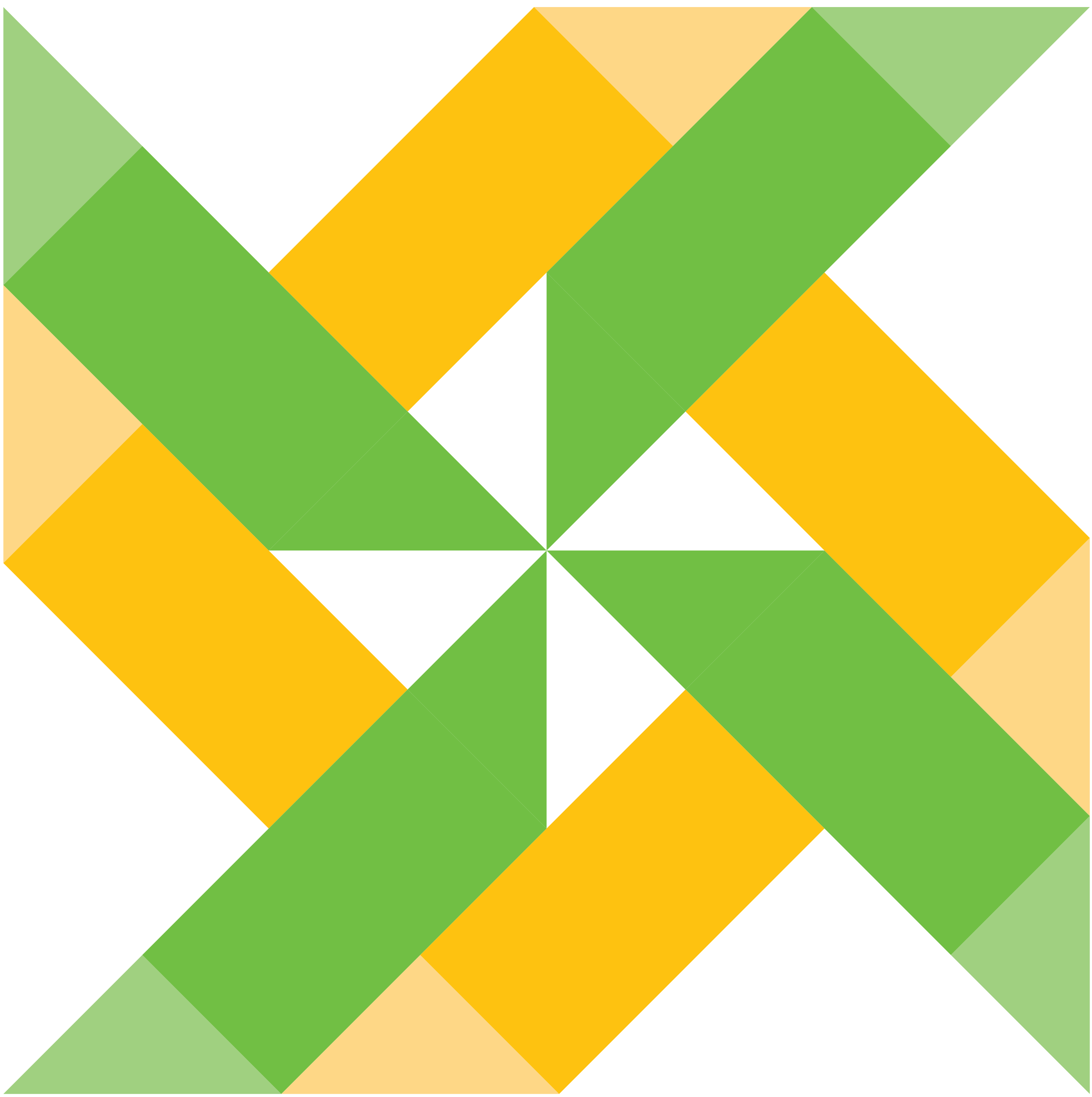
ANNUAL REPORT 2021

LEFT FIELD

Left Field Printing Group Limited

Stock Code : 1540



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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.

RICHARD FRANCIS CELARC
Chairman
Sydney, 23 March 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.

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.

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 forklifts (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 Company's prospectus dated 20 September 2018 (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.

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	

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").

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

MR. RICHARD FRANCIS CELARC

Mr. Richard Francis Celarc, aged 65, was appointed as the chairman and an executive director of the Company on 28 May 2018. He is responsible for the overall strategic planning and management of the Group. Mr. Celarc joined the Group in 1979. Mr. Celarc is the chairman of the nomination committee of the Company and an executive director of OPUS Group Limited ("OPUS"), a direct wholly-owned subsidiary of the Company whose issued shares were listed on the Australian Stock Exchange from 12 April 2012 to 9 October 2018. Mr. Celarc completed a Commerce and Accounting certificate course at Bankstown TAFE in Australia. He has more than 40 years of experience in the printing business in Australia and co-founded Ligare Pty Ltd ("Ligare"), an indirect wholly-owned subsidiary of the Company. He was a director of the Print and Visual Communication Association (formerly known as Printing Industries Association of Australia), an organisation providing the industry voice, leadership and support for all businesses in the printing, packaging, graphic design and media technology industry in Australia, from January 2019 to December 2021.

MR. LAU CHUK KIN

Mr. Lau Chuk Kin, aged 69, was appointed as a director on 23 April 2018 and re-designated as an executive director of the Company on 28 May 2018. Mr. Lau is responsible for the overall strategic planning and management of the Group. Mr. Lau is a member of the remuneration committee of the Company and an executive director of OPUS. Mr. Lau obtained a Bachelor of Arts degree from the University of Minnesota in the United States and a Master of Business Administration degree from the Chinese University of Hong Kong. Mr. Lau has over 30 years of experience in the printing business. Mr. Lau is an executive director of Lion Rock Group Limited ("Lion Rock"), a controlling shareholder of the Company whose issued shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 1127), and the Quarto Group, Inc. (LSE: QRT), a company listed on the London Stock Exchange.

MS. TANG TSZ YING

Ms. Tang Tsz Ying, aged 37, was appointed as a director of the Company on 23 April 2018 and re-designated as an executive director of the Company on 28 May 2018. Ms. Tang is responsible for overseeing the finance and company secretarial function of the Group. Ms. Tang joined the Group in 2016. She is the company secretary of the Company and an executive director of OPUS. Ms. Tang obtained a Bachelor of Business Administration in Accountancy degree from the Hong Kong Polytechnic University. She is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in Australia. Before joining the Group, Ms. Tang worked for Ernst and Young, both in Hong Kong and Sydney, for over seven years.

NON-EXECUTIVE DIRECTOR

MR. PAUL ANTONY YOUNG

Mr. Paul Antony Young, aged 66, was appointed as a non-executive director of the Company on 28 May 2018. Mr. Young is responsible for providing capital markets knowledge and assisting in strategic planning of the Group. Mr. Young is a member of the audit committee of the Company. He was a non-executive director of OPUS from November 2014 to October 2018. He obtained a Master of Economics degree and a Bachelor's degree in Arts from the University of Cambridge. He is a foundation fellow of the Australian Institute of Company Directors and a fellow of the Institute of Chartered Accountants in England and Wales. Mr. Young was the co-founder of Baron Partners Limited (which merged with Henslow Pty Ltd in May 2018) and is a Senior Advisor to Henslow Pty Ltd, both corporate advisory firms. He has extensive experience in the provision of corporate advice to a wide range of listed and unlisted companies including restructurings, capital raisings, initial public offerings and mergers and acquisitions. Mr. Young is a non-executive director of a Australian Securities Exchange ("ASX") listed company Byron Energy Limited (ASX: BYE) and a formerly ASX listed company Ambition Group Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. DAVID HO

Mr. David Ho, aged 73, was appointed as an independent non-executive director of the Company on 8 October 2018. He is the chairman of the audit committee and a member of the remuneration committee and nomination committee of the Company. He is responsible for supervising and providing independent advice to the Board. Mr. Ho obtained a Master of Business Administration Degree from The Chinese University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants, The Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Ho has over 40 years of experience in finance and accounting and held management positions in various companies prior to his retirement in 2007. Mr. Ho is an independent non-executive director of Build King Holdings Limited (stock code: 240), a company listed on the Stock Exchange of Hong Kong.

MR. TSUI KING CHUNG DAVID

Mr. Tsui King Chung David, aged 75, was appointed as an independent non-executive director of the Company on 8 October 2018. He is the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. He is responsible for supervising and providing independent advice to the Board. Mr. Tsui completed O level examination and A level examination of University of London/Hong Kong respectively. He started his career in information technology in 1970 and held a number of key positions in various banks in Hong Kong. He was the president and chief executive officer of Hong Leong Credit Berhad (now known as Hong Leong Financial Group Berhad) (stock code: 1082.kl), a company listed on the Kuala Lumpur Stock Exchange, before his retirement in 2006. Mr. Tsui was an independent non-executive director of Lion Rock from June 2011 to September 2018.

MR. LAI WING HONG JOSEPH

Mr. Lai Wing Hong Joseph, aged 61, was appointed as an independent non-executive director of the Company on 16 September 2020. He is a member of the audit committee, remuneration committee and nomination committee of the Company. He is responsible for supervising and providing independent advice to the Board. Mr. Lai is currently one of the partners of J. Chan & Lai Solicitors Firm practising in Hong Kong. He has over 30 years' experience as a practising solicitor. Mr. Lai obtained a Bachelor of Laws and a Post-Graduate Certificate in Laws from University of Hong Kong. He has been admitted as a Solicitor of the Supreme Court of Hong Kong since 1986, a Notary Public of Supreme Court of Hong Kong since 1996 and a China-Appointed Attesting Officer of Hong Kong since 2009.

SENIOR MANAGEMENT

MR. DAVID CHENG

Mr. David Cheng, aged 46, was appointed as an operations director of the Group in 2018. Mr. Cheng is responsible for supervising the procurement and logistics functions of the Group. Mr. Cheng obtained a Bachelor of Science degree from the University of Hong Kong, a Master of Science degree in Business Information Systems and a Master of Arts degree in Operations and Supply Chain Management from the City University of Hong Kong. Mr. Cheng was granted the qualification of project management professional by Project Management Institute from August 2010 to August 2016. Mr. Cheng has over 20 years of experience in procurement and supply chain operations in various commercial organisations.

MR. ROBERT KENNETH HUISMANN

Mr. Robert Kenneth Huismann, aged 60, has been appointed as the general manager of McPherson's Printing Group ("MPG"), an indirect wholly-owned subsidiary of the Company since 1 January 2020. He is responsible for overseeing the day-to-day operation of MPG. Mr. Huismann joined MPG in 1992 and has been a site operation manager between October 2013 and December 2019. He has over 25 years of experience in the printing industry. He completed a team leader course offered by the Printing and Allied Trade Employers' Federation of Australia. Mr. Huismann also completed the apprenticeship training in binding and finishing and obtained a certificate of completion of apprenticeship from the State Training Board of Victoria.

