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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

In the first six months of 2024, the Company's businesses operated within a complex domestic environment of high inflation, tight labour market, high fuel and high interest rates as well as slowing economy with weakened consumer demand as consumer spending curbed to manage rising debt and the rising cost of essentials. The reduction in spending has resulted in a weakened demand of printed products and this is reflected in all sectors of our market remaining flat and stagnant.

Our revenue for the six months ended 30 June 2024 decreased approximately 4.3% compared to the prior period, finishing at approximately HK\$252.4 million. Direct operating costs decreased by approximately 5.2% to approximately HK\$206.6 million.

Profit before tax increase by approximately 36.9% compared to the prior period, to approximately HK\$15.2 million for the six months ended 30 June 2024, mainly as a result of realised administrative and finance efficiencies.

PROSPECTS

The planned complementary synergy from the operations of McPherson's and Griffin Press continues to be a work in progress and we are continuing to work with our contract customers to ensure production arrangements are efficient for all parties. Ligare and CanPrint are holding steady in their respective niches of professional, educational and government printing.

Looking to the second half of 2024, given inflation pressures are expected to remain high, the Australian economy will likely to remain soft, with many households continue to struggle with high cost of living pressures from high inflation and high interest rates. The Company is expected to continue to identify and implement synergy opportunities for McPherson's Printing and Griffin Press in order to deliver greater efficiency for the read-for-pleasure market. For the professional, educational and government market, the Company is continuing to reinvest in equipment to enhance capability, capacity and productivity.

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

PROSPECTS – continued

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024. Historically, if the Group declared final dividend, usually paid in June or July of the following year upon shareholder approval. Moving forward, we will pay this dividend as interim dividend or second interim dividend earlier, to replace the final dividend. If any, we target to pay this interim dividend in April or May 2025, upon completion of the Group's audited accounts, thereby eliminating the final dividend. This change allows for the distribution of this dividend two months earlier.

FINANCIAL REVIEW

Revenue

Revenue for the six months ended 30 June 2024 was approximately HK\$252.4 million, representing a reduction of approximately 4.3% from the prior period (six months ended 30 June 2023: approximately HK\$263.8 million). Such decrease was driven by the weak domestic printing demand in quick turnaround time educational sector as well as Government sector during the period. The high domestic interest rate and prospect of economic recession have dampened personal consumptions on read-for-pleasure books which resulted in reduced local demand.

Gross profit and gross profit margin

Our gross profit decreased by approximately HK\$0.2 million, from approximately HK\$45.9 million for the six months ended 30 June 2023 to approximately HK\$45.7 million for the six months ended 30 June 2024. Such decrease aligned with the drop in revenue during the period. Gross profit margin slightly improved from approximately 17.4% in the first half of 2023 to approximately 18.1% in the first half of 2024. A number of cost saving measures were imposed by the Group to reduce the number of headcount and control overtime costs in response to the increased wages level. The synergies of production efficiency from book printing division have continuously flown to the business with improvement of both delivery time and production costs.

Other income and gains or losses, net

Other income was relatively stable across two periods, from approximately HK\$4.2 million for the six months ended 30 June 2023 to approximately HK\$4.4 million for the six months ended 30 June 2024. Such increase was mainly attributable to higher interest income from the Group's time deposits with the improved cash position.

Selling and distribution costs

Selling and distribution costs increased by approximately HK\$0.4 million or approximately 2.0% from approximately HK\$16.2 million for the six months ended 30 June 2023 to approximately HK\$16.6 million for the six months ended 30 June 2024. The increase in selling and distribution costs was as a result of the increase in fuel charges and increased inter-sites transportation volume.

Administrative expenses

Administrative expenses decreased from approximately HK\$4.0 million from approximately HK\$22.0 million for the six months ended 30 June 2023 to approximately HK\$18.0 million for the six months ended 30 June 2024, representing a period-on-period reduction of approximately 18.4%. The drop was as a result of reduced number of administrative staff headcount and no material bad debts expenses during the current period.

