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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of Solomon Worldwide Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2022. This announcement, containing the full text of the 2022 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") in relation to information to accompany the preliminary announcement of annual results.

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

Hong Kong, 28 March 2023

As at the date of this announcement, the executive Directors are Ms. Woo Lan Ying and Mr. Shang Ruisen, and the independent non-executive Directors are Ms. Leung Shuk Lan, Ms. Yuen Wai Man and Mr. Au Sui Keung Albert.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and on the website of the Company at www.solomon-worldwide.com.

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Annual Report 2022

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 the GEM (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 aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Executive Directors
Ms. Woo Lan Ying *(Chairman)*
Mr. Shang Ruisen *(Vice Chairman)*

Independent Non-executive Directors
Ms. Leung Shuk Lan
Ms. Yuen Wai Man
Mr. Au Sui Keung Albert

Chief Executive Officer
Mr. Wong Thomas Wai Yuk

BOARD COMMITTEES

Audit Committee
Ms. Yuen Wai Man *(Chairman)*
Ms. Leung Shuk Lan
Mr. Au Sui Keung Albert

Remuneration Committee
Ms. Leung Shuk Lan *(Chairman)*
Ms. Woo Lan Ying
Ms. Yuen Wai Man

Nomination Committee
Ms. Woo Lan Ying *(Chairman)*
Ms. Yuen Wai Man
Ms. Leung Shuk Lan

COMPANY SECRETARY

Mr. Wong Ka Shing

AUTHORISED REPRESENTATIVES

Ms. Woo Lan Ying
Mr. Wong Ka Shing

AUDITOR

Yongtuo Fuson CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8/F, Wui Tat Centre,
55 Connaught Road West,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre,
16 Harcourt Road, Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

8133

COMPANY WEBSITE

www.solomon-worldwide.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Solomon Worldwide Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), I am pleased to present to you the annual results of the Group for the year ended 31 December 2022.

REVIEW

During the year, the Group's business was mainly focused on trading and manufacturing of metal casting parts and components in PRC and the provision of financial printing services in Hong Kong.

Since the outbreak of COVID-19 in early 2020, with the introduction of vaccines and the widespread vaccination during the year, global business activities have gradually been resumed. Benefit from the substantial increase in the demand from overseas market, the revenue of the Group's metal casting business has rebounded, even to the revenue level before the COVID-19 pandemic.

On the other hand, during the year, the COVID-19 pandemic continued to rage in Mainland China and Hong Kong. Hong Kong experienced the fifth wave of the COVID-19 pandemic in the first quarter of 2022 while Mainland China had severe outbreaks of the COVID-19 pandemic in the late first quarter and for the whole fourth quarter of 2022. Under the strict prevention and control measures of Mainland China, many cities were locked down. Due to the stringent cross-border control measures were still implemented by the governments of Mainland China and Hong Kong, the initial public offering ("IPO") activities in Hong Kong were affected to a considerable extent, these was an obstacle to boosting the demand of the IPO activities as well as the financial printing business in Hong Kong which further exacerbated the fierce competition in the financial printing industry. As a result, the revenue from the financial printing business of the Group significant decreased during the year as compared to the revenue level before the impact of COVID-19 pandemic.

With the announcements by the governments of Mainland China and Hong Kong of further relaxation of the pandemic prevention and control measures in early January 2023 and the abolition of the border control measures in early February 2023, the Group is cautiously optimistic in the recovery in the macroeconomic environment that may benefits to the Group's operation.

OUTLOOK

Looking ahead, the Group will maintain a flexible and tailored sales and marketing strategy to offer diversified and tailor-made products and services to our customers, which will in turn reinforce the Group's market position. In addition, the Group will continue to leverage on its competitive edges in branding and networking to further expand our customer base. The Group will continue to adopt a positive yet prudent approach in its business strategy aiming to enhance the Group's profitability and the shareholders' value in the long run. Meanwhile, the Group will also explore other potential investment opportunities in Mainland China, Hong Kong and overseas in order to diversify the Group's business and create new source of revenue to the Group.

I would like to take this opportunity to express my sincere gratitude to our shareholders, customers, suppliers and business partners for their continuous support, and to our management and staff members for their diligence, dedication and contribution to the growth of our Group.

