

(iii) The balance mainly included reversal of over provision/accrual in prior years.

5. PROFIT BEFORE INCOME TAX

	2021 HK$'000	2020 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration (note (i) below)	636	639
Bad debts written-off	-	199
Cost of inventories recognised as expense	127,562	111,060
Depreciation of property, plant and equipment (note 9 and note (ii) below)	10,803	10,767
Amortisation of right-of-use assets (note 10 and note (iii) below)	11,617	11,014
Provision for impairment of inventories	-	448
Provision for/(reversal of) impairment on trade receivables, net	9	(249)
Exchange (gain)/loss, net	(227)	33
Gain on disposals of property, plant and equipment	-	(158)
Interest on lease liabilities	1,431	1,499
Short-term leases expenses	2,743	2,021
COVID-19-related rent concessions	-	(601)
Employee benefits expense (note (iv) below)		
Salaries, wages and other staff costs	118,044	110,029
Superannuation (note (v) below)	9,805	8,718
	127,849	118,747

Notes:

(i) Auditor's remuneration for other services paid during the year amounted to HK$30,000 (2020: HK$30,000) which is related to the review of non-exempted continuing connected transactions (included in administrative expenses).

(ii) Depreciation charges on property, plant and equipment of HK$9,364,000 (2020: HK$9,384,000) and HK$1,439,000 (2020: HK$1,383,000) have been included in direct operating costs and administrative expenses respectively for the year.

(iii) Amortisation charges on right-of-use assets of HK$9,238,000 (2020: HK$8,738,000) and HK$2,379,000 (2020: HK$2,276,000) have been included in direct operating costs and administrative expenses respectively for the year.

(iv) Employee benefits expense of HK$105,777,000 (2020: HK$97,858,000), HK$8,720,000 (2020: HK$8,655,000) and HK$13,352,000 (2020 HK$12,234,000) included directors' remuneration 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:

	2021 HK$'000	2020 HK$'000
Current tax expense - Australia	6,334	10,902
Deferred tax	2,180	1,767
Over provision in prior years	-	(48)
Total income tax expense	8,514	12,621

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2021 and 2020. The Group's subsidiaries in Australia are subject to domestic tax rate of 30% (2020: 30%) on the estimated assessable profits.

7. DIVIDENDS

	2021 HK$'000	2020 HK$'000
Final dividend paid in respect of prior year of HK$0.03 (2020: HK$0.05) per share	14,960	25,345
Interim paid in respect of current year of HK$0.02 (2020: nil) per share	9,974	-
	24,934	25,345

At a meeting held on 23 March 2022, the directors recommended a final dividend of HK$0.03 per ordinary share. Those proposed dividends are not reflected as a dividend payable in these consolidated financial statements, but reflected as an appropriation of retained earnings for the year ended 31 December 2021.

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

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$18,351,000 (2020: HK$28,058,000) and on the weighted average number of ordinary shares of 498,671,823 (2020: 503,511,085) in issue during the year.

No diluted earnings per share are presented as the Group has no dilutive potential ordinary shares during the year (2020: nil).

9. PROPERTY, PLANT AND EQUIPMENT

	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 2020							
Cost	14,084	246,700	2,307	1,958	8,689	16,744	290,482
Accumulated depreciation and impairment	(8,888)	(209,187)	(2,014)	(1,642)	(8,215)	(16,168)	(246,114)
Net book amount	5,196	37,513	293	316	474	576	44,368
Year ended 31 December 2020							
Opening net book amount	5,196	37,513	293	316	474	576	44,368
Additions	-	3,815	17	147	-	199	4,178
Disposals	-	-	-	(4)	-	-	(4)
Depreciation for the year	(736)	(9,384)	(118)	(104)	(148)	(277)	(10,767)
Exchange differences	402	2,869	13	45	26	41	3,396
Closing net book amount	4,862	34,813	205	400	352	539	41,171
At 31 December 2020 and 1 January 2021							
Cost	15,453	264,767	2,551	1,611	9,534	18,357	312,273
Accumulated depreciation and impairment	(10,591)	(229,954)	(2,346)	(1,211)	(9,182)	(17,818)	(271,102)
Net book amount	4,862	34,813	205	400	352	539	41,171
Year ended 31 December 2021							
Opening net book amount	4,862	34,813	205	400	352	539	41,171
Additions	-	2,401	6	-	90	132	2,629
Depreciation for the year	(755)	(9,364)	(91)	(118)	(160)	(315)	(10,803)
Exchange differences	(233)	(1,565)	(8)	(17)	(18)	(23)	(1,864)
Closing net book amount	3,874	26,285	112	265	264	333	31,133
At 31 December 2021							
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

