



Interim Report

2022

Solomon

Solomon Worldwide Holdings Limited

所羅門環球控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8133

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This report, for which the directors (the “Directors”) of Solomon Worldwide Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$41.98 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$46.43 million).
- Loss attributable to the equity shareholders of the Company for the six months ended 30 June 2022 amounted to approximately HK\$7.92 million (six months ended 30 June 2021: loss of approximately HK\$1.75 million).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

FINANCIAL RESULTS

The board of directors (the “Board”) of Solomon Worldwide Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 June 2022 together with the comparative unaudited figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2022

	Note	Three months ended 30 June		Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	20,107	30,420	41,980	46,433
Cost of sales		(15,991)	(20,778)	(35,716)	(33,595)
Gross profit		4,116	9,642	6,264	12,838
Other income		638	(174)	709	72
Selling and distribution expenses		(1,181)	(1,057)	(2,262)	(2,784)
Administrative expenses		(7,678)	(3,055)	(13,617)	(11,844)
Finance costs		(352)	(315)	(813)	(600)
(Loss)/Profit before tax		(4,457)	5,041	(9,719)	(2,318)
Income tax	5	–	–	–	–
(Loss)/Profit for the period	6	(4,457)	5,041	(9,719)	(2,318)
Other comprehensive (expenses)/ income for the period					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange differences arising on translation		(717)	(18)	(545)	32
Total comprehensive (expenses)/ income for the period		(5,174)	5,023	(10,264)	(2,286)

	Note	Three months ended 30 June		Six months ended 30 June	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/Profit for the period attributable to:					
- Equity shareholders of the Company		(3,997)	3,981	(7,914)	(1,746)
- Non-controlling interest		(460)	1,060	(1,805)	(572)
		(4,457)	5,041	(9,719)	(2,318)
Total comprehensive (expenses)/ income attributable to:					
- Equity shareholders of the Company		(4,714)	3,963	(8,459)	(1,714)
- Non-controlling interest		(460)	1,060	(1,805)	(572)
		(5,174)	5,023	(10,264)	(2,286)
(Loss)/Earning per share					
	8	HK cents	HK cents (Restated)	HK cents	HK cents (Restated)
Basic		(2.34)	3.70	(4.98)	(1.62)
Diluted		(2.34)	3.70	(4.98)	(1.62)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Non-current assets			
Plant and equipment		4,863	5,930
Right-of-use assets		7,267	10,690
Rental deposits	9	469	777
Goodwill		–	–
		12,599	17,397
Current assets			
Inventories		11,032	17,445
Contract assets		415	1,099
Trade and other receivables		36,091	28,234
Cash and cash equivalents	9	2,561	1,310
		50,099	48,088
Current liabilities			
Trade and other payables	10	29,679	26,550
Contract liabilities		3,497	3,247
Lease liabilities		4,211	7,252
Provision for reinstatement		700	700
Amounts due to related parties		6,102	11,189
Other borrowings		2,146	–
Tax payable		58	58
		46,393	48,996
Net current assets/(liabilities)		3,706	(908)
Total assets less current liabilities		16,305	16,489
Non-current liabilities			
Lease liabilities		9,195	11,014
		9,195	11,014
NET ASSETS		7,110	5,475
CAPITAL AND RESERVES			
Share capital	11	14,144	8,320
Reserves		(751)	1,633
Total equity attributable to equity shareholders of the Company		13,393	9,953
Non-controlling interest		(6,283)	(4,478)
TOTAL EQUITY		7,110	5,475