Income tax expense

Income tax expense increased from approximately HK\$3.6 million (effective income tax rate: 32.2%) for the six months ended 30 June 2023 to approximately HK\$4.8 million (effective income tax rate: 31.4%) for the six months ended 30 June 2024. Such increase was consistent with the higher taxable income during the period.

Net profit

During the period, the Group reported a net profit of approximately HK\$10.4 million (six months ended 30 June 2023: approximately HK\$7.5 million), which represented an increase of approximately HK\$2.9 million or approximately 38.6%. The improvement of profitability of the Group during the period was mainly due to various cost control measures taken by the management in response to the weak printing demand.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW – continued

Liquidity and financial resources

As at 30 June 2024, the Group had net current assets of approximately HK\$185.0 million (31 December 2023: approximately HK\$192.3 million), among which, cash and bank balances, were approximately HK\$94.2 million in aggregate (31 December 2023: approximately HK\$85.5 million) which were denominated in AUD, HK\$, US Dollars ("USD") and Great British Pound ("GBP"). The enhancement of cash and bank balances was mainly attributable to positive operating cashflow generated during the period.

The Group's current ratio was approximately 3.4 times (31 December 2023: approximately 3.0 times), which was calculated by the Group's current assets over current liabilities. The improvement of current ratio was due to the improved trade receivables collection days. The only interest-bearing liabilities were lease liabilities of approximately HK\$16.3 million (31 December 2023: approximately HK\$18.6 million) which were denominated in AUD. The Group's gearing ratio as at 30 June 2024 was approximately 6.0% (31 December 2023: approximately 6.5%), which was calculated on the basis of the Group's total interest-bearing debts over total equity. Save as the aforesaid, the Group maintained sufficient cash position to meet its operations and healthy gearing ratios, reflecting its healthy financial position.

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

Working capital management

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

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

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 period, the Group acquired property, plant and equipment at approximately HK\$1.0 million (30 June 2023: approximately HK\$7.8 million). The purchases during the period were financed by internal resources of the Group.

Material acquisitions and disposals

There were no material acquisitions and disposals of subsidiaries, associates and joint venture in the course during the period of 2024 (2023: Nil).

Capital commitments and contingent liabilities

As at 30 June 2024, the Group had capital commitment of approximately HK\$1.0 million to acquire machineries (31 December 2023: approximately HK\$0.8 million).

The Group did not have any significant contingent liabilities as at 30 June 2024. (31 December 2023: Nil).

The board (the "Board") of directors (the "Directors") of Left Field Printing Group Limited (the "Company") presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2024 together with the comparative unaudited figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	(Unaudited)	
		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
Revenue	3	252,358	263,769
Direct operating costs		(206,621)	(217,860)
Gross profit		45,737	45,909
Other income and gains or losses, net	5	4,372	4,247
Selling and distribution costs		(16,560)	(16,243)
Administrative expenses		(17,988)	(22,034)
Finance costs	4	(349)	(768)
Profit before income tax	6	15,212	11,111
Income tax expense	7	(4,771)	(3,577)
Profit for the period		10,441	7,534
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Exchange loss on translation of functional currency to presentation currency		(5,996)	(6,086)
Other comprehensive income for the period, net of tax		(5,996)	(6,086)
Total comprehensive income for the period		4,445	1,448
Profit for the period attributable to:			
Owners of the Company		10,441	7,534
Total comprehensive income attributable to:			
Owners of the Company		4,445	1,448
Earnings per share	8	HK\$	HK\$
Basic		2.1 cents	1.5 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	(Unaudited) At 30 June 2024 HK\$'000	(Audited) At 31 December 2023 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	55,855	64,058
Deposits paid for acquisition of property, plant and equipment		3,506	568
Right-of-use assets	10	15,646	17,523
Deferred tax assets		18,745	20,239
Goodwill	11	12,044	12,303
		105,796	114,691
Current assets			
Inventories		77,839	91,170
Trade receivables	12	84,534	102,640
Other receivables, deposits and prepayments	12	5,619	8,792
Cash and cash equivalents		94,203	85,514
		262,195	288,116
Current liabilities			
Trade and other payables	13	35,745	42,708
Lease liabilities	14	12,183	14,914
Provisions		27,016	29,221
Provision of income tax		2,224	8,943
		77,168	95,786
Net current assets		185,027	192,330
Total assets less current liabilities		290,823	307,021
Non-current liabilities			
Lease liabilities	14	4,156	3,645
Provisions		2,983	3,169
Deferred tax liabilities		11,633	12,654
		18,772	19,468
Net assets		272,051	287,553
EQUITY			
Share capital	15	4,987	4,987
Reserves		267,064	282,566
Total equity		272,051	287,553