As at 31 December 2021 and 2020, 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 2020			
Cost	73,921	5,491	79,412
Accumulated amortisation	(48,833)	(2,762)	(51,595)
Net book amount	25,088	2,729	27,817
Year ended 31 December 2020			
Opening net book amount	25,088	2,729	27,817
Additions	12,239	169	12,408
Lease terminated	(257)	-	(257)
Amortisation for the year	(9,723)	(1,291)	(11,014)
Exchange differences	3,612	104	3,716
Closing net book amount	30,959	1,711	32,670
At 31 December 2020			
Cost	94,397	6,644	101,041
Accumulated amortisation	(63,438)	(4,933)	(68,371)
Net book amount	30,959	1,711	32,670
Year ended 31 December 2021			
Opening net book amount	30,959	1,711	32,670
Additions	4,388	2	4,390
Amortisation for the year	(10,656)	(961)	(11,617)
Exchange differences	(1,232)	(57)	(1,289)
Closing net book amount	23,459	695	24,154
At 31 December 2021			
Cost	93,303	4,841	98,144
Accumulated amortisation	(69,844)	(4,146)	(73,990)
Net book amount	23,459	695	24,154

10. RIGHT-OF-USE ASSETS (CONTINUED)

	2021 HK$'000	2020 HK$'000
Expense relating to short-term leases	2,743	2,021
Additions to right-of-use assets	4,390	12,408
Total cash outflow for leases	13,053	12,073

At 31 December 2021 and 2020, the Group did not have any commitment for short-term leases.

In 2021 and 2020, the Group leased a number of properties and production equipment for its operations. The leases run for an initial period which ranged from one to three years (2020: one to three years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

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

In 2021, approximately one-third (2020: one-third) of the leases for property, plant and equipment expired. The expired contracts were renewed by new leases for identical underlying assets. This resulted in additions to right-of-use assets of HK$4,390,000 (2019: HK$12,408,000).

11. INVENTORIES

	2021 HK$'000	2020 HK$'000
Raw materials	45,525	45,199
Work-in-progress	3,458	3,640
Finished goods	2,779	2,137
Less: Provision for impairment of inventories	(4,115)	(5,618)
	47,647	45,358

During the year, the Group has not provided further impairment on inventories (2020: impairment of HK$448,000).

12. TRADE RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables	63,754	72,622
Less: Provision for impairment	(112)	(111)
	63,642	72,511

Ageing analysis of trade receivables, net of provision as at 31 December 2021, based on the invoice date, is as follows:

	2021 HK$'000	2020 HK$'000
0 – 30 days	33,241	29,603
31 – 60 days	21,405	22,558
61 – 90 days	7,111	12,404
91 – 120 days	787	7,343
121 – 150 days	1,092	564
Over 150 days	6	39
	63,642	72,511

In general, the Group allows a credit period from 30 to 90 days (2020: 30 to 90 days) to its customers.

13. TRADE AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	11,543	13,791
Other payables and accruals:		
Other creditors	2,088	1,862
Sundry provisions and accruals	11,085	14,005
Contract liabilities	1,717	1,631
Provision for pay-as-you-earn/pay-as-you-go	334	338
GST payables	2,151	2,043
	17,375	19,879
	28,918	33,670

13. TRADE AND OTHER PAYABLES (CONTINUED)

As at 31 December 2021, ageing analysis of trade payables based on invoice date is as follows:

	2021 HK$'000	2020 HK$'000
0 – 30 days	10,117	12,335
31 – 60 days	1,311	1,282
61 – 90 days	16	83
91 – 120 days	4	10
Over 120 days	95	81
	11,543	13,791

Credit terms granted by the suppliers are generally 0 to 90 days (2020: 0 to 90 days).

14. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Current	10,535	11,693
Non-current	15,024	22,470
	25,559	34,163

Future lease payments are due as follows:

	Minimum lease payments 2021 HK$'000	Interest 2021 HK$'000	Present value 2021 HK$'000
Due within one year	11,462	927	10,535
Due more than one year but not exceeding two years	7,212	600	6,612
Due in the third to fifth years	8,695	283	8,412
	27,369	1,810	25,559

	2020 HK$'000	2020 HK$'000	2020 HK$'000
Due within one year	13,026	1,333	11,693
Due more than one year but not exceeding two years	7,674	973	6,701
Due in the third to fifth years	16,696	927	15,769
	37,396	3,233	34,163

CHAIRMAN'S STATEMENT

Dear Fellow Shareholders,

This is the 2021 annual report published by our Hong Kong listed company, Left Field Printing Group Limited.

In 2021, the Coronavirus pandemic (COVID-19) continued to impact the domestic economy with the Delta variant triggering mandated lockdowns in a number of states in the 2nd half of the year and the Omicron variant surfacing in December. Despite this, faster than expected economic recovery had the Reserve Bank of Australia pointing to a 5% GDP growth for the year, largely correcting the contraction of 2020 as a result of fundamentally sound drivers for consumer spending, labour market and business investment.

For the Australian book industry, despite the start stop COVID-19 related shutdowns mandated by the government, demand for books has been on par with the prior year with slight increase in value across all categories. Nielsen reported a total book sales value of AUD422.5 million (equivalent to HK$2,427.3 million) for 2021 in Australia, slightly up on the AUD419.0 million (equivalent to HK$2,407.2 million) for 2020. The 10% sales growth in adult fiction offset the 6.8% decreases in adult nonfiction and children's book sales remained flat compared to the prior year.

For the Group, 2021 has been challenging for each of our business units as they continued to navigate government mandated restrictions on COVID-19; maintaining COVID-19 safe operations for staff and visitors; manage supply chain disruptions and the volatility of sales volume with periods of downward sale trends mixed with periods of congestion.

With the Jobkeeper program phased out in the first quarter of 2021, each of our businesses relied on the pragmatic and hands-on approach from the management team to dynamically manage operating costs and maintain effective production capacity to handle the variability in demand.

Looking forward to 2022, while the impact of the Omicron variant of COVID-19 is deemed to be much less severe on the economy, maintaining a healthy and safe workforce will remain a priority for our businesses.

We expect supply chain disruption will continue and be compounded by rising raw material costs. Our management team are focused to monitor and mitigate any impact on our publishing clients to ensure we continue to deliver our value proposition of speed, quality and service as a leading and sustainable onshore print partner.

We are very grateful and appreciative of the support we have received from our staff, customers and suppliers this year and thank everyone for their contribution to keeping all of us safe and healthy as we look forward to a better year in 2022.

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.

2021 continued to present challenging conditions for the Group, with domestic economy experiencing start stop COVID-19 mandated lockdowns and government incentives phasing out in the first quarter of the year. Ongoing COVID-19 related effects translated into supply chain disruptions, raw material cost increases and demand elasticity that deviated from standard cycles.

The group's revenue however, recovered 17.4% to HK$387.3 million compared to the prior year. Direct operating costs increased by 10.1% to HK$309.7 million and profit before tax decreased by 34.0% to HK$26.9 million compared to prior year as influenced by the completion of Jobkeeper program.

PROSPECTS

Looking forward, the management team is cautious about the Group's prospects heading into 2022 given the ongoing impact of COVID-19 on the supply chain, raw material availability and inflationary pressures in the macroeconomic environment. All business units will dedicate effort to controlling operating costs and responding dynamically to meet the needs of our customers.

FINANCIAL REVIEW

Revenue

Revenue in 2021 was approximately HK$387.3 million, representing an increase of approximately 17.4% from the previous year (2020: approximately HK$329.9 million). More revenue for the year ended 31 December 2021 was driven by a number of the Group's read-for-pleasure publishers increased their local printed books for quicker turnaround time and a new agreement entered into with a customer for read-for-pleasure books early this year. However, because of the depressed government spending and effect of COVID-19 related government restrictions, the printing demands from government agencies and quick turnaround time educational books were still weak.

Gross profit and gross profit margin

Our gross profit raised by approximately HK$29.0 million, or approximately 59.7%, from approximately HK$48.5 million in 2020 to approximately HK$77.5 million in 2021. Gross profit margin enhanced by approximately 5.3% in comparison of last year from 14.7% to 20.0%. The improvement was mainly due to the increase in sales in the current year as well as the implementation of cost control measures since the outbreak of COVID-19.