MS. DEBORAH LOUISE SHIELDS

Ms. Deborah Louise Shields, aged 56, has been appointed as the general manager of CanPrint Communications Pty Ltd. ("CanPrint"), an indirect wholly-owned subsidiary of the Company since 1 January 2020. She is responsible for overseeing the day-to-day operation of CanPrint. Ms. Shields joined CanPrint in 2014 and has been a sales manager between April 2016 and December 2019. She completed business services training and project management training provided by WISDOM Learning Pty Ltd and has over 20 years' experience in sales and customers services in various companies.

MR. MUKESH CHAND

Mr. Mukesh Chand, aged 58, was appointed as a site operation manager of Ligare in 2015. Mr. Chand is responsible for overseeing the day-to-day operation of Ligare. Mr. Chand joined the Group in 1987 and has over 30 years of experience in the printing industry. He studied at D.A.V. Boys' College in the Republic of Fiji and has obtained an advanced certificate in supervisory management and a certificate in accounting from the Fiji Institute of Technology. Mr. Chand has also obtained a binding and finishing trade certificate from TAFE NSW Ultimo.

MS. ROBYN ELIZABETH FINNIECOME

Ms. Robyn Elizabeth Finniecome, aged 58, was appointed as a business development manager of Ligare in 2015. Ms. Finniecome joined the Group in 2007 and is responsible for developing new business and overseeing sales function of mainly Ligare. She has over 25 years of experience in sales and marketing. Ms. Finniecome obtained a Bachelor of Commerce degree from the University of New South Wales. She completed the training program Essential Selling Skills II provided by the Australian Institute of Management NSW & ACT Limited. Before joining the Group, Ms. Finniecome worked as a sales and marketing manager at a booking-publishing company for 17 years.

DIRECTORS' REPORT

The Directors of the Company are pleased to present the annual report and the audited financial statements of the Company and the Group for the year ended 31 December 2021.

GROUP REORGANISATION AND LISTING

The Company was incorporated in Bermuda on 18 April 2018 under the Bermuda Companies Act as an exempted limited liability company. Pursuant to the reorganisation in preparation for the listing of the Company's shares on the Hong Kong Stock Exchange, the Company became the holding company of the companies now comprising the Group on 8 October 2018. Details of the group reorganisation are set out in the section headed "History and corporate structure" of the Prospectus. The shares of the Company (the "Shares") were listed on the Main Board of the Hong Kong Stock Exchange on 8 October 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company while its subsidiaries are principally engaged in the provision of printing solutions and services in Australia.

BUSINESS REVIEW

A review of the Group's business during the year, analysis of the Group's performance using financial key performance indicators and prospects of the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 2 to 7 respectively of this annual report.

PRINCIPAL RISK AND UNCERTAINTIES

Customers' demand based on individual orders

Although the Group may, from time to time, enter into framework sale and purchase agreements with some of its customers, it normally generates sales on an order-by-order basis. Demand for the printing solutions and services is dependent upon factors such as the release of new book titles into the market in Australia, the popularity of certain read-for-pleasure books which may lead to subsequent re-prints, the demand from academics or professionals for certain reference books or materials and/or demand for the printing solutions and services may be dependent upon factors such as when the Parliament of Australia is sitting, introduction of new legislation, amendments to existing legislation and/or electoral events or policy matters which require documents, reports and materials to be printed or updated. The Group's sales are highly dependent on and may fluctuate subject to customers' demand for the printing solutions and services. If there is any adverse change to market conditions such as an economic slowdown or an increase in competition, the Group's business, financial condition and results of operations may be materially and adversely affected.

Fluctuations in raw materials prices

Paper is the principal raw material used in the Group's business which is mainly purchased from domestic paper trading companies as well as international paper manufacturers. Other raw materials include plates, ink and other printing consumables. The price of raw materials may be subject to price volatility and periodic shortages caused by various factors beyond the Group's control, which include, among other things, weather conditions, tree harvest conditions, policies of the respective local governments of the territories in which the forestries or paper mills operate, as well as market competition. Should there be any significant increases in the prices of raw materials, and the Group is unable to pass on such increased costs to the customers, the business and profitability may be materially and adversely affected. If the Group passes on the increased costs to the customers, the Group's pricing may become less competitive and may lead to a loss of orders/customers.

Digital influence

With the increased popularity and convenience in the consumption of content and media electronically, in particular, through personal electronic devices such as mobile phones, electronic readers and tablets together with greater awareness of environmental issues and protection, the changing nature in how information is consumed may impact the demand for printed products and in turn the demand for the Group's printing solutions and services.

Technological developments in the printing industry

Constant refinements to offset printing presses and related machinery as well as the introduction of new technologies are continuously improving the quality, productivity, safety, speed, reliability and energy efficiency within the printing industry. The ability to print faster and more cost-effectively offers printing services providers a competitive edge. Technological improvements and increases in the level of automation, not only in the printing process but also in the pre-press and post-press production stages, not only offers printing services providers cost savings on raw materials, time and labour, but also reduces human error while enhancing the quality of products. In the event that the Group is not able to upgrade its technologies to meet customers' demand, the business, results of operations and prospects of the Group may be adversely affected.

General market downturn

The Group provides printing solutions and services to, among others, international and Australia-based book publishers and media and information providers who wish to print books for sales and distribution within Australia. During periods of economic uncertainty, consumer consumption is typically scaled back, with certain non-essential products, such as books, suffering from reduced demand. Such decrease in demand may in turn reduce the supply of printed products to the market by such publishers and media and information providers. When consumer sentiment is cautious, the Group's customers may respond accordingly and there is no assurance that they will continue to maintain their supply of printed books in normal volumes, resulting in a decrease in orders the Group receives from them. Such a general market downturn could result in not only a reduction in the demand for products and services of the Group, but also intensified competition. In such circumstances, the Group's business, financial condition and results of operations may be materially and adversely affected.

Financial risks

Details of financial risks are set out in note 31 to the consolidated financial statements.

RELATIONSHIP WITH STAKEHOLDERS

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. This includes providing quality services to customers, developing effective and mutual beneficial working relationships with its suppliers, and offering competitive remuneration package with safety working environments to employees.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to promoting environmentally-friendly policies and performance as a part of its overall corporate social responsibility. The Group achieves this through rational resources utilisation and compliance with applicable environmental laws and practices of environmental protection, seeking to contribute to the improvement of ecological environment and sustainable development. The Group has printing operations which are required to comply with a number of Australian pollution control and environmental regulations. The businesses concerned take all reasonable precautions to minimise the risk of environmental incidents, including the removal of solid and liquid waste by licensed contractors, arranging environmental compliance audits by qualified external organisations and ensuring that personnel receive appropriate training. There have been no material instances of non-compliance with environmental regulations during the year.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

The Company is incorporated in Bermuda with principal places of business in Hong Kong and Australia. The Group operates print production facilities in different states across Australia and complies with the relevant laws and regulations of Australia and in countries in which it is incorporated and has businesses or operations.

During the year and up to the date of this report, the Board was unaware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 48 of this annual report.

FINAL DIVIDENDS 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, Wan 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.

DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on pages 50 to 51 of this annual report and note 24 to the consolidated financial statements respectively.

As at 31 December 2021, the Company's reserves available for distribution to shareholders amounted to approximately HK$175.0 million (31 December 2020: HK$180.3 million).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 107 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 23 to the consolidated financial statements.

DIRECTORS

The Directors during the year and up to the date of this report were, unless otherwise stated:

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

In accordance with No. 84 of the Company's bye-laws (the "Bye-laws"), Mr. Richard Francis Celarc, Mr. Paul Antony Young and Mr. Tsui King Chung David will retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographies of the Directors and senior management of the Group are set out in the section headed "Directors and senior management profile" in this annual report.

DIRECTORS' SERVICES CONTRACT

Mr. Richard Francis Celarc ("Mr. Celarc"), Mr. Lau Chuk Kin ("Mr. Lau"), Ms. Tang Tsz Ying ("Ms. Tang") and Mr. Paul Antony Young ("Mr. Young") have each entered into a service contract with the Company for an initial term of three years starting from 28 May 2018 and thereafter continued on a month to month basis. Mr. Young the non-executive Director has renewed his service contract with the Company for a period starting from 28 May 2021 to 31 December 2023. The aforementioned Directors are subject to retirement by rotation and re-election in accordance with the Bye-laws. Such service contract is subject to termination by either party giving not less than three months' prior written notice to the other. Mr. David Ho and Mr. Tsui King Chung David the independent non-executive Directors, have each renewed their service contract with the Company for a period starting from 8 October 2021 to 31 December 2023. Mr. Lai Wing Hong Joseph, the independent non-executive Director has entered into a letter of appointment with the Company for a period of three years starting from 16 September 2020. The independent non-executive Directors are subject to retirement by rotation and re-election in accordance with the Bye-laws. Such appointment is subject to termination by either party giving not less than one month's prior written notice to the other.

None of the Directors being proposed for re-election of the forthcoming AGM has any service contract with the Company or of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save for (i) the disclosure under related party transactions which is set out in note 28 to the consolidated financial statements; and (ii) the disclosures under the section headed "Continuing Connected Transactions" in this report, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or an entity connected with a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 December 2021, 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 associated corporations, within the meaning of Part XV 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

Name of Directors	Personal Interests (Shares)	Trust Interests (Shares)	Beneficiary of a trust Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	Percentage to the issued share capital of the Company (%)
Mr. Lau Chuk Kin (Note 1)	9, 803,278	Nil	Nil	313,048,997	322,852,275	64.74
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	2,903,967	2,903,967	0.58

Notes:

1. Mr. Lau Chuk Kin ("Mr. Lau") is deemed to be interested in 322,852,275 Shares through his personal interests and corporate interests. Of 313,048,997 corporate interests, 296,396,954 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 an indirect wholly-owned subsidiary of 1010 Group Limited ("1010 Group") and 1010 Group is a 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 10.22% 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.

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

3. Mr. Young is deemed to be interested in 2,903,967 Shares through Clapsy Pty Ltd, a company owned as to 50.00% and 50.00% by Mr. Young and his wife Mrs. Lorraine Young.

(b) Long Position in the shares of Lion Rock

Name of Director	Personal Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	Percentage to the issued share capital of Lion Rock (%)
Mr. Lau Chuk Kin (Note)	78,701,906	266,432,717	345,134,623	44.82

Note:

Of 266,432,717 shares of Lion Rock which Mr. Lau is deemed to be interested in, 258,135,326 shares and 8,297,391 shares are beneficially owned by City Apex and ER2 Holdings respectively. As at 31 December 2021, 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 SFO.