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to equity shareholders of the Company							Sub-total (Unaudited)	Non- controlling interest (Unaudited)	Total (Unaudited)
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Exchange reserve HK\$'000 (Unaudited)	Capital reserve HK\$'000 (Unaudited) (Note (a))	Special reserve HK\$'000 (Unaudited)	Other reserve HK\$'000 (Unaudited) (Note (b))	Accumulated losses HK\$'000 (Unaudited)			
Balance at 1 January 2022	8,320	35,116	2,849	(7,045)	9	27,650	(56,946)	9,953	(4,478)	5,475
Loss for the period	-	-	-	-	-	-	(7,914)	(7,914)	(1,805)	(9,719)
Other comprehensive expenses for the period	-	-	(545)	-	-	-	-	(545)	-	(545)
Total comprehensive expenses for the period	-	-	(545)	-	-	-	(7,914)	(8,459)	(1,805)	(10,264)
Issue of new shares by way of right issue, net of expenses (Note 11(b))	4,160	5,103	-	-	-	-	-	9,263	-	9,263
Issue of new shares by way of placing, net of expenses (Note 11(c))	1,664	972	-	-	-	-	-	2,636	-	2,636
Balance as at 30 June 2022	14,144	41,191	2,304	(7,045)	9	27,650	(64,860)	13,393	(6,283)	7,110
Balance at 1 January 2021	8,320	35,116	2,651	(7,045)	-	27,650	(42,944)	23,748	(2,328)	21,420
Loss for the period	-	-	-	-	-	-	(1,746)	(1,746)	(572)	(2,318)
Other comprehensive expenses for the period	-	-	32	-	-	-	-	32	-	32
Total comprehensive expenses for the period	-	-	32	-	-	-	(1,746)	(1,714)	(572)	(2,286)
Balance as at 30 June 2021	8,320	35,116	2,683	(7,045)	-	27,650	(44,690)	22,034	(2,900)	19,134

Note (a): Capital reserve of the Group represents the difference between the nominal value of the 47% issued capital of a subsidiary, G. Force (Hong Kong), held by Mr. Wong Thomas Wai Yuk, acquired pursuant to the group restructuring in year 2012 and the consideration for acquiring 47% of the issued capital of the subsidiary from Mr. Wong Thomas Wai Yuk.

Note (b): Other reserve represented the difference between the nominal amount of the share capital and share premium of XETron Group Limited and the nominal amount of the share capital issued by the Company pursuant to a group reorganisation.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(1,774)	(5,806)
Net cash used in investing activities	(24)	(635)
Net cash generated from/(used in) financing activities	3,346	(1,803)
Net increase/(decrease) in cash and cash equivalents	1,548	(8,244)
Cash and cash equivalents at the beginning of period	1,310	14,318
Effect of foreign exchange rate changes	(297)	54
Cash and cash equivalents at the end of period	2,561	6,128
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	2,561	6,128

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 24 February 2014, as an exempted company with limited liability under the Companies Law (as Revised) of the Cayman Islands. The Company's shares have been listed on GEM of the Stock Exchange since 30 April 2015.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022 (the "2022 Interim Financial Statements") are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

The 2022 Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the GEM Listing Rules. The 2022 Interim Financial Statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the 2022 Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs").

In the current period, the Group has adopted a number of new and revised HKFRSs, amendments to Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") (hereinafter collectively referred to as "new and revised HKFRSs") issued by the HKICPA that are relevant to the Group and effective for accounting periods beginning on or after 1 January 2022. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior periods.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing their impact on the Group's results and financial position.

The preparation of the 2022 Interim Financial Statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The 2022 Interim Financial Statements should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2021.

3. REVENUE

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of cast metal products	37,094	22,095
Financial printing services income	4,886	24,338
	41,980	46,433

Revenue from sales of cast metal products represents the sales value of goods supplied to customers, net of discounts, returns and value added tax or other sales taxes.

4. SEGMENT INFORMATION

The Group has two reportable operating segments, including the metal casting segment, the entertainment segment and the financial printing segment.

The directors assess the performance of the operating segments based on a measure of revenue and results of each segment and do not assess the performance based on segment assets and liabilities.

- (a) The segment information provided to the directors for the reportable segments for the six months ended 30 June 2022 and 2021 is as follows:

	Six months ended 30 June					
	Metal Casting		Financial printing		Total	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue (all from external customers)	37,094	22,095	4,886	24,338	41,980	46,433
Segment results	640	1,910	(6,902)	(2,004)	(6,262)	(94)
Unallocated operating costs					(2,644)	(1,624)
Finance costs					(813)	(600)
Loss before income tax					(9,719)	(2,318)

4. SEGMENT INFORMATION (CONTINUED)

- (b) Information about the Group's revenue from continuing operations from external customers is presented based on the location of the customers.