Woo Lan Ying
Chairman

Hong Kong, 28 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

During the year, the Group was principally engaged in trading and manufacturing of metal casting parts and components in 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 Mainland China, Hong Kong and the United States.

During the year, due to the released of certain lock down measures in overseas, the revenue from metal casting business increased by approximately 29.9% as compared to last year, 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 had almost been offset by the increased 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 year, the revenue from financial printing service significant decreased as compared to the revenue level before the impact of COVID-19 pandemic and decreased by approximately 65.4% as compared to last year. Although the COVID-19 pandemic showed a sign of being under control in Hong Kong and Mainland China during the year, 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 year, in light of the weak performance of the financial printing business, the Group has devoted tremendous management time and efforts on the financial printing business with the hope to turnaround its performance. Despite various cost control measures and strategies have been implemented, no significant improvements were noted due to the effects of the ongoing COVID-19 pandemic on the macroeconomic environment.

Looking ahead, the Group will continue to 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 Mainland China, Hong Kong and overseas in order to diversify the Group's business and create new source of revenue to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022, total revenue of the Group decreased slightly by approximately 10.3% (2021: decrease of 2.46%) to approximately HK$74.90 million as compared with that in 2021 of approximately HK$83.49 million. The decrease in total revenue was mainly due to the combined effects of (i) the decrease in revenue arising from financial printing business outweighed the increase in revenue arising from the metal casting business.

Gross profit

Gross profit of approximately HK$18.79 million (2021: HK$20.20 million) was recorded for the year ended 31 December 2022, representing a decrease of approximately HK$1.41 million as compared with that in 2021. The Group's overall gross profit margin remained stable at around 25% and 24% for the years ended 31 December 2022 and 2021.

Selling and distribution expenses

The Group's selling and distribution expenses for the year ended 31 December 2022 amounted to approximately HK$5.23 million (2021: HK$6.12 million), representing a decrease of approximately HK$0.89 million as compared with the in 2021.

Administrative expenses

The Group's administrative expenses for the year ended 31 December 2022 amounted to approximately HK$28.00 million (2021: HK$29.18 million), representing a slightly decrease of approximately HK$1.18 million as compared with that in 2021. Administrative expenses primarily consist of salaries and benefit payments paid to directors and staffs, 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 year

Loss attributable to owners of the Company for the year ended 31 December 2022 amounted to approximately HK$12.14 million (2021: HK$14.00 million), representing a decrease of approximately 13.29% as compared to that in 2021.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal sources of funds are used to finance working capital, and the growth and expansion of the Group's operations and sales network. During the year, the Group's principal sources of funds are from issue of shares during 2022 and borrowings. The Group had cash and cash equivalents of approximately HK$2.80 million as at 31 December 2022 (31 December 2021: HK$1.31 million). As at 31 December 2022, except for the loan and advance from related parties (mainly from a director and a related party) and borrowings, amounting to approximately HK$3.63 million and HK$2.22 million respectively (31 December 2021: HK$11.19 million and Nil), the Group did not have any other borrowings.

GEARING RATIO

As at 31 December 2022, the Group's gearing ratio was 38.82% (31 December 2021: 36.53%), which is calculated based on the Group's total interest-bearing debt divided by the Group's total equity.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

The capital of the Company comprises only ordinary shares.

As at 31 December 2022, the Company's total number of issued shares was 212,160,000 of HK$0.08 each (2021: 104,000,000 of HK$0.08 each). The Group did not have any debt securities or other capital instruments as at 31 December 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 2021, 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.

PLACINGS

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 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.

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 II 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.

USE OF PROCEEDS FROM RIGHT ISSUE AND PLACINGS

The net proceeds from the Right Issue, after deduction of all relevant expenses, was approximately HK$9.3 million, which were used as below: (i) approximate HK$2.0 million for staff cost; (ii) approximately HK$3.5 million for rental expenses; (iii) approximately HK$2.5 million for repaying account payables; and (iv) approximately HK$1.3 million for other daily operating expenses of the Group.