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital	Share premium	Contributed surplus	Merger reserve	Foreign currency translation reserve	Proposed final dividend	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2024 (Audited)	4,987	89,975	183,655	(42,177)	(14,462)	19,947	45,628	287,553
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	10,441	10,441
Other comprehensive income								
Currency translation	-	-	-	-	(5,996)	-	-	(5,996)
Total comprehensive income for the period	-	-	-	-	(5,996)	-	10,441	4,445
Transaction with owners in their capacity as owners								
Dividend (Note 18)	-	-	-	-	-	(19,947)	-	(19,947)
Total transaction with owners	-	-	-	-	-	(19,947)	-	(19,947)
Balance at 30 June 2024 (Unaudited)	4,987	89,975	183,655	(42,177)	(20,458)	-	56,069	272,051

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	(Unaudited)	
		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
Cash flows from operating activities			
Profit before income tax		15,212	11,111
Adjustments for:			
Depreciation of property, plant and equipment	6, 9	7,793	6,385
Depreciation of right-of-use assets	6, 10	8,063	10,615
Provision for/(reversal of) impairment of trade receivables, net		335	(155)
Bad debts written off		–	618
Provision for impairment of inventories		3,225	2,623
Finance costs	4	349	768
Interest income		(1,733)	(355)
(Gain)/loss on disposal of property, plant and equipment	6	(2)	2
(Gain)/loss on lease modification, net	6	(4)	5
Net cash inflow generated from operating activities		33,238	31,617
Decrease/(increase) in inventories		8,149	(14,553)
Decrease in trade and other receivables		18,518	43,454
Decrease in trade and other payables		(6,029)	(14,213)
Decrease in provisions		(1,705)	(1,289)
Cash generated from operations		52,171	45,016
Income taxes paid, net		(10,964)	(2,459)
Interest received		1,733	355
<i>Net cash generated from operating activities</i>		42,940	42,912
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(735)	(7,240)
Increase in deposits paid for acquisition of property, plant and equipment		(3,165)	(8,776)
Proceeds from disposals of property, plant and equipment		2	28
<i>Net cash used in investing activities</i>		(3,898)	(15,988)
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(8,380)	(10,504)
Interest portion of lease liabilities paid	4	(349)	(768)
Dividend paid		(19,947)	–
<i>Net cash used in financing activities</i>		(28,676)	(11,272)
Net increase in cash and cash equivalents		10,366	15,652
Net effect of exchange rate changes		(1,677)	(1,597)
Cash and cash equivalents at 1 January		85,514	48,349
Cash and cash equivalents at 30 June		94,203	62,404
Analysis of cash and cash equivalents			
Cash and bank balances		94,203	62,404

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

As at 30 June 2024, the Company's ultimate holding company is Lion Rock Group Limited, which was incorporated in Bermuda and is also a listed company on the Main Board of the SEHK.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with International Accounting Standard 34 "Interim Financial Reporting" issued by International Accounting Standard Board (the "IASB"). The condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's audit committee.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (Continued)

The accounting policies used in preparing the unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023 except for the adoption of the new and revised International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the IASB, and all applicable individual International Accounting Standards (“IASs”) and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance which are relevant to the operations of the Group and mandatory for annual period beginning 1 January 2024.