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Germany	30,288	20,387
Hong Kong	4,886	24,338
The PRC	5,642	1,346
The United States	1,051	291
Others	113	71
	41,980	46,433

- (c) Information about the Group's non-current assets (excluded goodwill and rental deposits) is presented based on the geographical location of the assets.

	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	3,617	6,954
The PRC	8,513	9,666
	12,130	16,620

Information about major customers

Details of the customer accounting for 10% or more of aggregate revenue of the Group are disclosed as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	5,442	N/A*
Customer B	N/A*	N/A*

- * The corresponding revenue did not contribute 10% or more of the Group's revenue.

5. INCOME TAX EXPENSE

The amount of income tax charged to the profit or loss represents:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong profits tax	-	-
PRC Enterprise Income Tax	-	-
	-	-

Pursuant to the income tax rule and regulations of Cayman Islands and British Virgin Islands ("BVI"), the Group is not subject to income tax in the respective jurisdictions.

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rate regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Ordinance"). Under the two-tiered profits tax rate regime, the first HK\$2,000,000 of assessable profits of a qualifying corporation, which only one qualifying corporation within the Group is selected, is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The Ordinance is effective from the year of assessment 2018-2019.

Accordingly, the provision for Hong Kong Profits Tax for the qualifying corporation for the period ended 30 June 2022 is calculated in accordance with the two-tiered profits tax rate regime (30 June 2021: 8.25%) whereas the provision for other Hong Kong incorporated corporations are charged at 16.5% (30 June 2021: 16.5%).

Taxation of a PRC subsidiary is calculated using the applicable income tax rate of 25% (30 June 2021: 25%).

No provision for Hong Kong Profits Tax and PRC Income tax has been made for the six months ended 30 June 2022 and 2021 as the subsidiaries in Hong Kong and PRC have no assessable profits.

6. (LOSS)/PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/Profit for the period has been arrived at after charging:		
Cost of inventories recognised as expense	30,528	16,661
Depreciation of plant and equipment	936	1,634
Depreciation of right-of-use assets	3,416	3,890
Impairment loss on trade receivables	-	427

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

8. (LOSS)/EARNING PER SHARE

Basic (loss)/earning per share is calculated by dividing the loss attributable to the equity shareholders of the Company by the weighted average number of ordinary shares deemed to be in issue during the three months and six months ended 30 June 2022 and 2021.

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	'000	'000	'000	'000
		(Restated)		(Restated)
Weighted average number of ordinary shares in issue at 30 June	170,857	107,703	158,873	107,703

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/Profit for the period attributable to equity shareholders of the Company	(3,997)	3,981	(7,914)	(1,746)

No adjustment has been made to the basic loss per share for the three months and six months ended 30 June 2022 and 2021 as the Group had no potential dilutive ordinary shares in issue during these periods.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade receivables, net of loss allowance	15,466	13,208
Other tax recoverable	-	5
Deposits paid to suppliers	8,340	8,142
Deposits prepayment and other receivables	12,754	7,656
	36,560	29,011
Rental deposit included under non-current assets	(469)	(777)
Current portion included under current assets	36,091	28,234

The Group allows an average credit period of 30 to 90 days to its trade customers. The Group does not hold any collateral over its trade and other receivables. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 30 days	5,716	3,142
31 to 60 days	4,091	1,958
61 to 90 days	2,897	5,121
Over 90 days but less than 1 year	2,762	2,979
Over 1 year	-	8
Total	15,466	13,208

10. TRADE AND OTHER PAYABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade payables	17,406	17,728
Accrued charges and other payables	12,273	8,822
	29,679	26,550

10. TRADE AND OTHER PAYABLES (CONTINUED)

All of the trade and other payables are expected to be settled or recognised as income within one year.