(c) Shares award of Lion Rock during the year

	Number of shares				
Name of Director	Outstanding at 1.1.2021	Granted during the year	Vested during the year	Cancelled/ lapsed during the year	Outstanding at 31.12.2021
Mr. Lau Chuk Kin	200,000	–	–	–	200,000
Mr. Richard Francis Celarc	200,000	–	–	–	200,000
Ms. Tang Tsz Ying	1,288,000	–	–	–	1,288,000

Save as disclosed above, as at 31 December 2021, to the best knowledge of the Company, none of the Directors or chief executive of the Company had or was deemed to have any interests or 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 Part XV of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

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

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year and at the end of the year 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 executive 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.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2021, 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 shareholders	Nature of interest Beneficial Owner (Shares)	Interest in controlled corporation (Shares)	Total Interests (Shares)	Percentage to the issued share capital of the Company (%)
ER2 Holdings (Note)	518,586	312,530,411	313,048,997	62.78
City Apex (Note)	16,133,457	296,396,954	312,530,411	62.67
Lion Rock (Note)	Nil	296,396,954	296,396,954	59.44
1010 Group (Note)	Nil	296,396,954	296,396,954	59.44
Bookbuilders BVI (Note)	296,396,954	Nil	296,396,954	59.44

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 10.22% 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 31 December 2021, 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.

MAJOR SUPPLIERS AND CUSTOMERS

The top five suppliers in aggregate and the single largest supplier of the Group accounted for approximately 55% and 25%, respectively, of the Group's total purchases for the year ended 31 December 2021.

The top five customers in aggregate and the single largest customer of the Group accounted for approximately 48% and 16%, respectively, of the Group's total sales for the year ended 31 December 2021.

At no time during the year did a Director, a close associate of a Director (within the meaning of the Listing Rules), or a shareholder of the Company, which to the knowledge of the Directors owns more than 5% of the Company's share capital, have any interest in the Group's five largest suppliers and five largest customers.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws and there was no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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.

COMPETING INTERESTS

Mr. Celarc is a director and a shareholder holding 100% of the issued share capital of Ligare Limited ("Ligare (NZ)"), a company principally engaged in the printing of quick turnaround time education books in New Zealand. In view of the difference between the Group and Ligare (NZ) in terms of geographical markets, types and range of printing services offered, target customers and operating scale, the Directors consider that there was no actual competing business between the Group and Ligare (NZ) during the year. Moreover, during the year, the Company adopted the following corporate governance measures to manage the potential conflict of interests arising from Mr. Celarc's interests in Ligare (NZ) and to protect the interests of the Company:

(a) the executive Directors (including Mr. Celarc) have given certain non-competition undertakings in their respective service contract with the Group, which provides that, inter alia, subject to the conditions and terms contained therein, each of them shall not carry on or be concerned or interested, directly or indirectly, in any capacity in any business which is in competition with the Group, nor become a holder of five percent (5.0%) or more of the issued shares or debentures of any company listed on any recognised stock exchange;

(b) Mr. Celarc confirmed to the Board that Ligare (NZ) did not engage in any business during the year which would compete with that of the Group; and

(c) the independent non-executive Directors reviewed the competing interests held by Mr. Celarc and considered that the possibility of Ligare (NZ) competing with the Group is remote.

Save as disclosed above, none of the Directors or any of their respective associates (as defined in the Listing Rules) has any business or interest that competes or may compete with the business of the Group.

CONTINUING CONNECTED TRANSACTIONS

Non-exempt continuing connected transactions

The Group entered into certain transactions which constituted non-exempt continuing connected transactions of the Company and were subject to announcement, disclosure and annual review and reporting requirements but were exempt from circular (including independent financial advice and shareholders' approval requirements) pursuant to Chapter 14A of the Listing Rules. Brief particular of such transaction is listed below:

Lease of premises from D.M.R.A. Property

On 17 August 2018, Ligare (an indirect wholly-owned subsidiary of the Company) and D.M.R.A. Property (a company wholly-owned by Mr. Celarc, the Chairman and executive Director) entered into a tenancy agreement (the "Lease") with a term commencing from 1 October 2018 and ended on 31 December 2020 in respect of the lease of two properties situated at 138-152 Bonds Road and 23-25 Skinner Avenue respectively in Riverwood, NSW, Australia (the "Premises"). Pursuant to the agreement of the Lease, the initial yearly rent of the Lease was HK$3,747,975 (equivalent to AUD727,409) in aggregate plus outgoings and such rent would be reviewed with reference to the consumer price index of Australia on 1 January in each of 2019 and 2020. On 31 December 2020, the Company renewed the terms of the Lease for a term commencing from 1 January 2021 and ended on 31 December 2021 and the yearly rent of the Lease was reviewed in accordance to the aforesaid terms of the agreement as HK$4,146,231 (equivalent to AUD727,409) in aggregate and the Company was responsible for payment of outgoings. The actual aggregate yearly rent paid by Ligare to D.M.R.A. Property during the year ended 31 December 2021 was HK$4,178,964 (equivalent to AUD727,409) which was in line with the renewed Lease.

On 31 December 2021, the Company entered into another lease agreement with D.M.R.A. Property, where the Company will continue to lease the Premises from D.M.R.A. Property for a term commencing from 1 January 2022 and ending on 31 December 2022. The rental will be aggregated HK$4,073,490 (equivalent to AUD727,409) and the Company will be responsible for the payment of outgoings.

The independent non-executive Directors have reviewed the continuing connected transactions above and confirmed that these transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

BDO Limited, the Company's auditor, was engaged to report on the Group's continuing connected transactions above in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company has received an unqualified letter from BDO Limited containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

Fully-exempt continuing connected transactions

1. *Ad-hoc printing services provide to Lion Rock*

   During the year ended 31 December 2021, the Company provided ad-hoc printing services to Lion Rock. The service fees for the printing services paid by Lion Rock were determined from time to time by the parties on arm's length basis and normal commercial terms and with reference to, among other things, the raw materials cost, quantity, labour cost, production cost, credit terms and terms of delivery, with the mark-up margin to be determined by considering the Group's production schedule, seasonality factor and complexity. There was no annual cap under this ad-hoc printing services and the actual aggregate fees paid by Lion Rock to the Group amounted to HK$234,371 (equivalent to AUD40,507).

2. *Sub-contracting works to Lion Rock*

   During the year ended 31 December 2021, the Company engaged Lion Rock as a sub-contractor for certain large volume of orders. The fees paid to sub-contractor were determined from time to time by the parties on arm's length basis and normal commercial terms and with reference to, among other things, the raw materials cost, quantity, labour cost, production cost, credit terms and terms of delivery, our production schedule, seasonality factor and complexity. There was no annual cap under this subcontracting arrangement and the actual aggregate fees paid to Lion Rock from the Group amounted to HK$2,000,722 (equivalent to AUD343,625).

3. *Framework agreement with Inscope Media Pty Limited ("Inscope Media")*

   On 16 August 2018, the Company and Inscope Media (a company wholly-owned by Mr. Douglas Stephen Convoy who is the son-in-law of Mr. Celarc) entered into a framework service agreement (the "Framework Agreement"), pursuant to which the Group agreed to provide printing services to Inscope Media for a term commencing from the Listing Date to 31 December 2020. The service fees for the printing services to be paid by Inscope Media will be determined from time to time by the parties on arm's length basis and normal commercial terms and with reference to, among other things, the raw materials cost, quantity, labour cost, production cost, credit terms and terms of delivery, and determine the mark-up margin by considering the Group's production schedule, seasonality factor and complexity.

   On 30 December 2020, the Company and Inscope Media entered into a renewal agreement in regards to the Framework Agreement aforesaid terms to continue to provide printing service to Inscope Media for a term commencing from 1 January 2021 and ended on 31 December 2021 with an annual cap of HK$2,642,000 (equivalent to AUD450,000). For the year ended 31 December 2021, the actual aggregate fees paid by Inscope Media to the Group amounted to HK$1,440,723 (equivalent to AUD250,660), which was within the annual cap set under the Framework Agreement.

4. *Consultancy fees paid to Mr. Celarc.*

   During the year ended 31 December 2021, the Company entered into a consultancy arrangement with Angrich Pty Limited ("Angrich"), a company wholly-owned by Mr. Celarc. There was no annual cap under this consultancy arrangement and the actual aggregate fees paid to Angrich from the Group amounted to HK$1,149,000 (equivalent to AUD200,000).

   As all relevant applicable percentage ratios exceed 0.1% but less than 5% and the amount are less than HK$3,000,000, these transactions are fully exempted from compliance with the requirements of reporting, annual review, announcement, and approval by independent shareholders under Chapter 14A of the Listing Rules.

Save as disclosed in this section, there were no other related party transactions during the year as disclosed in note 28 to the consolidated financial statements in this annual report, which would have otherwise been constituted connected or continuing connected transactions (as the case may be) under Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that during the year and up to the date of this annual report, the Company has maintained a sufficient public float of at least 25% of the issue Shares of the Company as required under the Listing Rules.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to its shareholders by reason of their holding of the Shares. If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 27 to 42 of this annual report.

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. Particulars of Directors' remuneration and the five highest paid employees' emolument are set out in note 9 to the consolidated financial statements in this annual report.

The principal elements of the Directors' remuneration package include basic salary and discretionary bonus and other benefits in kind, including contributions to their pension scheme. The emoluments of the Directors are based on each Director's experience, responsibility, performance and the time devoted to the Group's business and are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

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.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision as defined in the Hong Kong Companies Ordinance for the benefit of the Directors is currently in force and was in force throughout the reporting year. The Company has maintained directors' liabilities insurance which provides appropriate cover for the Directors.

Pursuant to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties.

AUDITOR

A resolution will be proposed at the forthcoming AGM to re-appoint BDO Limited as the auditor of the Company.

On behalf of the Board

Richard Francis Celarc
Chairman
Sydney, 23 March 2022

CORPORATE GOVERNANCE REPORT

The Group has adopted practices which meet the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Listing Rules on the Hong Kong Stock Exchange. This report describes the Company's corporate governance practices and explains the applications of the principles and code provisions of the Code and deviations, if any.

Throughout the year ended 31 December 2021, the Company has complied with all applicable principles and code provisions as set out in the Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard as set out in the Model Code regarding securities transactions by the directors throughout the year ended 31 December 2021.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for leading and monitoring of the Group's overall strategies and policies; approval of business plans, evaluating the performance of the Group and oversight of management. It is also responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs.

The Board focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

The Board delegates day-to-day operations of the Group to the executive Directors and senior management, while reserving certain key matters for its approval. Decisions of the Board are communicated to the management through the executive Directors who have attended Board meetings.

The Company has arranged for appropriate liability insurance for the Directors and officers of the Group to indemnify them from liabilities arising from any corporate activities.

All Directors have been provided, on a monthly basis, with updates on the Group's management information in order to ensure they are aware of the Group's affairs and which facilitates them in discharging their duties under the relevant requirements of the Listing Rules.

Board Nomination Policy and Diversity Policy

The Board has adopted a board diversity policy (the "Board Diversity Policy") and a board nomination policy (the "Board Nomination Policy") respectively to enhance board effectiveness and performance.