The net proceeds from the Placing Share I, after deduction of all relevant expenses, was approximately HK$2.6 million, which were used as below: (i) approximately HK$2.0 million for repayment of the other borrowings of the Group; and (ii) approximately HK$600,000 for investment in potential new projects to be identified by the Group in the future.

The net proceeds from the Placing Share II, after deduction of all relevant expenses, was approximately HK$4.1 million, which were used as below: (i) approximately HK$1.2 million for repayment of borrowings of the Group; and (ii) approximately HK$2.9 million 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.

PROPOSED REFRESHMENT OF GENERAL MANDATE

The Company proposed to convene an extraordinary general meeting on 17 November 2022 at which the ordinary resolutions will be proposed to the independent shareholders for approving the proposed refreshment of general mandate. For details, please refer to the circular and announcement of the Company dated 28 October 2022 and 17 November 2022 respectively.

EVENTS AFTER THE REPORTING PERIOD

(1) On 13 January 2023, a subscriber entered into the subscription agreement with the Company, pursuant to which the subscriber has conditionally agreed to subscribe and the Company has conditionally agreed to issue 11,000,000 subscription shares ("Subscription Share(s)") at the subscription price of HK$0.235 per Subscription Share for an aggregate consideration of HK$2,590,000. The intended use of proceeds from the share subscription to be applied as to HK$2,300,000 and HK$290,000 for repayment of borrowings of the Group and for general working capital of the Group respectively. The subscription transaction was completed on 20 January 2023 and a total of 11,000,000 Subscription Shares were issued. The gross and net proceeds were approximately HK$2,590,000 and HK$2,590,000 respectively. The net price was approximately HK$0.235 per Subscription Share.

(2) Pursuant to the Company's announcement dated 20 January 2023, a joint venture agreement for the establishment of three joint venture companies (the "JV Companies") was signed by the Company and Mr. Liu Haitao (the "JV Partner") on 20 January 2023 and thus, the Company and JV Partner agreed to contribute HK$1,020,000 and HK$980,000 to the JV Companies, respectively.

    The further details are set out in the Company's announcement dated 20 January 2023.

(3) On 24 March 2023, the Company announced that the Board proposed to change the English name of the Company from "Solomon Worldwide Holdings Limited" to "Jisheng Group Holdings Limited", and to adopt and register the Chinese name of "吉盛集團控股有限公司" as the dual foreign name of the Company in place of its existing Chinese name of "所羅門環球控股有限公司". For details, please make reference to the announcement of the Company dated 24 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements may affect the substantiality of its business. The Group has allocated various resources to ensure ongoing compliance with rules and regulations.

During the year under review, there is no material non-compliance with the relevant laws and regulations in Hong Kong and PRC by the Group.

CONTINGENT LIABILITIES

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

CHARGE OF ASSETS

As at 31 December 2022, the Group did not have any charge of assets (31 December 2021: Nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is principally engaged in the provision of financial printing services in Hong Kong and the manufacturing of metal casting parts and components in PRC, which are exposed to certain market risks including currency risk, interest rate risk, credit risk and liquidity risk. The details are set out in note 29 “Financial risk management and fair values of financial instruments” to the consolidated financial statements.

The Group’s business and profitability growth in the year under review is affected by the increase in competition in the industry and the volatility and uncertainty of macroeconomic conditions in Hong Kong, PRC, Germany and other global nations. The Group is expected to continue to be affected by the above factors. Any increased competition in the financial printing industry in Hong Kong and the metal casting industry in PRC could reduce the sales, prices and profit margins, and affect the operating results. Any change in the macroeconomic condition may directly or indirectly affect the cost of the production and the demand for the services and products of the Group.

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 revenue in Euro from some of its customers in Europe. The Group generally has 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 management will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

TREASURY POLICIES

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

CAPITAL COMMITMENTS

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

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any significant investment in equity interest in any other company and any material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 December 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed elsewhere in this report, the Group did not have any plans for material investments and capital assets as at 31 December 2022.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise employees, customers and suppliers.