The ageing analysis of trade creditors as of the end of the reporting period, based on invoice date, is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 30 days	7,922	8,520
31 to 60 days	2,261	1,914
61 to 90 days	2,634	965
Over 90 days but less than 1 year	3,513	6,329
Over 1 year	1,076	–
	17,406	17,728

11. SHARE CAPITAL

	Number of shares '000	Nominal value of ordinary shares HK\$'000
Authorised:		
At 1 January 2021	50,000,000	100,000
Share consolidation	(48,750,000)	–
At 31 December 2021 and 30 June 2022	1,250,000	100,000
Issued and fully paid:		
Ordinary shares, issued and fully paid		
At 1 January 2021	4,160,000	8,320
Share consolidation (Note (a))	(4,056,000)	–
At 31 December 2021	104,000	8,320
Issued of new shares by way of right issue (Note (b))	52,000	4,160
Issued of new shares by way of placing (Note (c))	20,800	1,664
At 30 June 2022	176,800	14,144

11. SHARE CAPITAL (CONTINUED)

Note (a): On 12 November 2021, the Company held an extraordinary general meeting and an ordinary resolution was passed, approving the consolidation of every forty issued and unissued ordinary shares of HK\$0.002 each in the share of the Company into one consolidated share of HK\$0.08 each in the share capital of the Company effective on 17 November 2021.

Note (b): On 17 January 2022, the Company raised net proceeds of approximately HK\$9,300,000 on the basis of one rights share for every two shares held on 21 December 2021 at a subscription price of HK\$0.2 per share, resulting in an increase in number of issued ordinary share from 104,000,000 to 156,000,000. The net proceeds were used as general working capital of the Group. Further details are set out in the Company's announcement dated 14 January 2022.

Note (c): On 8 April 2022, the Company entered into a placing agreement with Solomon Securities Limited ("Solomon Securities") as placing agent where Solomon Securities agreed to place on a best effort basis a maximum of 20,800,000 new shares of the Company ("Placing Share I") of HK\$0.08 each at HK\$0.13 per Placing Share to at least six places. The intended use of proceeds from the share placement to be used as to (i) approximately HK\$2,000,000 for repayment of the other borrowings of the Group; and (ii) approximately HK\$600,000 for investments in potential new projects to be identified by the Group in the future. The placing transaction was completed on 27 April 2022 and a total of 20,800,000 Placing Shares I were issued. The gross and net proceeds were approximately HK\$2,704,000 and HK\$2,600,000 respectively. The net price was approximately HK\$0.125 per Placing Share I.

12. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group represents amounts paid to the Company's directors.

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	946	1,072
	946	1,072

12. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party transactions

Saved as disclosed elsewhere in these consolidated financial statements the Group had the following transactions with related parties during the periods:

Related party	Nature of transaction	Six months ended 30 June	
		2022	2021
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Ms. Woo Lan Ying (Director)	Interest expense	63	–

(c) Related party outstanding balances

Related party	Note	At 30 June	At 31 December
		2022	2021
		HK\$'000 (Unaudited)	HK\$'000 (Audited)
Ms. Woo Lan Ying (Director)	(i)	1,683	6,770
Close family member of Ms. Woo Lan Ying (Director)	(ii)	4,419	4,419
		6,102	11,189

(i) The amount due to a director is unsecured and repayable on demand. Included the balance of HK\$1,230,000 is carried interest at 8% per annum and the remaining balance is interest-free (2021: HK\$2,000,000).

(ii) The amount due to the close family member of a director is unsecured, interest-free and repayable on demand.

13. EVENTS AFTER THE REPORTING PERIOD

On 8 July 2022, the Company entered into a placing agreement with Solomon Securities as placing agent where Solomon Securities agreed to place on a best effort basis a maximum of 35,360,000 new shares of the Company ("Placing Share II") of HK\$0.08 each at HK\$0.12 per Placing Share to at least six places. The intended use of proceeds from the share placement to be used as to (i) approximately HK\$1,200,000 for repayment of borrowings of the Group; and (ii) approximately HK\$2,900,000 to be used for general working capital of the Group and/or for investments in potential new projects to be identified by the Group in the future. The placing transaction was completed on 2 August 2022 and a total of 35,360,000 Placing Share II were issued. The gross and net proceeds were approximately HK\$4,200,000 and HK\$4,100,000 respectively. The net price was approximately HK\$0.117 per Placing Share II.

14. CONTINGENT LIABILITIES

(1) On 8 December 2021, Solomon Financial Press Limited ("Solomon Financial Press"), an indirectly-owned subsidiary of the Group, received a writ of summons with a statement of claim issued in the District Court Of the Hong Kong Special Administrative Region by Hestia Group Limited to claim an order against Solomon Financial Press, as the outstanding sum of all the invoices issued on divers dates but remain not settled as of 8 December 2021, which amounts to a total of approximately HK\$1,889,000 with damages to be assessed plus interests and costs.