The Company recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee assists the Board in making recommendations in respect of the appointment of any proposed candidate to the Board or re-appointment of any existing members of the Board in accordance to the Board Nomination Policy. The Nomination Committee shall consider a wide range of factors when assessing the suitability of a proposed candidate which include, among other things, (i) the reputation for integrity; (ii) the accomplishments, experience and reputation in the printing industry and/or other relevant sectors; (iii) the commitment in providing sufficient time, interest and attention to the Company's business; (iv) the diversity aspects stipulated in the Board Diversity Policy; (v) the ability to assist and support management and make significant contributions to the Company's success; (vi) the compliance with the criteria of independence as prescribed under the Listing Rules for the appointment of an independent non-executive directors and (vii) other factors that the Nomination Committee or the Board may consider relevant and applicable from time to time.

The Nomination Committee will conduct a review of the Board Nomination Policy and the Board Diversity Policy, as appropriate. The Nomination Committee will also adhere to the Board Nomination Policy and Board Diversity Policy when making recommendation on any Board members' appointments.

Composition

The Board comprised seven Directors, three of whom are executive Directors, one is a non-executive Director and three are independent non-executive Directors as at 31 December 2021. The participation of independent non-executive Directors in the Board brings independent judgement on issues relating to the Group's strategy, performance, conflicts of interest and management process to ensure that the interests of all shareholders of the Company have been duly considered. The Board has the balance of skills, experience and diversity of perspectives to meet the requirements of the Company's business. The Board composed of Directors who possess rich experience in the printing industry and/or strong financial and accounting expertise. Four of the Directors also hold, or previously held, directorship in other listed companies (apart from in the Company and OPUS) which would bring more varieties of insight to the Board in terms of industry and business development and corporate governance practice.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Mr. Richard Francis Celarc, Mr. Lau Chuk Kin, Ms. Tang Tsz Ying and Mr. Paul Antony Young ("Mr. Young") have each entered into a service contract with the Company for an initial term of three years starting from 28 May 2018 and thereafter continued on a month to month basis. Mr. Young the non-executive Director has renewed his service contract with the Company for a period starting from 28 May 2021 to 31 December 2023. The aforementioned Directors are subject to retirement by rotation and re-election in accordance with the Bye-laws. Such service contract is subject to termination by either party giving not less than three months' prior written notice to the other. Mr. David Ho and Mr. Tsui King Chung David the independent non-executive Directors, have each renewed their service contract with the Company for a period starting from 8 October 2021 to 31 December 2023. Mr. Lai Wing Hong Joseph, the independent non-executive Director has entered into a letter of appointment with the Company for a period of three years starting from 16 September 2020. The independent non-executive Directors are subject to retirement by rotation and re-election in accordance with the Bye-laws. Such appointment is subject to termination by either party giving not less than one month's prior written notice to the other.

In accordance with No. 84 of the Bye-laws, Mr. Richard Francis Celarc, Mr. Paul Antony Young and Mr. Tsui King Chung David will retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

The Board considers that all of the independent non-executive Directors are independent and has received from each of them the annual confirmation of independence required by the Listing Rules.

The Board members for the year ended 31 December 2021 were, unless otherwise stated:

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

The Company held four Board meetings and one annual general meeting ("AGM") in 2021. Details of the attendance record of the each of the Directors are as follows:

	Attended/Held	
Directors	Board meeting	AGM
Mr. Richard Francis Celarc	4/4	1/1
Mr. Lau Chuk Kin	4/4	1/1
Ms. Tang Tsz Ying	4/4	1/1
Mr. Paul Antony Young	4/4	1/1
Mr. David Ho	4/4	1/1
Mr. Tsui King Chung David	4/4	1/1
Mr. Lai Wing Hong Joseph	4/4	1/1

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2021.

The Directors' responsibilities in the preparation of the consolidated financial statements and the auditors' responsibilities are set out in the Independent Auditor's Report contained in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems on an on-going basis. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve the Group's business objectives.

The Group has established an on-going process for identifying, evaluating and managing the significant risks of the Group. Business units are responsible for identifying, assessing and monitoring risks associated with their respective units. The results of evaluation will be reported to management through regular internal meetings.

The Group handles and disseminates inside information with due care. Staff is required to comply with the confidentiality terms inside the staff manual. Only personnel at appropriate levels are given access to price sensitive information.

Appropriate policies and controls have been designed and established to ensure that (i) assets are safeguarded against improper use or disposal; (ii) relevant rules and regulations are adhered to and complied with; and (iii) reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls functions for the year. The Board considers that the Group's risk management and internal control systems are adequate and effective.

The Group does not have an internal audit function due to the size of the Group and for cost effectiveness consideration. Instead, a review on the internal control system is conducted annually by an independent qualified accountant. During the year, the independent qualified accountant conducted an annual review to assess the effectiveness of the Group's risk management and internal control systems. The review covered major financial, operational business cycles and procedures undertaken by the Group on rotation basis and make recommendations for improving and strengthening the system. No significant deficiency was identified during the course of review and the systems were operating effectively and adequately. The internal control report findings and recommendations were discussed with the Audit Committee, who reported the findings to the Board. The Group will continue to review the need for an internal audit function annually.

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Mr. Richard Francis Celarc is the Chairman of the Company. The Chairman's responsibility is to oversee the functioning of the Board and the strategies and policies of the Group.

The Company has no specific individual named as chief executive officer as the daily operation and management of the Company is monitored by the executive Directors collectively with discussion with management of the Company from time to time. The Board believes that this arrangement enables the Company to make decisions, operate and implement follow up actions quickly in response to the changing environment. The Board also believes that the Company has a strong corporate governance structure in place with clear responsibilities to ensure the balance of power and authority so that the power is not concentrated in any one individual.

PROFESSIONAL DEVELOPMENT

Every newly appointed Director has been given induction training so as to ensure that he/she has appropriate understanding of the Group's business and of his/her duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements.

The Company also provides regular updates on the business development of the Group. The Directors are regularly briefed on the latest development regarding the Listing Rules and other applicable statutory and regulatory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, the Company has been encouraging the Directors to enroll in professional development courses and seminars relating to the Listing Rules, companies ordinance and corporate governance practices organised by professional bodies or chambers in Hong Kong. All Directors are requested to provide the Company with their respective training records pursuant to the Code.

The Directors confirmed they had compiled with code provision A.6.5 of the Code in relation to the training of the Directors. During the year, Mr. Richard Francis Celarc, Mr. Lau Chuk Kin, Ms. Tang Tsz Ying, Mr. Paul Antony Young, Mr. David Ho, Mr. Tsui King Chung David and Mr. Lai Wing Hong Joseph have participated in appropriate continuous professional development and refreshed their knowledge and skills for ensuring their contribution to the Board remains informed and relevant. Such professional development was completed either by way of attending briefings, conference, courses, forum and seminars, teaching, self-reading and participated in business-related researches which are relevant to the business or Directors' duties.

CORPORATE GOVERNANCE FUNCTIONS

The Board delegated corporate governance functions to the executive Directors who are responsible for performing the following corporate governance duties:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices are in compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

COMPANY SECRETARY

The company secretary of the Company is Ms. Tang Tsz Ying, a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in Australia. Ms. Tang is also an executive Director and the vice president - finance of the Company. For the detailed biography of Ms. Tang, please refer to the section headed "Directors and Senior Management Profile" in this annual report. The company secretary assists the Board by ensuring good information flow within the Board and that the Board's policies and procedures are followed. Ms. Tang has taken not less than 15 hours of relevant professional training in 2021.

REMUNERATION COMMITTEE

The Remuneration Committee was established in September 2018. It currently comprises one executive Director namely Mr. Lau Chuk Kin and three independent non-executive Directors, namely Mr. David Ho, Mr. Tsui King Chung David and Mr. Lai Wing Hong Joseph. The chairman of the Remuneration Committee is Mr. Tsui King Chung David.

The terms of reference of the Remuneration Committee are posted on the Company's website at www.leftfieldprinting.com. The principal functions include:

– to make recommendations to the Board on the Group's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

– to determine the specific remuneration packages of all Directors and senior management; and

– to review and approve the management's remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The remuneration committee is responsible for making recommendations to the Board on remuneration packages for individual executive Director and senior management. The principal elements of the executive Directors' remuneration package include basic salary and discretionary bonus and other benefits in kind, including the contribution to the pension scheme. The emoluments of executive Directors are based on each Director's experience, responsibility, performance and the time devoted to the Group's business and are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

The Remuneration Committee consults the executive Directors about its proposals relating to the remuneration of other executive Directors.

The Remuneration Committee has held one meeting in 2021. Details of the attendance record of the committee meeting are as follows:

Members of the Remuneration Committee	Attended/Held
Mr. Lau Chuk Kin	1/1
Mr. David Ho	1/1
Mr. Tsui King Chung David	1/1
Mr. Lai Wing Hong Joseph	1/1

The meeting was held to review the remuneration policy and structure, assess the performance and determine the annual remuneration packages of the executive Directors and the senior management and other related matters.

Pursuant to paragraph B.1.5 of the Code, the remuneration of the members of the senior management paid by the Group by band for the year ended 31 December 2021 is set out below:

Remuneration band	Number of individuals
Nil to HK$1,000,000	5
HK$1,000,001 – HK$1,500,000	Nil
HK$1,500,001 – HK$2,000,000	Nil

NOMINATION COMMITTEE

The Nomination Committee of the Company was established in September 2018. It currently comprises one executive Director namely Mr. Richard Francis Celarc and three independent non-executive Directors namely Mr. David Ho, Mr. Tsui King Chung David and Mr. Lai Wing Hong Joseph. The chairman of the Nomination Committee is Mr. Richard Francis Celarc.

The terms of reference of the Nomination committee are posted on the Company's website at www.leftfieldprinting.com. The roles and functions of the Nomination Committee include reviewing the structure, size and composition and diversity of the Board, identifying individuals suitably qualified to become Directors, selecting or making recommendations to the Board on nominations, making recommendation to the Board on the appointment or re-appointment of Directors and Board succession, and assessing the independence of the independent non-executive Directors.

The Nomination Committee held one meeting in 2021. Details of the attendance record of the committee meeting are as follows:

Members of the Nomination Committee	Attended/Held
Mr. Richard Francis Celarc	1/1
Mr. David Ho	1/1
Mr. Tsui King Chung David	1/1
Mr. Lai Wing Hong Joseph	1/1

The meeting was held to review the structure, size and composition of the Board and the Board Nomination Policy, assess the independence of the independent non-executive Directors; and recommended to the Board for consideration of retirement and re-election of Directors.

AUDIT COMMITTEE

The Audit Committee was established in September 2018. It currently comprises one non-executive Director namely Mr. Paul Antony Young and three independent non-executive Directors, namely Mr. David Ho, Mr. Tsui King Chung David and Mr. Lai Wing Hong Joseph. The chairman of the Audit Committee is Mr. David Ho.

The terms of reference of the Audit Committee are posted on the Company's website at www.leftfieldprinting.com. Under the terms of reference, the Audit Committee is responsible for overseeing the relationship between the Company and its external auditor, reviewing the Group's financial information and overseeing the Group's financial reporting, internal control and risk management systems. The Audit Committee is to, among other things, (i) be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditor; (ii) to review the financial statements and reports and consider any significant or unusual items contained in them; and (iii) to review the effectiveness of the Company's financial reporting system, internal control systems and associated procedures.