Other income

Other income significantly dropped from approximately HK$45.9 million in 2020 to approximately HK$6.2 million in 2021. The reduction was mainly attributable to the completion of government subsidy from the JobKeeper Payment Scheme offered by the Australian Government since the first quarter this year which was a temporary subsidy for businesses significantly affected by COVID-19. There was approximately HK$40.9 million government subsidy received in the prior year while approximately HK$2.2 million received in the current year.

Selling and distribution costs

Selling and distribution costs have increased by approximately HK$3.1 million, or approximately 13.6%, from approximately HK$23.5 million in 2020 to approximately HK$26.6 million in 2021. Such increase was greatly in line with the rebound of revenue during the year while partly offset by the reduction of selling staff salaries due to the implementation of cost control measures.

Administrative expenses

Administrative expenses remained relatively stable across two years at HK$28.7 million (2020: HK$28.8 million) as the Group's management has continuously focused on cost control measures since the outbreak of the pandemic.

Income tax expense

Income tax expense decreased from approximately HK$12.6 million (effective income tax rate: 31.0%) in 2020 to approximately HK$8.5 million (effective income tax rate: 31.7%) in 2021. Such decrease was consistent with the reduction in taxable income during the current year.

Net profit

The Group reported a net profit of approximately HK$18.4 million in 2021 compared to HK$28.1 million in the prior year, which represented a decrease of approximately HK$9.7 million or 34.6 %. The reduction of profit after tax was mainly due to the completion of government subsidy from JobKeeper Payment Scheme offered by the Australian Government since the first quarter this year. The Group's profitability has been improved if the non-recurring government subsidy excluded. The improvement was as a result of the rebound of sales as well as the Group's management has continuously focused on mitigating the Group's operational risk, enhancing operational efficiency and reducing costs under the continuously impact of COVID-19.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (Continued)

Liquidity and financial resources

As at 31 December 2021, the Group had net current assets of approximately HK$226.0 million (2020: approximately HK$236.8 million), among which, cash and bank balances were approximately HK$169.9 million (2020: HK$174.8 million) which were denominated in Australian Dollars ("AUD"), US Dollars ("USD") and HK$.

The Group's current ratio maintained at approximately 4.5 times as at 31 December 2021 and 2020, which is calculated by the Group's current assets over current liabilities. The only interest bearing liabilities were lease liabilities of approximately HK$25.6 million (2020: approximately HK$34.2 million) which were denominated in AUD. The Group's gearing ratio as at 31 December 2021 was approximately 9.4% (2020: approximately 11.6%), which is calculated on the basis of the Group's total interest-bearing debts over total equity. The decrease of the Group's interest-bearing liabilities, hence the gearing ratio was mainly due to payment made during the year for the leased properties and equipment leases. Save as the aforesaid, the Group maintained net cash position and healthy current and gearing ratios, reflecting its healthy financial position.

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

Working capital management

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

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

Foreign currency management

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currencies. The currencies in which transactions primarily denominated are AUD, NZD, USD, European Union Euros, Great British Pound and HK$. As at 31 December 2021 and 2020, foreign exchange risks on financial assets and liabilities denominated in other currencies were insignificant to the Group.

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (Continued)

Capital expenditure

During the year, the Group acquired property, plant and equipment at approximately HK$2.6 million (2020: approximately HK$4.2 million). The purchases during the year were financed by internal resources of the Group, including the Net Proceeds from the Share Offer (as defined in the paragraph headed "Use of proceeds" below).

Material acquisitions and disposals

There were no material acquisitions and disposals of subsidiaries, associates and joint venture in the course during 2021 and 2020.

Capital commitment and contingent liabilities

As at 31 December 2021, the Group had capital commitment of HK$0.2 million to acquire machineries and folklifts (2020: HK$0.7 million).

The Group did not have any significant contingent liabilities as at 31 December 2021 (2020: nil).

Employees and emolument policy

As at 31 December 2021, the Group had 271 full-time employees (2020: 268). The remuneration packages of the Group's employees are maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary, bonus and over-time payments system. Other employees' fringe and welfare benefits include retirement benefits, occupational injury insurance and other miscellaneous items.