As of 11 March 2022, the Company is in the process of preparing its Defence and Counterclaim.

Balance of approximately HK\$1,892,000 was included in the trade and other payables as at 30 June 2022 and 31 December 2021.

(2) On 16 February 2022, Solomon Financial Press received a legal letter from the solicitor of Vitor Communication Press Limited demanding payment of the sum approximately HK\$538,000 plus legal costs and interest.

Balance of approximately HK\$368,000 was included in the trade and other payables as at 30 June 2022 and 31 December 2021.

Given that the threatened litigation/litigation has not gone into substantive pleading/trial stage, and having considered the alleged claims and consulted with the Company's legal advisers, the Directors are of the views that (i) it is premature to assess the possible outcome of any claim which is pending, either individually or on a combined basis; (ii) it is uncertain as to whether there will be any impact, and if so, the quantum, on the financial position of the Group; and (iii) no provision for the claims in these legal proceedings is required to be made based on their current development. The Directors will monitor these threatened litigation/litigation against the Group closely and the Company will continue to keep the shareholders of the Company and potential investors informed of any further material development.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

During the six months ended 30 June 2022 (the “Period”), the Group was principally engaged in trading and manufacturing of metal casting parts and components in the PRC and provision of financial printing services in Hong Kong.

Metal Casting Business

The metal casting products of the Group can be categorized into four main categories: (a) pump components; (b) valve components; (c) filter components; and (d) food machinery components, which are made of stainless steel, carbon steel, bronze and/or grey iron. Our largest market is Germany. We also have customers from PRC, Hong Kong and the United States.

During the Period, due to the release of certain lock down measures in overseas, the revenue from metal casting business increased by approximately 67.88% as compared to the six months ended 30 June 2021, this may indicate an economy recovery from Europe and the United States, which are the core markets of our metal casting business. The revenue level of this segment rebounded to that in 2019, i.e. prior to the outbreak of the COVID-19 pandemic. Although the average selling prices of the products were increased, it has almost been offset by the increase in general costs of raw materials.

Financial Printing Business

The Group also engages in the provision of financial printing services in Hong Kong to customers mainly from the financial and capital markets including but not limited to listed companies in Hong Kong, companies seeking for IPO in the capital market of Hong Kong, both governmental and non-governmental organisations. The Group mainly provides typesetting, translation, cover and layout design, printing and binding, distribution and media placement services in relation to the financial reports, announcements, shareholders’ circulars, IPO prospectuses, for its customers.

During the Period, the revenue from financial printing service decreased by approximately 79.92% as compared to the six months ended 30 June 2021. During the Period, various restrictions were still imposed on the travelling to and from Hong Kong and this directly affected the number of financial printing jobs for IPO projects during the Period.

On the other hand, In 2021, the Stock Exchange published consultation conclusions on enhancement and streamlining of the listing regime for overseas issuers, and broadened the secondary listing regime, welcoming companies from Greater China that are listed overseas and operating in traditional industries to list in Hong Kong and permitting issuers that meet certain conditions to conduct dual primary listing in Hong Kong while retaining the existing weighted voting rights (WVR) structure or variable interest entities (VIE) structure. In addition, the Stock Exchange has officially announced the launch of the listing regime for special purpose acquisition companies (SPACs), which provides the market with a listing channel other than the traditional IPO, attracting more companies in innovative industries from Greater China, Southeast Asia and other regions across the world to list in Hong Kong, thereby facilitating the positive development of companies with potential as well as increasing the demand for the financial printing services in Hong Kong. The Group is contiously optimistic to the control of the COVID-19 pandemic and the rebounding of revenue in the financial printing business.

Looking ahead, the Group will continue to monitor the development of the COVID-19 pandemic, strengthen its cost control and resources management by executing flexible strategies to face the challenges in order to maintain its competitiveness in the market. Meanwhile, the Group will also explore other potential investment opportunities in order to diversify the Group's business and create new source of revenue to the Group.