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

The Group has not early adopted the new IFRSs that have been issued but are not yet effective. The Directors of the Company are currently assessing the impact of the new or amended IFRSs upon initial application. So far, the Directors of the Company have preliminary concluded that the initial application of these IFRSs will not result in material financial impact on the Group’s results of operations and financial position.

These unaudited condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to gain an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. These unaudited condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with IFRSs and should be read in conjunction with the 2023 consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

3. SEGMENT INFORMATION

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

(a) Description of segments

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

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

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

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

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

(b) Segment revenue

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

Revenue by geographic location is not used by the Chief Operating Decision Maker in reviewing the performance of the cash generating unit. Revenue and non-current assets of the Group are mainly in Australia.

3. SEGMENT INFORMATION (Continued)

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

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

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

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
EBITDA on ordinary activities	31,417	27,476
Depreciation	(15,856)	(17,000)
Net finance (cost)/income	(349)	635
Profit before income tax	15,212	11,111

(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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

3. SEGMENT INFORMATION (Continued)

(e) Segment information

	(Unaudited)		
	Printing solutions and services	Corporate*	Total
	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 June 2024			
Total external revenue	252,358	–	252,358
Other income	2,356	2,016	4,372
Operating expenses [#]	(220,667)	(4,646)	(225,313)
EBITDA	34,047	(2,630)	31,417
Depreciation	(15,761)	(95)	(15,856)
Net finance costs	(332)	(17)	(349)
Profit/(loss) before income tax	17,954	(2,742)	15,212
Total consolidated segment results	17,954	(2,742)	15,212

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

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

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

4. FINANCE COSTS

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest on lease liabilities	349	768
	349	768

5. OTHER INCOME AND GAINS OR LOSSES, NET

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Scrap recoveries	1,645	1,901
Gain on disposal of property, plant and equipment	2	-
Gain on lease modification, net	4	-
Reversal of impairment of trade receivables, net	-	155
Insurance refunds	249	354
Bank interest income	1,733	355
Exchange gains, net	496	1,192
Other	243	290
	4,372	4,247

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

6. PROFIT BEFORE INCOME TAX

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

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Provision for impairment of inventories	3,225	2,623
Provision for/(reversal of) impairment of trade receivables, net	335	(155)
(Gain)/loss on disposal of property, plant and equipment	(2)	2
Exchange gains, net	(496)	(1,192)
Cost of inventories recognised as expenses	114,960	102,988
Depreciation of property, plant and equipment (Note 9)	7,793	6,385
Depreciation of right-of-use assets (Note 10)	8,063	10,615
(Gain)/loss on lease modification, net	(4)	5
Bad debt written off	–	618
Short-term leases expenses	204	210
Employee benefits expense		
Salaries, wages and other staff costs	73,115	71,234
Superannuation	6,998	6,548
	80,113	77,782

7. INCOME TAX EXPENSE

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

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax expense – Australia	4,457	2,054
Deferred tax	314	1,523
	4,771	3,577

The Group's subsidiaries in Australia are subject to domestic tax rate of 30% (2023: 30%) on the estimated assessable profits.

For period ended 30 June 2024 and 2023, under the two-tiered profits tax rate regime, Hong Kong Profits Tax of the qualifying group entity incorporated in Hong Kong is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000. There is no group entity subject to Hong Kong Profits Tax qualified for the two-tiered profits tax rates regime, is continuously taxed at a flat rate of 16.5% for the period ended 30 June 2024 (2023: Nil). Oversea entity refers to incorporate in Hong Kong.