Employees

Employees are regarded as the valuable assets of the Group. The employees of the Group are remunerated by way of salary, allowance and discretionary bonus. The Group has devised an assessment system for the employees and the Group uses the assessment result for salary reviews and promotion decisions. The Group maintains good working relationships with the employees and has not encountered any difficulty in the recruitment and retention of staff for the operations since the establishment of the business.

Customers

The Group's principal customers are listed companies in Hong Kong and IPO customers, suppliers of flow control devices, electromechanical equipment, and industrial machinery and equipment. The Group believes that product quality is the key to retain long-term customers. Each step in the production procedures are controlled and monitored to ensure adherence to stringent quality standard. The Group has maintained a good and long-term relationship with its customers by providing high quality and tailor-made financial printing services and metal casting parts and components which are able to meet the diversified requirements of the customers from a wide spectrum of industries.

MANAGEMENT DISCUSSION AND ANALYSIS

Suppliers

The Group maintains stable relationship with its suppliers which include translation and printing services providers, distributors of well-established metal manufacturers. Most of the service providers of the financial printing business are located in Hong Kong, and the suppliers of the metal casting business have distribution points in Guangdong province and they are nearby the factory of the Group located in Huizhou City, which ensures prompt delivery and relatively lower transportation costs.

EMPLOYEE AND EMOLUMENT POLICIES

As at 31 December 2022, the employee headcount (including Directors) of the Group was 133 (31 December 2021: 169) and the total staff costs, including directors' emoluments, amounted to approximately HK$27.04 million during the year ended 31 December 2022 (2021: HK$32.15 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) and various in-house training courses. 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.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its shareholders. To accomplish this, the Company has adopted the principles and the code provisions of 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 ("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. Mr. Au Sui Keung Albert has been appointed as the independent non-executive Director and member of audit committee, Ms. Leung Shuk Lan has been appointed as member of the nomination committee; and Ms. Woo Lan Ying has been appointed as chairman of nomination committee with effect from 20 September 2022 to fill the above vacancies arising from the retirement of Mr. Tang at the 2022 AGM in order to comply with the GEM Listing Rules.

Except for above, throughout the year ended 31 December 2022, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTION

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 have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the year.

BOARD OF DIRECTORS

Composition of the Board

As at the date of this report, the Board comprises two executive Directors and three independent non-executive Directors. The composition of the Board during the year and up to the date of this annual report was as follows:

Executive Directors

Ms. Woo Lan Ying *(Chairman)*
Mr. Shang Ruisen *(Vice Chairman)*
Mr. Luk Chi Shing *(resigned on 11 April 2022)*

Independent Non-executive Directors

Ms. Leung Shuk Lan
Ms. Yuen Wai Man *(appointed on 11 April 2022)*
Mr. Au Sui Keung Albert *(appointed on 20 September 2022)*
Mr. Wong Ka Shing *(resigned on 11 April 2022)*
Mr. Tang Yiu Wing *(retired on 29 June 2022)*

The biographical details of all Directors and senior management of the Company are set out on pages 32 to 33 of this report. To the best knowledge of the Company, there is no financial, business, family or other material or relevant relationships among members of the Board.

CORPORATE GOVERNANCE REPORT

FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for establishing the strategic direction of the Company and its subsidiaries; setting objectives and business development plans; monitoring the performance of the senior management; and assuming responsibility for corporate governance. The management, under the leadership of the chief executive officer, is responsible for implementing the strategies and plans established by the Board and reporting on the Company's operations to the Board on a regular basis to ensure effective performance of the Board's responsibilities.

The Board has established the Group's purpose, values and strategy, and has satisfied itself that the Group's culture is aligned. Acting with integrity and leading by example, the Directors promote the desired culture to instill and continually reinforce across the Group the values of acting lawfully, ethically and responsibly. The Group has adopted anti-corruption and whistleblowing policy to provide forums for reporting issues and concerns on any misconduct, and to uphold business integrity in its operations.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis by the Board.

BOARD MEETINGS

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's articles of association. All minutes of the Board meetings were recorded in sufficient detail of the matters considered by the Board and the decisions made.