Financial Review

Revenue

For the Period, total revenue of the Group decreased about 9.59% to approximately HK\$41.98 million as compared with the corresponding period in 2021. The decreased in total revenue was mainly due to the combine effects of (i) the increase in sales volume of cast metal products as a result of the slow economy recovery; and (ii) the decrease in revenue derived from financial printing business of approximately HK\$19.45 million.

Gross profit

Gross profit of approximately HK\$6.26 million was recorded for the Period, decreased by approximately HK\$6.57 million as compared with the corresponding period in 2021 of approximately HK\$12.84 million.

Selling and distribution expenses

The Group's selling and distribution expenses for the Period amounted to approximately HK\$2.26 million (six months ended 30 June 2021: approximately HK\$2.78 million). Selling and distribution expenses comprised mainly packaging, delivery, customs, agency cost and insurance cost incurred in relation to the sales. The selling and distribution expenses recorded a decrease during the Period.

Administrative expenses

The Group's administrative expenses for the Period amounted to approximately HK\$13.62 million, representing an approximately 14.97% increase as compared with the corresponding period in 2021 of approximately HK\$11.84 million. Administrative expenses primarily consist of salaries and benefit payments paid to directors and staff, exchange loss, audit fee and legal and professional fees to ensure on going compliance with relevant rules and regulations.

Finance costs

Finance costs mainly represented the interest on lease liabilities and borrowings.

Loss for the Period

Loss attributable to equity shareholders of the Company for the Period amounted to approximately HK\$9.72 million (six months ended 30 June 2021: Loss of approximately HK\$2.32 million).

Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil)

Liquidity and financial resources

The Group's principal sources of funds are used to finance its working capital, and the growth and expansion of the Group's operations and sales network. The Group's principal sources of funds are cash generated from operations and financing activities. The Group had cash and cash equivalents of approximately HK\$2.56 million as at 30 June 2022 (31 December 2021: HK\$1.31 million). As at 30 June 2022, except for the loan and advance from related parties (mainly from a director and a related party) and borrowings, amounting to approximately HK\$6.1 million and HK\$2.15 respectively (31 December 2021: HK\$11.19 million and Nil), the Group did not have any other borrowings.

Gearing ratio

As at 30 June 2022, the Group's gearing ratio was 45.43% (31 December 2021: 36.53%), which is calculated based on the Group's total interest-bearing debt divided by the Group's total equity.

CAPITAL STRUCTURE

The capital of the Company comprises only ordinary shares.

As at 30 June 2022, the Company's total number of issued shares was 176,800,000 of HK\$0.08 each (31 December 2021: 104,000,000 of HK\$0.08 each). The Group did not have any debt securities or other capital instruments as at 30 June 2022.

Rights Issue

On 20 October 2021, the Company announced among other things, the proposed Share Consolidation and the right issue (the "Rights Issue") on the basis of one (1) rights share for every two (2) shares held on 21 December 2021, at the subscription price of HK\$0.2 per rights share. Subsequent to the end of the year, the Rights Issue was completed on 17 January 2022, and a total of 52,000,000 shares of the Company of HK\$0.08 each were subscribed by the shareholders of the Company and the placee procured by the underwriter of the Rights Issue.

The Company intended to apply the expected net proceeds of approximately HK\$9.3 million from the Rights Issue for the general working capital of the Group, including (i) approximately 21.5%, or HK\$2.0 million for staff cost; (ii) approximately 37.6%, or HK\$3.5 million for rental expenses; (iii) approximately 26.9%, or HK\$2.5 million for repaying account payables; and (iv) approximately 14.0%, or HK\$1.3 million for other daily operating expenses of the Group. For details of the Rights Issue, please make reference to the announcement of the Company dated 20 October 2021 and the Rights Issue prospectus issued and published by the Company on 22 December 2021.