The Audit Committee has held three meetings in 2021. Details of the attendance record of the committee meeting are as follows:

Members of the Audit Committee	Attended/Held
Mr. Paul Antony Young	3/3
Mr. David Ho	3/3
Mr. Tsui King Chung David	3/3
Mr. Lai Wing Hong Joseph	3/3

During the year, the Audit Committee met with the senior management of the Company to review the Group's draft annual report and accounts, draft interim report, risk management and internal control system (including the review of internal control report and circulars), and provided advice and comments thereon to the Board. The Audit Committee also met with the external auditor to discuss matters arising from the audit and the nature and scope of the audit and reporting obligations before the audit commenced.

The Group's 2021 interim report and 2020 annual report have been reviewed by the Audit Committee, which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. For the 2020 annual report, the Audit Committee met with the external auditor to discuss auditing, internal control, statutory compliance and financial reporting matters before recommending it to the Board for approval. The Audit Committee also monitored the Company's progress in implementing the code provisions on corporate governance practices as required under the Listing Rules.

AUDITOR'S REMUNERATION

The fees in relation to services provided by the Company's auditor and its related network firms for the year ended 31 December 2021 were as follows:

	HK$'000
Audit and review of financial reports -	
BDO Limited, Hong Kong	200
Other BDO network firms	406
	606
Other non-audit services*	
BDO Limited, Hong Kong	30
	636

* Other non-audit services were mainly related to the review of the non-exempted continuing connected transactions of the Company.

DIVIDEND POLICY

The Company has adopted a dividend policy. In deciding whether to propose a dividend and determining the dividend amount, the Board shall take into account, inter alia, the following factors:

– the Group's actual and expected financial results;

– the Group's working capital requirements, capital expenditure requirements and future expansion plans;

– the Group's liquidity position;

– the financial covenants to which the Group is subject and any restrictions on the payment of dividends that may be imposed by the Group's lenders;

– the general economic and political conditions and other external factors that may have an impact on the future business and financial performance of the Group; and

– any other factors that the Board may consider relevant.

The payment of dividend is also subject to the compliance with applicable laws and regulations, including the laws of Bermuda and the Bye-laws.

The Board shall review the dividend policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

COMMUNICATION WITH SHAREHOLDERS

The Company adopted a Shareholders' Communication Policy in October 2018 reflecting mostly the current practices of the Company for communication with its Shareholders. Information will be communicated to Shareholders through:

– continuous disclosure to the Hong Kong Stock Exchange of all material information;

– periodic disclosure through the annual and interim reports;

– notices of meetings and explanatory material;

– the annual general meetings and other general meetings; and

– the Company's website at www.leftfieldprinting.com.

The Board endeavours to maintain an on-going dialogue with the Shareholders and in particular, use annual general meetings or other general meetings to communicate with the Shareholders and encourage their participation. The Chairman of the Board attended the AGM held on 12 May 2021 to answer questions and collect views of the Shareholders. The external auditor also attended the AGM to answer questions of the Shareholders.

SHAREHOLDERS' RIGHTS

(i) Procedures for members to convene a special general meeting ("SGM")

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office in Bermuda and its principal place of business in Hong Kong, for the attention of the company secretary, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit of requisition, the Board fails to proceed to convene such meeting, the Shareholders concerned themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act, but any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

The written requisition must state the purposes of the general meeting, signed by the Shareholders concerned and may consist of several documents in like form, each signed by one or more of those Shareholders.

If the requisition is in order, the company secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered Shareholders. On the contrary, if the requisition is invalid, the Shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

The notice period to be given to all the registered Shareholders for consideration of the proposal raised by the Shareholders concerned at a SGM is at least fourteen clear days and not less than ten clear business days, or shorter if permitted by the Listing Rules.

(ii) Procedures for a member to propose a person for election as a Director

Regarding the procedures for proposing a person for election as a Director, please refer to the procedures made available under the Corporate Governance section of the Company's website at www.leftfieldprinting.com.

(iii) Procedures for directing Shareholders' enquires to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the principal place of business of the Company in Hong Kong or by e-mail to investor@leftfieldprinting.com for the attention of the company secretary.

(iv) Procedures for putting forward proposals at a general meeting

Shareholders holding (i) not less than one-twentieth of the total voting rights of all Shareholders having the right to vote at the general meeting of the Company; or (ii) not less than 100 Shareholders, can submit a written request stating the resolution intended to be moved at the AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting. The written request/statements must be signed by the Shareholders concern and deposited at the Company's registered office in Bermuda and its principal place of business in Hong Kong for the attention of the company secretary of the Company, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

If the written request is in order, the company secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the Shareholders concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the Shareholders concerned in accordance with the statutory requirements to all the registered Shareholders. On the contrary, if the requisition is invalid or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Shareholders concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

INDEPENDENT AUDITOR'S REPORT

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF LEFT FIELD PRINTING GROUP LIMITED
澳獅環球集團有限公司
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Left Field Printing Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 48 to 106, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Valuation of inventories

Refer to note 16 and the Group's significant accounting policies and critical accounting estimates and judgements in relation to valuation of inventories set out in note 2.8 and note 4(iv) to the consolidated financial statements, respectively.

As at 31 December 2021, the Group had inventories of HK$47,647,000.

Valuation of inventories is a key audit matter due to the size of the balance and the degree of estimation and judgement required to be made by the Group in determining the provision for obsolescence.

Our response

To determine whether the valuation of inventories was appropriate at reporting date we performed, amongst others, the following audit procedures:

- Assessed the Group's accounting policy for the valuation of inventories and provisioning against inventory obsolescence to ensure it has been appropriately formulated in accordance with International Financial Reporting Standards;

- Attended and observed management's inventory count procedures by a component auditor to review the condition of the Group's inventories and identify slow moving, excess and obsolete inventories;

- Assessed the reasonableness of judgement applied by the Group in determining the provision for obsolescence with reference to recent sales experience and ageing of inventories on hand at year-end;

- Checked raw materials purchased for the year to purchase invoices on a sample basis and assessed the reasonableness of the absorption method of production overheads to work-in-progress and finished goods on hand at year-end;

- Checked the subsequent sales invoices on a sample basis and compared inventories' carrying amounts to their net realisable value; and

- Analysed inventories turnover days by inventories' category in comparison to the previous year.

INDEPENDENT AUDITOR'S REPORT

Impairment of trade receivables

Refer to note 17 and the Group's significant accounting policies and critical accounting estimates and judgements in relation to valuation of trade receivables set out in note 2.7 and note 4(iii) to the consolidated financial statements, respectively.

As at 31 December 2021, the Group had trade receivables of HK$63,642,000.

Impairment of trade receivables is a key audit matter due to the size of the balance and the degree of estimation and judgement required to be made by the Group in determining the impairment of trade receivables.

Our response

To determine whether impairment of trade receivables was appropriate at reporting date we performed, amongst others, the following audit procedures:

– Obtained an understanding of the Group's credit policies and evaluated the Group's policy for estimating impairment with reference to the requirements of the prevailing accounting standard;

– Checked, on a sample basis, whether items in the trade receivables ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant sales invoices; and

– Reviewed management's assessment on impairment and considered whether it has been recognised in accordance with International Financial Reporting Standards.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Au Yiu Kwan
Practising Certificate Number P05018

Hong Kong, 23 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	Year ended 31 December 2021	2020
		HK$'000	HK$'000
Revenue	6	387,267	329,947
Direct operating costs		(309,745)	(281,402)
Gross profit		77,522	48,545
Other income	6	6,215	45,926
Selling and distribution costs		(26,649)	(23,458)
Administrative expenses		(28,741)	(28,785)
Finance costs	7	(1,482)	(1,549)
Profit before income tax	8	26,865	40,679
Income tax expense	10	(8,514)	(12,621)
Profit for the year		18,351	28,058
Other comprehensive (expense)/income:			
Item that will not be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of 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	12	HK3.68 cents	HK5.57 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	As at 31 December 2021	2020
		HK$'000	HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	31,133	41,171
Right-of-use assets	15	24,154	32,670
Deferred tax assets	13	13,831	16,223
Deposits for acquisition of property, plant and equipment		427	681
		69,545	90,745
Current assets			
Inventories	16	47,647	45,358
Trade receivables	17	63,642	72,511
Other receivables, deposits and prepayments	18	5,382	11,342
Current tax recoverable		4,217	–
Cash and cash equivalents	19	169,884	174,752
		290,772	303,963
Current liabilities			
Trade and other payables	20	28,918	33,670
Lease liabilities	21	10,535	11,693
Provisions	22	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	21	15,024	22,470
Provisions	22	1,504	4,398
Deferred tax liabilities	13	5,905	5,638
		22,433	32,506
Net assets		273,120	295,052
EQUITY			
Share capital	23	4,987	4,987
Reserves	24	268,133	290,065
Total equity		273,120	295,052

On behalf of the directors

Richard Francis Celarc
Director

Lau Chuk Kin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	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 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 11)	–	–	–	–	–	14,960	(14,960)	–
Transactions with owners in their capacity as owners								
Shares repurchased (note 23)	(82)	(3,210)	–	–	–	–	–	(3,292)
Transaction costs associated with shares repurchased	–	(22)	–	–	–	–	–	(22)
Dividends (note 11)	–	–	–	–	–	(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

	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 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 11)	–	–	–	–	–	14,960	(14,960)	–
Transactions with owners in their capacity as owners								
Dividends (note 11)	–	–	–	–	–	(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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	Year ended 31 December 2021	2020
		HK$'000	HK$'000
Cash flows from operating activities			
Profit before income tax		26,865	40,679
Adjustments for:			
Interest income	6	(347)	(602)
Finance costs	7	1,482	1,549
Depreciation of property, plant and equipment	14	10,803	10,767
Amortisation of right-of-use assets	15	11,617	11,014
Provision for/(reversal of) impairment of trade receivables, net	8	9	(249)
Bad debt written-off	8	–	199
(Write back)/provision for impairment of inventories		(1,280)	448
Gain on disposals of property, plant and equipment	8	–	(158)
Net cash inflow generated from operating activities		49,149	63,647
Decrease/(Increase) in trade and other receivables		10,731	(26,380)
(Increase)/Decrease in inventories		(3,557)	7,563
(Decrease)/Increase in trade and other payables		(3,071)	1,819
Increase/(Decrease) in provisions		2,064	(26)
Cash generated from operations		55,316	46,623
Income taxes paid, net		(10,737)	(15,289)
Interest received		347	602
Net cash generated from operating activities		44,926	31,936
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(1,977)	(4,178)
Deposits for acquisition of property, plant and equipment		(427)	(620)
Proceeds from disposals of property, plant and equipment		–	162
Withdrawal of pledged deposit		–	5,646
Net cash (used in)/generated from investing activities		(2,404)	1,010
Cash flows from financing activities			
Dividends paid		(24,934)	(25,345)
Payments of principal portion of lease liabilities		(11,622)	(10,574)
Interest paid on lease liabilities		(1,431)	(1,499)
Payment on repurchase of shares	23	–	(3,314)
Net cash used in financing activities		(37,987)	(40,732)
Net increase/(decrease) in cash and cash equivalents		4,535	(7,786)
Cash and cash equivalents at 1 January		174,752	163,370
Net effect of exchange rate changes		(9,403)	19,168
Cash and cash equivalents at 31 December		169,884	174,752
Analysis of cash and cash equivalents			
Cash and bank balances	19	169,884	174,752

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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. Details of the activities of its principal subsidiaries are set out in note 29 to the consolidated financial statements. 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 for the year ended 31 December 2021 were approved for issue by the board of directors of the Company on 23 March 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements on pages 48 to 106 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.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented. The adoption of new or amended IFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared under historical cost convention. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant events

The World Health Organisation declared coronavirus disease ("COVID -19") constitutes a global health emergency on 30 January 2020. Since then, the Group has experienced significant disruption to its operations in the following respects:

– decreased demand for printing solutions and services as a consequence of soft demand; and

– significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for the Group's primary products.