8. EARNINGS PER SHARE

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

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Earnings for the purposes of basic earnings per share for the period	10,441	7,534

	Number of shares ('000)	
	2024	2023
Weighted average number of ordinary shares for the purpose of basic earnings per share	498,672	498,672

No diluted earnings per share are presented as the Group has no dilutive potential ordinary shares during the period (2023: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Plant and equipment	Office furniture and equipment	Motor vehicles	Leasehold improvements	Computer equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024 (Audited)							
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
Period ended 30 June 2024 (Unaudited)							
Opening net book amount	3,962	59,138	11	388	129	430	64,058
Additions	–	898	–	–	75	–	973
Disposal	–	–	–	–	–	–	–
Depreciation	(134)	(7,436)	(4)	(48)	(30)	(141)	(7,793)
Exchange differences	(83)	(1,280)	(2)	(8)	–	(10)	(1,383)
Closing net book amount	3,745	51,320	5	332	174	279	55,855
At 30 June 2024 (Unaudited)							
Cost	14,695	275,197	2,194	1,558	8,466	16,616	318,726
Accumulated depreciation and impairment	(10,950)	(223,877)	(2,189)	(1,226)	(8,292)	(16,337)	(262,871)
Net book amount	3,745	51,320	5	332	174	279	55,855

At 30 June 2024 and 31 December 2023, the Group's freehold land and buildings were situated in Australia.

10. RIGHT-OF-USE ASSETS

	Leased properties	Plant and equipment	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024 (Audited)			
Carrying amount	13,918	3,605	17,523
At 30 June 2024 (Unaudited)			
Carrying amount	12,619	3,027	15,646
For the six months ended 30 June 2024 (Unaudited)			
Depreciation	7,488	575	8,063

11. GOODWILL

	HK\$'000
At 1 January 2024 (Audited)	
Cost and net carrying amount	12,303
Period ended 30 June 2024 (Unaudited)	
Opening net carrying amount	12,303
Exchange differences	(259)
Closing net carrying amount	12,044
At 30 June 2024 (Unaudited)	
Cost and net carrying amount	12,044

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group generally allows a credit period from 30 to 90 days (2023: 30 to 90 days) to its trade customers. Ageing analysis of trade receivables, net of provision as at 30 June 2024, based on invoice date, is as follows:

	(Unaudited) At 30 June 2024	(Audited) At 31 December 2023
	HK\$'000	HK\$'000
0 – 30 days	43,686	46,176
31 – 60 days	24,735	33,854
61 – 90 days	12,820	21,334
91 – 120 days	1,370	1,115
121 – 150 days	1,838	13
Over 150 days	85	148
Total trade receivables	84,534	102,640
Other receivables, deposits and prepayments	5,619	8,792
	90,153	111,432

As at 30 June 2024, a provision of HK\$501,000 (31 December 2023: HK\$741,000) was made against the gross amounts of trade receivables.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

13. TRADE AND OTHER PAYABLES

As at 30 June 2024, the ageing analysis of trade payables based on invoice date is as follows:

	(Unaudited) At 30 June 2024	(Audited) At 31 December 2023
	HK\$'000	HK\$'000
0 – 30 days	14,565	11,010
31 – 60 days	640	1,143
61 – 90 days	670	7
91 – 120 days	–	–
Over 120 days	130	1,106
Total trade payables	16,005	13,266
Other payables	19,740	29,442
	35,745	42,708

Credit terms granted by the suppliers are generally 0 to 90 days (31 December 2023: 0 to 90 days).

14. LEASE LIABILITIES

	(Unaudited) At 30 June 2024	(Audited) At 31 December 2023
	HK\$'000	HK\$'000
Current	12,183	14,914
Non-current	4,156	3,645
	16,339	18,559

15. SHARE CAPITAL

	No. of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each	10,000,000,000	100,000
Issued and fully paid:		
At 1 January 2024 and 30 June 2024	498,671,823	4,987

16. CAPITAL COMMITMENTS

As at 30 June 2024, the Group had the following capital commitments:

	(Unaudited) At 30 June 2024 HK\$'000	(Audited) At 31 December 2023 HK\$'000
Contracted, but not provided for acquisition of property, plant and equipment	988	770

17. PERFORMANCE BONDS

As at 30 June 2024, there was an obligation of the Group under commercial agreement amounted HK\$513,000 (31 December 2023: HK\$524,000). There have been no claims from the agreement in both periods.

18. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – continued

19. RELATED PARTY TRANSACTIONS

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

Entity	Relationship with the Group	Nature of transactions	(Unaudited)	
			Six months ended 30 June	
			2024	2023
			HK\$'000	HK\$'000
D.M.R.A. Property Pty Limited	Common Director	Rent	2,100	2,148
Angrich Pty Ltd	Common Director	Consulting fees	748	941
C. O.S. Printers Pte Limited	Fellow Subsidiary	Purchase of property, plant and equipment	–	483

(b) Compensation of key management personnel

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

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Short-term remuneration	1,665	1,980
Post-employment benefit	70	80
	1,735	2,060

20. FAIR VALUE MEASUREMENT

Fair values of financial instruments carried at other than fair value

Trade and other receivables, trade and other payables and lease liabilities are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2024 and 31 December 2023.

OTHER INFORMATION

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions set out in Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2024.

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

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

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

Name of Directors	Nature of interest					Percentage to the issued share capital of the Company (%)
	Personal Interests (Shares)	Trust Interests (Shares)	Beneficiary of a Trust Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	
Mr. Lau Chuk Kin (Note 1)	11,990,278	Nil	Nil	324,256,997	336,247,275	67.43
Mr. Richard Francis Celarc (Note 2)	Nil	7,533,039	5,955,780	11,523,168	25,011,987	5.01
Mr. Paul Antony Young (Note 3)	Nil	Nil	Nil	5,111,967	5,111,967	1.03

Notes:

- Mr. Lau Chuk Kin ("Mr. Lau") is deemed to be interested in 336,247,275 Shares through his personal interests and corporate interests. Of 324,256,997 corporate interests, 307,604,954 Shares, 16,133,457 Shares and 518,586 Shares are beneficially owned through Bookbuilders BVI Limited ("Bookbuilders BVI"), City Apex Ltd. ("City Apex") and ER2 Holdings Limited ("ER2 Holdings"), respectively. Bookbuilders BVI is a wholly-owned subsidiary of 1010 Group Limited ("1010 Group") and an indirect wholly-owned subsidiary of Lion Rock Group Limited ("Lion Rock"). Lion Rock is held directly by City Apex, ER2 Holdings and Mr. Lau as to 33.52%, 1.08% and 12.10% respectively. City Apex is owned as to 77.00% by ER2 Holdings. ER2 Holdings is owned as to 69.76% by Mr. Lau. By virtue of Part XV of the SFO, Mr. Lau is deemed to be interested the said Shares.
- Mr. Richard Francis Celarc ("Mr. Celarc") is deemed to be interested in 25,011,987 Shares, which comprise (i) 33,117 Shares held by Navigator Australia Limited (as the custodian for the Richard Celarc Family Trust); (ii) 11,523,168 Shares held by D.M.R.A. Property Pty Limited, a company wholly-owned by Mr. Celarc; (iii) 7,533,039 Shares held by the Richard Celarc Family Trust by virtue of Mr. Celarc being the trustee; and (iv) 5,922,663 Shares held by Ligare Superannuation Nominees Pty Ltd as the trustee for Ligare Staff Superannuation Fund of which both Mr. Celarc and his wife are the only members of the superannuation fund.
- Mr. Paul Antony Young ("Mr. Young") is deemed to be interest in 5,111,967 Shares through Clapsy Pty Ltd, a company owned as to 50.00% and 50.00% by Mr. Young and his wife Mrs. Lorraine Young.

OTHER INFORMATION

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

(b) Long Position in the shares of Lion Rock

Name of Directors	Nature of interest			Percentage to the issued share capital of Lion Rock (%)
	Personal Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	
Mr. Lau Chuk Kin (Note)	93,183,906	266,432,717	359,616,623	46.70
Mr. Richard Francis Celarc	200,000	–	200,000	0.03
Ms. Tang Tsz Ying	428,000	–	428,000	0.06

Note: Of 266,432,717 shares of Lion Rock which Mr. Lau is deemed to be interested, 258,135,326 shares and 8,297,391 shares are beneficially owned by City Apex and ER2 Holdings respectively. As at 30 June 2024, ER2 Holdings was the ultimate holding company of City Apex. Mr. Lau owned 69.76% of the issued share capital of ER2 Holdings and accordingly, Mr. Lau is deemed to be interested in the said shares of Lion Rock pursuant to Part XV of the SFO.