Placing

On 8 April 2022, the Company entered into a placing agreement with Solomon Securities as placing agent where Solomon Securities agreed to place on a best effort basis a maximum of 20,800,000 new shares of the Company of HK\$0.08 each at HK\$0.13 per Placing Share I to at least six places. The intended use of proceeds from the share placement to be used as to (i) approximately HK\$2,000,000 for repayment of the other borrowings of the Group; and (ii) approximately HK\$600,000 for investments in potential new projects to be identified by the Group in the future. The placing transaction was completed on 27 April 2022 and a total of 20,800,000 Placing Shares I were issued. The gross and net proceeds were approximately HK\$2,704,000 and HK\$2,600,000 respectively. The net price was approximately HK\$0.125 per Placing Share I.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period. To manage liquidity risk, the management closely monitors the Group's liquidity position and maintain sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group.

Contingent liabilities

As at 30 June 2022, the Group had no material contingent liabilities (31 December 2021: Nil).

Charge of assets

As at 30 June 2022, the Group had no charge of assets (31 December 2021: Nil).

Foreign currency risk

The Group mainly sells the products to customers in Germany, Hong Kong, the PRC and the United States. The Group is exposed to foreign currency risks as it receives a majority of revenue in Euro from its customers in Europe. The Group generally have a surcharge mechanism with its customers to protect the future profitability in certain extent against the (i) fluctuation of the cost of certain raw materials; and (ii) fluctuation of the exchange rate of Euro vs RMB, or Euro vs USD, if the purchase price is to be settled by Euro. However, there is no assurance that such mechanism could protect the Group free from foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the Board will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital Commitments

As at 30 June 2022, the Group did not have any significant capital commitments (31 December 2021: Nil).

Significant investment held

Except for investments in subsidiaries, as at 30 June 2022, the Group did not hold any significant investment in equity interest in any other companies.

Future plans for material investments and capital assets

The Group did not have plans for material investments and capital assets as at 30 June 2022.

Material acquisitions and disposals of subsidiaries and affiliated companies

The Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the six months ended 30 June 2022.

Employee and Emolument Policies

As at 30 June 2022, the employee headcount (including Directors) of the Group was 179 (31 December 2021: 169) and the total staff costs, including directors' emoluments, amounted to approximately HK\$12.95 million during the Period (2021: HK\$16.07 million). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience). The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2022, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions in shares of the Company:

Name of Director/ Chief Executive	Capacity	Number of shares held	Percentage of the Company's issued share capital
Ms. Woo Lan Ying	Beneficial owner	15,375,000	8.70%

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2022, other than the Director and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in shares of the Company:

Name	Nature of interests	Number of shares held	Percentage of the Company's issued share capital
Mr. Fang Jinhua	Personal interest	26,611,500	15.05%

SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted by the shareholders of the Company by way of written resolutions passed on 10 April 2015.

No share option has been granted under the Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the Period.

COMPETING INTERESTS

Based on the information available to the Company and within the knowledge and belief of the Directors, none of the Directors or the controlling shareholders of the Company (as defined under the GEM Listing Rules) had any business or interest which competes or may compete with the business of the Group, or had any other conflict of interest with the Group throughout the Period.

AUDIT COMMITTEE

The Company has established an audit committee with the written terms of reference in compliance with the GEM Listing Rules. The audit committee consists of two independent non-executive Directors, namely Ms. Yuen Wai Man, who has the appropriate accounting and financial related management expertise and serves as the chairman of the audit committee and Ms. Leung Shuk Lan. The audit committee has reviewed this report and has provided advice and comments thereon.

CORPORATE GOVERNANCE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules.

Following the retirement of Mr. Tang Yiu Wing (“Mr. Tang”), an independent non-executive Director, at the annual general meeting of the Company held on 29 June 2022 (“AGM”), the Company only had two independent non-executive Directors, two members of the audit Committee and two members of the nomination Committee. This falls below the minimum number of independent non-executive directors, and members of audit committee and nomination committee requirement under Rule 5.05(1), Rule 5.28 and Rule 5.36A of the GEM Listing Rules. The Company is identifying suitable candidate(s) to fill the above vacancies arising from the retirement of Mr. Tang at the AGM in order to comply with the GEM Listing Rules. Further announcement will be made by the Company when the relevant appointment is made.

Except for above, to the best knowledge of the Directors, the Company had complied with the code provisions in the CG Code throughout the Period.

By Order of the Board
Solomon Worldwide Holdings Limited
Woo Lan Ying
Chairman

Hong Kong, 12 August 2022