The significant events and transactions that have occurred since 1 January 2021 relate to the effects of the global COVID -19 pandemic on the Group's consolidated financial statements for the year ended 31 December 2021 and are summarised as follows.

(a) Weak sales demand

In the light 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. The increase in sales during the year 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. There was no other indication that the cash generating unit ("CGU"), i.e. printing solutions and services in Australia, may be impaired. Therefore, the CGU was continuously stated at its carrying amount at the reporting date.

(b) Government subsidies

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income from government grants as a result of the COVID -19 pandemic is recognised in other income. Due to the impact of COVID -19, the Group received government assistances of HK$2,234,000 (2020: HK$40,918,000) through the Australian Federal government JobKeeper program and the Hong Kong Special Administrative Region government Employment Support Scheme. Government grant income is only recognised as a receivable when there is reasonable assurance that the Group will comply with all the conditions relating to the eligibility requirements and the grants will be received. At the year ended, there are no unfilled conditions attached to these grants. The government grants are recognised in the profit or loss in the same period that the related wage costs are recognised as an expense.

(c) Expected credit loss ("ECL")

The Group makes estimates of ECL attributable to trade receivables arising from sales to customers on credit terms, including the incorporation of forward-looking information to supplement historical credit loss rates.

The economic downturn and uncertainties that have arisen as a result of COVID -19 have made these estimates more judgemental, which the Group has taken into account in its determination of applicable ECL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Subsidiaries

A subsidiary is an investee over which the Group is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2.5 Foreign currency translation

The functional currency of the Company is AUD, while the consolidated financial statements are presented in HK$ for the reason stated in note 1.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the reporting date. Income and expenses have been converted into HK$ at the average exchange rates for the month of the transactions, unless exchange rates fluctuated significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in foreign currency translation reserve in equity.

2.6 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment (Continued)

Freehold land in Australia is not depreciated. Depreciation on other property, plant and equipment is provided to write-off their costs to their estimated residual value, over their estimated useful lives, using straight-line method, as the following:

Buildings	7-25 years
Leasehold improvements	The shorter of the lease or 7-25 years
Plant and equipment	2-20 years
Office furniture and equipment	2-10 years
Motor vehicles	3-8 years
Computer equipment	1-5 years

The assets' depreciation methods, estimated residual values and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the period in which they are incurred.

2.7 Financial instruments

Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial instruments (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using effective interest rate method. Amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Impairment loss on financial assets

The Group recognises loss allowances for ECL on financial assets including trade receivables, other receivables and deposits and cash and cash equivalents. ECLs are measured on either of the following bases: (1) 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; or (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using IFRS 9 "Financial Instruments" ("IFRS 9") simplified approach and has calculated ECLs based on lifetime ECLs. The Group uses practical expedients when estimating lifetime ECLs on trade receivables, which is calculated using a provision matrix where a fixed provision rate applies depending on the number of days that a trade receivable is outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial instruments (Continued)

Impairment loss on financial assets (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including trade and other payables, using effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Effective interest method

This is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

2.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using weighted average method, and in the case of work-in-progress and finished goods, cost comprises direct materials and, where applicable, direct labour costs and those overhead costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expenses.

When the inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.9 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired, less bank overdrafts which are payable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use unless specified in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Lease

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 "Lease" ("IFRS 16") at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of plant and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Lease (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are amortised on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Lease (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.12 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issue of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.13 Revenue recognition

In according with IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"), revenue from contract with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Revenue recognition (Continued)

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sales of goods

Revenue arising from sales of goods is recognised at a point in time when the goods is transferred and the customer (i.e. publishers) has received the publications, since only by the time the Group has a present right to payment for the goods delivered. There is generally only one performance obligation. Invoices are usually payable within 30 to 90 days.

The Group's contracts with customers from the sale of goods provide customers a volume rebate if the customer purchase more than certain volume of goods in a calendar year. The volume rebates give rise to variable consideration. The Group estimated the expected volume rebates using the most likely amount of rebates approach and as a reduction of revenue as the sales are recognised.

Rendering of services

Revenue arising from provision of printing related services is recognised over time as those services are provided. Invoices for rendering of services are issued on a monthly basis and are usually payable within 30 days.

Other income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

2.15 Employee benefits

(i) Short term obligations

The liabilities for wages and salaries, including annual leave and long service leave expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

A provision is recognised for an amount expected to be paid under short-term cash bonus or profit sharing plans if there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The liabilities of employee benefit obligations are presented as payables in the consolidated statement of financial position.

Obligations for contributions to defined contribution plans are recognised as an expense in consolidated statement of profit or loss and other comprehensive income as they are due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Employee benefits (Continued)

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave which is not expected to be settled within twelve months after the end of the period in which the employees rendered the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have any unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises restructuring costs involving the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to present value.

(iv) Defined contribution superannuation expense

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

2.17 Government grant

Government grant is not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grant is recognised in profit or loss when it became receivable as compensation for expenses already incurred. Specifically, government grant whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) is recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grant that is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs is recognised in profit or loss in the period in which it becomes receivable and is recognised as other income and gains, rather than reducing the related expense.

2.18 Income taxes

Income tax for the year comprises current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Income taxes (Continued)

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax assets and current tax liabilities are presented in net if, any only if, the Group has the legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if, the entity has a legally enforceable right to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either:

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.19 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

2.20 Segment information

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 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 IFRS 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.

3.2 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

3.2 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

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

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.

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the consolidated financial statements requires management to make judgement, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(ii) Estimation of useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(iii) Impairment of receivables

Impairment of receivables assessment requires a degree of estimation and judgement. The policy for impairment of receivables of the Group is based on, where appropriate, the evaluation of risk of default and ECL rates. The Group adopts judgement in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at end of reporting date.

(iv) Impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, ageing of inventories and other factors that affect inventory obsolescence.

(v) Recognition of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognised on the consolidated statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable earnings in future periods, are based on forecasted taxable income.

(vi) Provision for leasehold dilapidations

A provision has been made for the estimated cost of returning the leasehold properties to its original state at the end of the lease in accordance with the lease terms. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the consolidated statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. 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 consolidated statement of profit or loss and other comprehensive income that are revenue from contracts with customer within the scope of IFRS 15.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. SEGMENT INFORMATION (Continued)

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

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

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

	2021	2020
	HK$'000	HK$'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. SEGMENT INFORMATION (Continued)

(e) Segment information

	Printing solutions and services	Corporate*	Total
	HK$'000	HK$'000	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. 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 5 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	2020
	HK$'000	HK$'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	2020
	HK$'000	HK$'000
Contract liabilities (note 20)	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. REVENUE, OTHER INCOME AND GAINS (Continued)

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

	2021	2020
	HK$'000	HK$'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 3.1, 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 in total lease liabilities during the year (2020: HK$601,000).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

7. FINANCE COSTS

	2021	2020
	HK$'000	HK$'000
Interest on lease liabilities	1,431	1,499
Other interest expenses	51	50
	1,482	1,549

8. PROFIT BEFORE INCOME TAX

	2021	2020
	HK$'000	HK$'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 14 and note (ii) below)	10,803	10,767
Amortisation of right-of-use assets (note 15 and note (iii) below)	11,617	11,014
Provision for impairment of inventories (note 16)	–	448
Provision for/(reversal of) impairment of trade receivables, net	9	(249)
Exchange (gain)/loss, net	(227)	33
Gain on disposals of property, plant and equipment	–	(158)
Interest on lease liabilities (note 7)	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' remunerations have been included in direct operating costs, selling and distribution costs and administrative expenses respectively.

(v) A subsidiary, OPUS Group Pty. Ltd. (formerly known as OPUS Group Limited) ("OPUS") and its controlled entities contribute to a number of superannuation funds. These funds provide benefits on a cash accumulation basis for employees or their dependents on resignation, retirement, total and permanent disablement or death. Benefits are based on the contributions and net income thereon held by the funds on behalf of their members. The level of these benefits varies according to the fund to which the employee belongs. The Group contributions to all superannuation funds are legally enforceable. Contributions may be made by the member in addition to the Group contributions, as specified by the rules of the fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' emoluments

The aggregate amounts of the emoluments paid or payable to the directors are as follows:

	Fee	Salaries, allowances and benefits in kind	Post-employment benefits	Long-term benefits	Total
	HK$'000	HK$'000	HK$'000	HK$000	HK$'000
2021					
Executive directors					
Mr. Richard Francis Celarc	–	–	–	–	–
Mr. Lau Chuk Kin	–	–	–	–	–
Ms. Tang Tsz Ying	–	648	81	–	729
Non-executive director					
Mr. Paul Antony Young	–	366	36	–	402
Independent non-executive directors					
Mr. David Ho	210	–	–	–	210
Mr. Lai Wing Hong Joseph	210	–	–	–	210
Mr. Tsui King Chung David	210	–	–	–	210
	630	1,014	117	–	1,761
2020					
Executive directors					
Mr. Richard Francis Celarc	–	125	12	–	137
Mr. Lau Chuk Kin	–	–	–	–	–
Ms. Tang Tsz Ying	–	773	86	–	859
Non-executive director					
Mr. Paul Antony Young	–	340	32	–	372
Independent non-executive directors					
Mr. Chan David Yik Keung (resigned on 16 September 2020)	149	–	–	–	149
Mr. David Ho	210	–	–	–	210
Mr. Lai Wing Hong Joseph (appointed on 16 September 2020)	61	–	–	–	61
Mr. Tsui King Chung David	210	–	–	–	210
	630	1,238	130	–	1,998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (Continued)

(a) Directors' emoluments (Continued)

During each of the two years ended 31 December 2021 and 2020, none of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included one (2020: one) director whose emoluments is reflected in the analysis presented above. Emoluments payable to the four (2020: four) individuals during the year are as follows:

	2021	2020
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	2,844	2,556
Post-employment benefits	242	223
	3,086	2,779

Emolument paid or payables to each of the above non-director individuals for the year fell within the following band:

	2021	2020
	Number of individuals	Number of individuals
Nil to HK$1,000,000	4	4

In 2021 and 2020, no emoluments were paid by the Group to any of the five highest paid individuals as compensation for loss of office or as an inducement to join or upon joining the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. INCOME TAX EXPENSE

(a) Income tax

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021	2020
	HK$'000	HK$'000
Current tax expense – Australia	6,334	10,902
Deferred tax (note 13)	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.