During the year, sixteen (16) Board meetings were held. The attendance of the respective Directors at the Board meetings are set out below:

Name of Directors	**Attendance/ Number of meetings**
Executive Directors	
Ms. Woo Lan Ying	16/16
Mr. Shang Ruisen	16/16
Mr. Luk Chi Shing *(resigned on 11 April 2022)*	5/5
Independent Non-executive Directors	
Ms. Leung Shuk Lan	16/16
Ms. Yuen Wai Man *(appointed on 11 April 2022)*	11/11
Mr. Au Sui Keung Albert *(appointed on 20 September 2022)*	3/3
Mr. Wong Ka Shing *(resigned on 11 April 2022)*	5/5
Mr. Tang Yiu Wing *(retired on 29 June 2022)*	7/8

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term of three years. Either party has the right to give not less than three months' written notice to terminate the respective service contract.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a specific term of three (3) years.

In compliance with the code provision in B.2.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three (3) years. Furthermore, pursuant to article 84 of the articles of association of the Company (the "Articles"), at each annual general meeting one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three (3) years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

By virtue of article 84 of the Articles, Ms. Woo Lan Ying and Mr. Shang Ruisen will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Pursuant to article 83(3) of the Articles, any director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

By virtue of article 83(3) of the Articles, Mr. Au Sui Keung Albert shall hold office until the forthcoming annual general meeting of the Company and, being eligible, offer himself for re-election at such meeting.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed three (3) independent non-executive Directors representing more than one-third of the Board and with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise. The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Rule 5.09 of the GEM Listing Rules. The Board considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the GEM Listing Rules for the year.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In compliance with the code provision in C.2.1 of the CG Code, the roles of the Chairman and the Chief Executive Officer are distinct and separate with clear and well established division of responsibilities. Ms. Woo Lan Ying, the executive Director and Chairman of the Board is responsible for the roles of the chairman by providing leadership to the Board while Mr. Wong Thomas Wai Yuk, the Chief Executive Officer of the Company, is responsible for overseeing the general management and daily operations of the Group.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established, with written terms of reference, three board committees, namely audit committee, remuneration committee and nomination committee, to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties. The written terms of reference for each Board committee are in line with the GEM Listing Rules and are available on the websites of the Stock Exchange and the Company, respectively.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

AUDIT COMMITTEE

The Company has established an audit committee on 10 April 2015 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision D.3 of the CG Code. The audit committee consists of three (3) 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, Ms. Leung Shuk Lan and Mr. Au Sui Keung Albert.

The primary duties of the audit committee are (but without limitation) to assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process, risk management and internal control systems, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The audit committee held six (6) meetings during the year. Details of the attendance of members of the audit committee meeting are as follows:

Members	**Attendance/ Number of meetings**
Ms. Yuen Wai Man *(chairman) (appointed as chairman on 11 April 2022)*	5/5
Ms. Leung Shuk Lan	6/6
Mr. Au Sui Keung Albert *(appointed on 20 September 2022)*	1/1
Mr. Wong Ka Shing *(chairman) (resigned on 11 April 2022)*	1/1
Mr. Tang Yiu Wing *(retired on 29 June 2022)*	3/3

During the year, the audit committee reviewed the Company's annual financial statements, interim and quarterly reports; discussed the internal control of the Group; met with the independent external auditors and reviewed reports from the independent external auditors regarding their audit on annual financial statements.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 10 April 2015 with written terms of reference in compliance with code provision E.1 of the CG Code. The remuneration committee currently consists of three (3) members, the majority of whom are independent non-executive Directors, namely Ms. Leung Shuk Lan, who serves as the chairman of the remuneration committee, Ms. Woo Lan Ying and Ms. Yuen Wai Man.

The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to the Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of the Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

During the year, two (2) remuneration committee meetings were held for, inter alia, reviewing the policy and structure for all remuneration of the Directors. Details of the attendance of members of the Remuneration Committee meeting are as follows:

Members	**Attendance/ Number of meetings**
Ms. Leung Shuk Lan *(chairman)*	2/2
Ms. Woo Lan Ying	2/2
Ms. Yuen Wai Man *(appointed on 11 April 2022)*	1/1
Mr. Wong Ka Shing *(resigned on 11 April 2022)*	1/1

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

Each of the Directors will receive a fee which is subject to an annual adjustment at a rate to be reviewed by the remuneration committee and be determined at the discretion of the Board. The Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload and the time devoted to the Group. The Group has adopted incentive bonus schemes and continues to maintain these schemes, seeking to align the financial well-being of the Group with that of the employees, and to retain the Directors and staff of high caliber.