(c) Long Position in the underlying shares of Lion Rock under the share award scheme

Name of Directors	Number of shares				
	Outstanding at 1.1.2024	Granted during the period	Vested during the period	Cancelled/lapsed during the period	Outstanding at 30.6.2024
Ms. Tang Tsz Ying	1,288,000	–	(428,000)	–	860,000
Mr. Ho Tai Wai David	200,000	–	–	–	200,000

Save as disclosed above, as at 30 June 2024, to the best knowledge of the Company, none of the Directors or chief executives of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares of the Company, being 5% or more in the issued share capital of the Company, as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Nature of interest			Percentage to the issued share capital of the Company (%)
	Beneficial Owner	Interest in controlled corporation	Total Interests	
	(Shares)	(Shares)	(Shares)	
ER2 Holdings (Note)	518,586	323,738,411	324,256,997	65.02
City Apex (Note)	16,133,457	307,604,954	323,738,411	64.92
Lion Rock (Note)	Nil	307,604,954	307,604,954	61.68
1010 Group (Note)	Nil	307,604,954	307,604,954	61.68
Bookbuilders BVI (Note)	307,604,954	Nil	307,604,954	61.68

Note: Bookbuilders BVI is a wholly owned subsidiary of 1010 Group and an indirect wholly owned subsidiary of Lion Rock. Lion Rock was owned as to 33.52%, 1.08% and 12.10% by City Apex, ER2 Holdings and Mr. Lau, respectively. ER2 Holdings was the holding company of City Apex and deemed to be interested in the said Shares pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2024, the Company had not been notified of any other person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares, underlying Shares or debentures of the Company and was required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

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

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all the Directors, the Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the Directors throughout the six months ended 30 June 2024.

OTHER INFORMATION

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2024, the Group had 317 full-time employees (30 June 2023: 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 overtime payments system. Other employees' fringe and welfare benefits include retirement benefits, occupational injury insurance and other miscellaneous items.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

AUDIT COMMITTEE

The audit committee has four members comprising one non-executive director namely Mr. Paul Antony Young and the three independent non-executive directors, namely, Mr. Ho Tai Wai David, Mr. Tsui King Chung David and Mr. Lai Wing Hong Joseph with terms of reference in compliance with the Listing Rules. The audit committee reviews the Group's financial reporting, internal controls and makes relevant recommendations to the Board.

The audit committee had met with the management to review the Company's interim report for the six months ended 30 June 2024 and had the opinion that such report was compiled with the applicable accounting standards and adequate disclosures had been made.

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

Hong Kong, 26 August 2024

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Director

Mr. Paul Antony Young

Independent Non-Executive Directors

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

COMPANY SECRETARY

Ms. Tang Tsz Ying *HKICPA, ICAA (Australia)*

AUTHORISED REPRESENTATIVES

Mr. Lau Chuk Kin
Ms. Tang Tsz Ying

BERMUDA RESIDENT REPRESENTATIVE

Conyers Corporate Services (Bermuda) Limited

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISER

IF Legal
Suite 2004,
20/F, 135 Bonham Strand Trade Centre
No. 135 Bonham Strand
Sheung Wan
Hong Kong

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Level 17
242 Pitt Street
Sydney
NSW2000
Australia

The Hongkong and Shanghai Banking Corporation Limited
No. 1 Queen's Road Central
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Registrar

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

CORPORATE INFORMATION

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN AUSTRALIA

138 Bonds Road
Riverwood NSW 2210
Australia

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

WEBSITE

www.lefffieldprinting.com

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