(b) Reconciliation of income tax expense

Reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

	2021	2020
	HK$'000	HK$'000
Profit before income tax	26,865	40,679
Income tax using the Group's domestic tax rate (30%)	8,060	12,204
Tax rate difference in overseas entities	217	144
Tax effect of non-assessable income	(61)	(334)
Tax effect of non-deductible expenses	28	450
Tax effect of tax losses not recognised	270	205
Over provision in prior years	–	(48)
Total income tax expense	8,514	12,621

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. INCOME TAX EXPENSE (Continued)

(c) Tax losses

	2021	2020
	HK$'000	HK$'000
Unused tax losses for which no deferred tax asset has been recognised	6,195	4,555

The Group has capital losses, for which no deferred tax asset is recognised in the consolidated statement of financial position, of HK$41,911,000 (2020: HK$44,248,000) as at 31 December 2021. These are available indefinitely for offset against future capital gains, subject to relevant tax tests.

11. DIVIDENDS

	2021	2020
	HK$'000	HK$'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.

12. 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

13. DEFERRED TAX BALANCES

(a) Deferred tax assets

Details of the deferred tax assets movement during the current and prior years are as follows:

	Plant and equipment	Employee benefits	Provision for leasehold dilapidations	Provision for impairment of inventories	Capital raising cost	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2020	1,031	6,433	709	1,416	6,384	687	16,660
Credited/(Charged) to profit or loss	(354)	(8)	15	121	(2,127)	475	(1,878)
Exchange differences	66	625	70	148	413	119	1,441
At 31 December 2020 and 1 January 2021	743	7,050	794	1,685	4,670	1,281	16,223
Credited/(Charged) to profit or loss	616	622	16	(376)	(2,296)	(175)	(1,593)
Exchange differences	(62)	(396)	(43)	(75)	(162)	(61)	(799)
At 31 December 2021	1,297	7,276	767	1,234	2,212	1,045	13,831

Recognition of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognised in the consolidated statement of financial position. Deferred tax assets require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise the recognised deferred tax assets. Estimates of future taxable earnings in future periods, are based on forecasted taxable income.

At 31 December 2021, the Group has not recognised a deferred tax asset of HK$1,022,000 (2020: HK$695,000) in respect of tax losses due to the unpredictable future profit streams against which the tax losses can be utilised amount. All tax losses had no expiry dates under the current tax legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

13. DEFERRED TAX BALANCES (Continued)

(b) Deferred tax liabilities

Details of deferred tax liabilities movement during the current and prior years are as follows:

	Plant and equipment	Inventories	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2020	193	1,535	3,521	5,249
Charged/(Credited) to profit or loss	164	(196)	(79)	(111)
Exchange differences	36	130	334	500
At 31 December 2020 and 1 January 2021	393	1,469	3,776	5,638
Charged/(Credited) to profit or loss	115	504	(32)	587
Exchange differences	(25)	(96)	(199)	(320)
At 31 December 2021	483	1,877	3,545	5,905

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment	Office furniture and equipment	Motor vehicles	Leasehold improvements	Computer equipment	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. RIGHT-OF-USE ASSETS

	Leased properties	Plant and equipment	Total
	HK$'000	HK$'000	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 and 1 January 2021			
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

	2021	2020
	HK$'000	HK$'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 commitment for short-term leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. RIGHT-OF-USE ASSETS (Continued)

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 (2020: HK$12,408,000).

Details of the lease maturity analysis of lease liabilities are set out in notes 21 and 31(d).

16. INVENTORIES

	2021	2020
	HK$'000	HK$'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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

17. TRADE RECEIVABLES

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

Movement in the provision for impairment loss on trade receivables is as follows:

	2021	2020
	HK$'000	HK$'000
Balance at the beginning of the year	111	366
Impairment losses recognised	67	55
Impairment losses recovered	(58)	(304)
Exchange differences	(8)	(6)
Balance at the end of the year	112	111

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

	2021	2020
	HK$'000	HK$'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.

The directors of the Company consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

In the year ended 31 December 2021, a provision of HK$67,000 (2020: HK$55,000) was made against the gross amounts of trade receivables (note 31(c)).

As at 31 December 2021 and 2020, the Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021	2020
	HK$'000	HK$'000
Sundry debtors	752	6,702
Prepayments	4,520	3,960
Deposits	110	680
	5,382	11,342

As at 31 December 2021 and 2020, no provision was made against the gross amounts of other receivables and deposits (note 31(c)).

19. CASH AND CASH EQUIVALENTS

	2021	2020
	HK$'000	HK$'000
Cash on hand and at banks	169,884	174,752

Bank balances earn interest at floating rates based on daily bank deposit rates.

20. TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	HK$'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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

20. TRADE AND OTHER PAYABLES (Continued)

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

	2021	2020
	HK$'000	HK$'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).

All amounts are short term and hence the carrying values of trade and other payables are considered to be a reasonable approximation to their fair values.

Contract liabilities

Breakdown of contract liabilities is as follows:

	2021	2020
	HK$'000	HK$'000
Contract liabilities arising from:		
Sale of goods (note 6(a))	1,717	1,631

Typical payment terms which impact on the amount of contract liabilities are as follows:

Sale of goods

The Group may take certain deposits on acceptance of the order, with the remainder of the consideration payable upon the delivery of the finished goods. The deposits remain as contract liabilities until such time as the goods are delivered. No element of financing is deemed present as the sales are made with a credit term which is consistent with market practice.

Movements in contract liabilities

	2021	2020
	HK$'000	HK$'000
Balance at 1 January	1,631	871
Decrease in contract liabilities as a result of recognising revenue during the year (note 6(a))	(1,595)	(871)
Increase in contract liabilities as a result of increase in deposits received in advance from customers	1,773	1,486
Exchange differences	(92)	145
Balance at 31 December	1,717	1,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

21. LEASE LIABILITIES

The present value of future lease payments are analysed as:

	2021	2020
	HK$'000	HK$'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	Interest 2021	Present value 2021
	HK$'000	HK$'000	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	2020	2020
	HK$'000	HK$'000	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

22. PROVISIONS

	2021	2020
	HK$'000	HK$'000
Current		
Employee benefit liabilities for annual leave and time in lieu	9,911	8,907
Employee benefit liabilities for long service leave	12,841	12,843
Provision for leasehold dilapidations	2,559	–
	25,311	21,750
Non-current		
Employee benefit liabilities for long service leave	1,504	1,750
Provision for leasehold dilapidations	–	2,648
	1,504	4,398
	26,815	26,148

Long service leave in Australia covers all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances. The amount is classified as current, since the Group does not have an unconditional right to defer settlement.

Leasehold dilapidations relate to the estimated cost of reinstatement the leasehold properties to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

23. SHARE CAPITAL

	2021		2020	
	Number of shares	Amount	Number of shares	Amount
		HK$'000		HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At 1 January	498,671,823	4,987	506,909,823	5,069
Shares repurchased	–	–	(8,238,000)	(82)
At 31 December	498,671,823	4,987	498,671,823	4,987

During the year ended 31 December 2021, no ordinary shares were repurchased. During the year ended 31 December 2020, 8,238,000 ordinary shares were repurchased in July 2020 and subsequently fully cancelled in August 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

24. RESERVES

Group

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 50 to page 51. Nature and purpose of the reserves is as follows:

(a) Share premium

The application of the share premium account is governed by Section 40 of Bermuda Companies Act 1981 (as amended).

(b) Contributed surplus

The contributed surplus represents the difference between the costs of investment in subsidiaries acquired pursuant to the Reorganisation prior to the listing of the Company's shares over the nominal value of the Company's shares issued in exchange thereof.

The Company's reserves available for distribution comprise its contributed surplus and retained earnings.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(c) Merger reserve

This represents the difference between the par value of the shares of the Company issued in exchange for the entire share capital of Left Field Printing Group Limited pursuant to the completion of the Reorganisation on 8 October 2018.

(d) Foreign currency translation reserve

The foreign currency translation reserve comprised all foreign currency differences arising from the retranslation on consolidation of the financial statements of the group companies, which do not have a HK$ presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

24. RESERVES (Continued)

Company

Movements in the Company's reserves are as follows:

	HK$'000
Balance at 1 January 2020	277,960
Profit for the year	17,365
2019 final dividend paid	(25,345)
Shares repurchased (note 23)	(3,210)
Transaction costs associated with shares repurchased	(22)
Currency translation	12,453
Balance at 31 December 2020 and 1 January 2021	279,201
Profit for the year	19,589
2020 final dividend paid	(14,960)
2021 interim dividend paid	(9,974)
Currency translation	(5,723)
Balance at 31 December 2021	268,133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

25. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2021	2020
		HK$'000	HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries		166,643	176,123
Current assets			
Other receivables and prepayment		320	338
Amounts due from subsidiaries		116,352	102,056
Cash and cash equivalents		828	17,440
		117,500	119,834
Current liabilities			
Amount due to a subsidiary		10,804	11,406
Other payables		219	363
		11,023	11,769
Net current assets		106,477	108,065
Net assets		273,120	284,188
EQUITY			
Share capital	23	4,987	4,987
Reserves	24	268,133	279,201
Total equity		273,120	284,188

On behalf of the directors

Richard Francis Celarc
Director

Lau Chuk Kin
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

26. CAPITAL COMMITMENTS

As at 31 December 2021, the Group had the following capital commitments:

	2021	2020
	HK$'000	HK$'000
Contracted, but not provided for acquisition of property, plant and equipment	165	732

27. PERFORMANCE BOND

As at 31 December 2021, there is an obligation of the Group under commercial agreement amounting to HK$556,000 (2020: HK$587,000). There have been no claims from the agreements in both years.

No security was required for this performance bond (2020: nil).