No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors.

NOMINATION COMMITTEE

The Company established a nomination committee on 10 April 2015 with written terms of reference in compliance with code provision B.3 of the CG Code. The nomination committee currently consists of three (3) members, the majority of whom are independent non-executive Directors, namely Ms. Woo Lan Ying, who serves as the chairman of the nomination committee, Ms. Yuen Wai Man and Ms. Leung Shuk Lan.

The primary function of the nomination committee includes making recommendations to the Board to fill vacancies on the same, assessing the independence of independent non-executive Directors and reviewing of the structure, size and composition of the Board.

CORPORATE GOVERNANCE REPORT

During the year, two (2) nomination committee meetings were held for, inter alia, reviewing the structure, size and composition of the Board and board diversity policy as well as considering the appointment of Directors. Details of the attendance of members of the nomination committee meeting are as follows:

Members	Attendance/ Number of meetings
Mr. Tang Yiu Wing *(chairman) (retired on 29 June 2022)*	1/1
Ms. Woo Lan Ying *(chairman) (appointed as chairman on 20 September 2022)*	2/2
Ms. Yuen Wai Man *(appointed on 11 April 2022)*	1/1
Ms. Leung Shuk Lan *(appointed on 20 September 2022)*	–/–
Mr. Wong Ka Shing *(resigned on 11 April 2022)*	1/1

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the "Diversity Policy") which sets out the approach to achieve diversity on the Board. The Company embraces the benefits of having a diverse Board to enhance the quality of its performance. Pursuant to the Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of aspects, including (but not limited to) gender, regional and industry experience, skills, knowledge and educational background.

As at 31 December 2022, the Board contained three female Directors, the Board considers that the gender diversity is achieved in respect of the Board. The Board intends that female Directors should continue to comprise at least one-third of the total members of the Board. Accordingly, the Board considers that the current composition of the Board has met the Board's objectives with respect to gender diversity. In considering the Board's succession and to ensure diversity at the Board level, the nomination committee will and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified and when appropriate. The board will review the implementation and effectiveness of the policy on Board diversity on an annual basis.

As at 31 December 2022, among the 133 employees (including senior management) of the Group, the percentages of male employees and female employees are 78.2% and 21.8%, respectively. The Board considers that the Group's workforce (including senior management) are diverse in terms of gender.

NOMINATION PROCEDURES, PROCESS AND CRITERIA

The nomination committee leads the process and makes recommendations for re-election and appointment to the Board, whether as additional appointment or to fill up the casual vacancy of directorship as and when they arise, in light of the challenges and opportunities facing by the Group, as well as the business development and requirements of the Group. In evaluating and selecting candidate(s) for directorship, the nomination committee considers the merit and contribution that the candidates will bring to the Board, having due regard for the election criteria set out in the nomination policy including, inter alia, the character and integrity; the accomplishment and experience; the commitment in respect of available time and relevant interest; the cultural and educational background, the gender, qualification, ethnicity, professional experience, skills, knowledge and length of service; the benefits of diversity on the existing Board as well as the independence of the candidates (for independent non-executive director). The nomination committee makes recommendation to the Board to appoint the appropriate person among the candidates nominated for directorship. Suitable candidate(s) shall be appointed by the Board in accordance with the Articles and the GEM Listing Rules.

CONTINUING PROFESSIONAL DEVELOPMENT

According to the code provision C.1.4 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. During the year, the Group has provided training materials for all the Directors to keep them abreast of the latest development of legal, regulatory and corporate governance. The Group, together with its compliance adviser, continuously updates the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

All Directors acknowledges their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The responsibilities of the external auditors about their financial reporting are set out in the independent auditor's report attached to the Company's financial statements for the year ended 31 December 2022 set out in this report.