Use of proceeds

On 8 October 2018 (the "Listing Date"), the Company's issued shares were listed on the Main Board of the Hong Kong Stock Exchange. A total of 105,000,000 shares with nominal value of HK$0.01 each were issued to the public and placees at the final offer price of HK$1.00 per share for total gross proceeds of HK$105.0 million (the "Share Offer"). The total net proceeds raised from the Share Offer (the "Net Proceeds") were approximately HK$66.5 million after the deduction of related listing expenses.

With reference to the Prospectus and in light of the difference between the actual amount of the Net Proceeds and estimated amount of the Net Proceeds as stated in the Prospectus (which was disclosed based on an offer price of HK$1.05 per share, being the mid-point of the then indicative offer price range of HK$1.00 to HK$1.10 per share, net of the estimated listing expenses), the Group has adjusted the intended use of the actual amount of the Net Proceeds in the same manner and in the same proportion as disclosed in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (Continued)

Use of proceeds (Continued)

Up to the date of this report, the amount of the Net Proceeds which has been utilised amounted to approximately HK$47.0 million, including:

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

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

	Allocation percentage	Original allocation of Net Proceeds as disclosed in the Prospectus *Approximate HK$ million*	Revised allocation based on the actual Net Proceeds *Approximate HK$ million*	Amount utilised as at the date of this report *Approximate HK$ million*	Unutilised Net Proceeds as at the date of this report *Approximate HK$ million*	Expected timeline of full utilisation of the remaining Net Proceeds
Purchasing machinery	57.2%	41.9	38.0	19.8	18.2	By 31 December 2024
Upgrading ERP system and IPALM platform	24.1%	17.7	16.0	16.0	-	-
Expansion of the warehousing facilities and/or streamlining the printing facilities	8.7%	6.4	5.8	4.5	1.3	By 31 December 2024
General working capital of the Group	10.0%	7.3	6.7	6.7	-	-
	100.0%	73.3	66.5	47.0	19.5	

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (Continued)

Use of proceeds (Continued)

During the year ended 31 December 2021, the Group didn't have any major acquisition of machinery but incurred HK$2.8 million for enhancing warehousing facilities and streamlining printing facilities to improve overall efficiency. The Group's plan of purchasing the remaining machinery has been delayed in view of the challenging economic conditions, the reduction of printing demand from various government agencies and quick turnaround time educational book publishers as a result of the adverse impact of COVID-19 on the local and global economic environment.

The Group has commenced the upgrade of the ERP system and IPALM platform since the Listing Date in order to improve their general functionality of production and operations as well as enhancing product offerings to the customers. As at the date of this report, the portion of listing proceeds allocated to such upgrade have been fully utilised while the process of the upgrade is still ongoing. The Group will apply its internal funding to support the upgrade until the completion.

Given the impacts of the COVID-19 on the printing industry and the local and global economy as a whole, the Company would adopt a more conservative approach for utilising the remaining Net Proceeds effectively and efficiently for the long-term benefit and development of the Company. As it is premature to assess the extent and duration of the impact of the COVID-19, the Company currently plans to prolong the timeline for using the remaining Net Proceeds up to the year ending 31 December 2024.

The expected timeline of full utilisation of the remaining Net Proceeds was based on the best estimation made by the Group with reference to the present and future market conditions, and may change with the future development of current market conditions. In the event there is any further change in the use of proceeds as disclosed in the Prospectus, a further announcement will be made by the Company as and when appropriate in accordance to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of a final dividend of HK$3 cents per share (the "Final Dividend") for the year ended 31 December 2021 (2020: final dividend of HK$3 cents per share) to holders of ordinary shares whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 22 June 2022. The register of shareholders will be closed on 22 June 2022, which no transfer of shares will be registered. To qualify for the Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, whose share registration public office is located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wai Chai, Hong Kong for registration not later than 4:30 p.m. on 21 June 2022. Subject to the passing of the relevant resolution of the forthcoming annual general meeting, the Final Dividend is expected to be paid on 8 July 2022.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (2020: repurchased and cancelled 8,238,000 at costs approximately HK$3.3 million). Save as disclosed above, the Company did not sell or redeem any of the Company's listed securities.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules during the year ended 31 December 2021.

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. David Ho, 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 2021.

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

Hong Kong, 23 March 2022

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. David Ho, 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 2021 will also be published on the aforesaid websites in due course.