28. RELATED PARTY TRANSACTIONS AND BALANCES

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

Person/Entity	Relationship with the Group	Nature of transactions	2021		As at 31 December 2021
			HK$'000		HK$'000
D.M.R.A. Property Pty Ltd	Common director	Rent and outgoings	4,179	Prepayment	–
Angrich Pty Ltd	Common director	Consulting fees	1,149	Payable	–
1010 Printing International Limited	Fellow subsidiary	Outwork	2,000	Payable	–
		Sales	234	Receivable	–

Person/Entity	Relationship with the Group	Nature of transactions	2020		As at 31 December 2020
			HK$'000		HK$'000
D.M.R.A. Property Pty Ltd	Common director	Rent and outgoings	3,608	Prepayment	–
Angrich Pty Ltd	Common director	Consulting fees	781	Payable	–
1010 Printing International Limited	Fellow subsidiary	Outwork	1,320	Payable	–
		Sales	409	Receivable	–

(b) Compensation of key management personnel

The key management personnel of the Group are the directors of the Company. The remuneration of the key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends. Details of the remuneration paid to them are set out in note 9(a) to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

29. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of company	Date of incorporation	Principal country of operation/Country of incorporation/ establishment and type of legal entity	Class of shares	Issued and fully paid share capital/ registered capital	Percentage of issued capital held by the Company ^	Principal activities
OPUS Group Pty. Ltd.^ (formerly known as OPUS Group Limited)	7 June 1983	Australia, limited liability company	Ordinary	AUD36,923,405	100%	Investment holding
OPUS Group (Australia) Pty Ltd	23 May 2007	Australia, limited liability company	Ordinary	AUD700,000	100%	Investment holding
CanPrint Holdings Pty Ltd	4 December 2008	Australia, limited liability company	Ordinary	AUD8,183,577	100%	Investment holding
Union Offset Co Pty Ltd	24 August 1967	Australia, limited liability company	Ordinary	AUD120,000	100%	Production of government printed matters and catalogues, operating manuals and promotions leaflets
CanPrint Communications Pty Limited	4 September 1997	Australia, limited liability company	Ordinary	AUD17,333	100%	Production of government printed matters and catalogues, operating manuals and promotions leaflets
Ligare Pty Limited	17 September 1979	Australia, limited liability company	Ordinary	AUD4	100%	Production of education books and catalogues, operating manuals and promotions leaflets
McPherson's Printing Pty Limited	1 November 1971	Australia, limited liability company	Ordinary	AUD10,000	100%	Production of read-for-pleasure books and catalogues, operating manuals and promotions leaflets
Integrated Print and Logistics Management Pty Ltd	5 February 1999	Australia, limited liability company	Ordinary	AUD2,300	100%	Investment holding

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

Note:

^ Except OPUS which is directly held by the Company, all subsidiaries are indirectly held by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

30. NOTES SUPPORTING STATEMENT OF CASH FLOWS

In 2021, the Group entered into a new leases agreement for the use of leased properties for 1 year (2020: 2 to 5 years). On the commencement of the leases, HK$4,390,000 (2020: HK$12,408,000) was recognised as right-of-use assets and lease liabilities respectively.

Reconciliation of liabilities arising from financing activities:

	Lease liabilities (note 21)
	HK$'000
At 1 January 2020	28,704
Changes from cash flows:	
Capital element of lease liabilities paid	(10,574)
Interest element of lease liabilities paid	(1,499)
Total changes from financing cash flows	(12,073)
Other changes:	
New leases entered	12,408
Finance charges on obligations under lease liabilities (note 7)	1,499
Exchange differences	3,625
	17,532
At 31 December 2020 and 1 January 2021	34,163
Changes from cash flows:	
Capital element of lease liabilities paid	(11,622)
Interest element of lease liabilities paid	(1,431)
Total changes from financing cash flows	(13,053)
Other changes:	
New lease entered	4,390
Finance charges on obligations under lease liabilities (note 7)	1,431
Exchange differences	(1,372)
	4,449
At 31 December 2021	25,559

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

31. FINANCIAL RISK MANAGEMENT

The Group is exposed through its operations to financial risks such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

(a) Foreign exchange risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currencies applicable to each entity. The currencies in which transactions are primarily denominated are Australian Dollars ("AUD"), New Zealand Dollars ("NZD"), US Dollars ("USD"), European Union Euros ("Euro"), Great British Pound ("GBP") and Hong Kong Dollars ("HK$"). Management evaluates their 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 inception 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.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	2021	2020
	HK$'000	HK$'000
Assets		
HK$	745	471
USD	2,041	11,564
	2,786	12,035
Liabilities		
HK$	217	364
USD	28	–
NZD	–	29
GBP	–	117
	245	510

Sensitivity Analysis

Based on this exposure above, had the Australian dollar weakened by 10%/strengthened by 5% against these foreign currencies with all other variables held constant, the Group's profit after income tax for the year ended 31 December 2021 and retained earnings as at 31 December 2021 would have been HK$256,000 higher/HK$122,000 lower (2020: HK$1,151,000 higher/HK$581,000 lower) as at 31 December 2021. The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

31. FINANCIAL RISK MANAGEMENT (Continued)

(b) Interest rate risk

Interest rate risk arises both where payments of floating interest are made and where the Group has fixed interest rate borrowings compared to the market. The Group monitors the current market rates and evaluates on an ongoing basis whether to borrow at fixed or floating rates with the objective of minimising interest payable.

The Group's main interest rate risk arises from cash at bank. Cash at bank at variable rates expose the Group to interest rate risk. Finance leases issued at fixed rates expose the Group to fair value risk. As at each of the reporting period, the Group has no interest bearing liabilities issued at floating rate.

Sensitivity Analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates will have an impact on profit or loss. At 31 December 2021, it is estimated that an increase of one percentage point in interest rates would increase Group's profit before income tax for the year by approximately HK$1,679,000 (2020: HK$1,746,000).

(c) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, trade receivables and other receivables and deposits. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk arising from cash and cash equivalent, the Group only transacts with reputable commercial banks which are all high-credit-quality financial institutions. There has no recent history of default in relation to these financial institutions.

The directors consider the Group does not have a significant concentration of credit risk. The top 5 customers accounted for approximately 48% (2020: 46%) of total revenue during the year ended 31 December 2021. In this regard, the Group's trade receivables are actively monitored to avoid significant concentrations of credit risk.

The Group also continuously evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit terms are extended to customers based on the evaluation of individual customer's financial conditions. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

31. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

For other receivables and deposits, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables and deposits based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits. The Group measures loss allowances for other receivables and deposits at an amount equal to 12-month ECLs. No significant change to estimation techniques or assumptions was made during the reporting period.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECL on trade receivables is estimated using a provision matrix by reference to past default experience of the debtor, current market condition in relation to each debtor's exposure. The ECL also incorporated forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables.

The Group recognised lifetime ECLs for trade receivables based on individually significant customer or the ageing of customers collectively that are not individually significant as follows:

	Weighted average lifetime expected credit loss	Gross carrying amount	Lifetime expected credit loss	Net carrying amount	Credit-impaired
		HK$'000	HK$'000	HK$'000	
2021					
Collective assessment					
Not past due	0.1%	59,436	59	59,377	No
Past due:					
1 – 30 days	0.5%	2,324	12	2,312	No
31 – 60 days	1%	1,631	16	1,615	No
61 – 90 days	1%	254	3	251	No
Over 90 days	2%	89	2	87	Yes
		63,734	92	63,642	
Individual assessment	100%	20	20	–	Yes
		63,754	112	63,642	
2020					
Collective assessment					
Not past due	0.1%	68,847	68	68,779	No
Past due:					
1 – 30 days	0.5%	2,540	12	2,528	No
31 – 60 days	1%	622	6	616	No
61 – 90 days	1%	502	5	497	No
Over 90 days	2%	92	1	91	Yes
		72,603	92	72,511	
Individual assessment	100%	19	19	–	Yes
		72,622	111	72,511	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

31. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

The following table shows the movements in lifetime ECL that has been recognised for trade receivables under simplified approach.

	Lifetime ECL (not credit-impaired)		Lifetime ECL (credit-impaired)		Total	
	2021	2020	2021	2020	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January	92	79	19	287	111	366
Impairment losses recognised	67	55	–	–	67	55
Impairment losses recovered	(58)	(45)	–	(259)	(58)	(304)
Exchange differences	(7)	3	(1)	(9)	(8)	(6)
At 31 December	94	92	18	19	112	111

Changes in the loss allowance for trade receivables are mainly due to:

	2021 Increase/(Decrease) in lifetime ECL		2020 Increase/(Decrease) in lifetime ECL	
	Not credit-impaired	Credit-impaired	Not credit-impaired	Credit-impaired
	HK$'000	HK$'000	HK$'000	HK$'000
Amount written off with a gross carrying amount of nil (2020: HK$199,000)	–	–	(199)	–
Settlement in full of trade debtors with a gross carrying amount of HK$72,575,000 (2020: HK$51,830,000)	(58)	–	(45)	(259)
New trade receivables with gross carrying amount of HK$65,469,000 (2020: HK$72,575,000)	67	–	93	199

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

31. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis using cash flow forecasting. In general, the Group generates sufficient cash flows from its operating activities and holds and retains cash to meet its obligations arising from its financial liabilities.

The following table sets out the contractual cash flows for all financial liabilities at the reporting date:

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000
2021				
Non-derivative financial liabilities				
Trade and other payables	25,050	25,050	25,050	–
Lease liabilities	25,559	27,372	11,465	15,907
	50,609	52,422	36,515	15,907
2020				
Non-derivative financial liabilities				
Trade and other payables	29,996	29,996	29,996	–
Lease liabilities	34,163	37,396	13,026	24,370
	64,159	67,392	43,022	24,370

(e) Fair values

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

32. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The following table shows the carrying amount of the Group's financial assets and liabilities:

	2021	2020
	HK$'000	HK$'000
Financial assets		
Financial assets measured at amortised cost		
– Trade receivables	63,642	72,511
– Other receivables	752	6,702
– Deposits	110	680
– Cash and cash equivalents	169,884	174,752
	234,388	254,645
Financial Liabilities		
Financial liabilities measured at amortised cost		
– Trade payables	11,543	13,791
– Other payables	13,507	16,205
	25,050	29,996
Lease liabilities	25,559	34,163
	50,609	64,159

Financial instruments not measured at fair value

Due to the short-term nature, the carrying value of cash and cash equivalents, trade receivables, other receivables and deposits, trade and other payables and lease liabilities approximates their respective fair value.

33. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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 recognises 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.

The Group's policies in respect of capital management and allocation are reviewed regularly by the directors and did not change during the year.

The amount of capital employed as at 31 December 2021 amounted to approximately HK$298,679,000 (2020: HK$329,215,000).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements is set out below:

	Financial year ended 31 December				
	2017	2018	2019	2020	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Restated)	(Restated)	(Restated)		
Revenue	464,027	458,329	406,654	329,947	387,267
Profit before income tax	46,148	49,615	45,973	40,679	26,865
Income tax expense	(12,936)	(6,036)	(13,826)	(12,621)	(8,514)
Profit for the year	33,212	43,579	32,147	28,058	18,351
Attributable to:					
Owners of the Company	33,212	43,579	32,147	28,058	18,351

	As at 31 December				
	2017	2018	2019	2020	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Restated)	(Restated)	(Restated)		
ASSETS AND LIABILITIES					
Total assets	316,952	369,835	363,629	394,708	360,317
Total liabilities	101,013	81,241	91,099	99,656	87,197
Total equity	215,939	288,594	272,530	295,052	273,120

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

AUDITOR

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

LEGAL ADVISER

LF 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

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN AUSTRALIA

138 Bonds Road
Riverwood NSW 2210
Australia

WEBSITE

www.leftfieldprinting.com

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