AUDITOR'S REMUNERATION

For the year ended 31 December 2022, the remuneration paid or payable to Yongtuo Fuson CPA Limited and its affiliate companies in respect of audit and non-audit services provided is set out below:

Services rendered	Remuneration paid/payable HK$'000
Audit services	460
	460

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing their effectiveness at least annually.

As a part of the Group's risk management and internal control systems, appropriate policies and controls have been designed and established by the Group to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed.

CORPORATE GOVERNANCE REPORT

However, the risk management and internal control systems 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 business objectives.

The Group has adopted a three-tier risk management approach to identify, evaluate and manage significant risks. The operating units of the Group, as a first line of defence, identify, evaluate, mitigate and monitor the risks, and report such risk management activities to the Group's management on a regularly basis. The Group's management, as the second line of defence, provides support to the operating units and ensure that the significant risks are properly manage and within the acceptable range and report the situation to the Board at each regularly scheduled meeting. The Board, as the final line of defence, conducts an annual review of the overall effectiveness of the Group's risk management and internal control systems.

During the year, the Board has reviewed and discussed the risk management and internal control systems, which has covered all material controls, including financial, operational, compliance controls and the environmental, social and governance, with the Group's management and has conducted selective review of the effectiveness of internal control system of the Group and no material internal control fallings, weaknesses or deficiencies have been identified during the course of the review.

Based on the above, the Board were not aware of any areas of concern that would have a material impact on the Group's financial position or results of operations and considered the risk management and internal control systems to be generally effective and adequate including the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, internal audit, financial reporting functions and those relating to the environmental, social and governance's performance and reporting.

WHISTLEBLOWING POLICY

In compliance with code provision D.2.6 of the CG Code, the Board adopted a whistleblowing policy. It provides employees and the relevant third parties who deal with the Group (e.g. customers, suppliers, creditors and debtors) with guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the designated person.

An email account (bonnie@wmyuen.com) has been set up for this purpose. All reported matters will be investigated independently and, in the meantime, all information received from a whistleblower and its identity will be kept confidential. The Board and the audit committee will regularly review the whistleblowing policy and mechanism to improve its effectiveness.

ANTI-FRAUD AND ANTI-CORRUPTION POLICY

In compliance with the new code provision D.2.7 of the CG Code, the Board adopted an anti-fraud and anti-corruption policy. It outlines guidelines and the minimum standards of conducts, all applicable laws and regulations in relation to the anti-corruption and anti-bribery, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Group would not tolerate all forms of fraud and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealing with third parties. The Board and the audit committee will review the anti-fraud and anti-corruption policy and mechanism periodically to ensure its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

DISCLOSURE OF INSIDE INFORMATION

The Board acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the GEM Listing Rules that inside information should be announced immediately when it is the subject of a decision. The Group has established appropriate procedures and internal controls for the handling and dissemination of inside information. The Company regulates the handling and dissemination of inside information as set out in the Group's policy, which has covered the related disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012 to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company aims to provide its shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis, information of the Group to shareholders through the publication of quarterly, interim and annual reports and/or dispatching circular, notices, and other announcements.

The general meetings of the Company provide a forum for communication between the Board and its shareholders. The Chairman of the Board and other members of the respective committees are available to answer questions at the general meeting of the shareholders. The Company recognises the importance of maintaining on-going communications with the shareholders and encourages them to attend general meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

The Company maintains a website at http://www.solomon-worldwide.com where extensive information and updates on the Company's financial information, corporate governance practices and other useful information are posted and available for access by the public investors.

The Board reviewed the Company's shareholders engagement and communication activities conducted in 2022 and was satisfied with the implementation and effectiveness of the shareholders' communication policy of the Company.

DIVIDEND POLICY

The Company does not have any pre-determined dividend distribution ratio. In deciding whether to propose a dividend and in determining the dividend amount, the Board takes into account, among other things, the Group's earnings performance, financial condition, cash requirements and availability, the availability of funds to meet the financial covenants of the Group's bank loans and any other factors that the Directors may consider relevant.

2022 GENERAL MEETINGS

The 2022 annual general meeting and an extraordinary general meeting of the Company were held on 29 June 2022 and 17 November 2022, respectively. The Company announced the results of the poll in the manner prescribed under the GEM Listing Rules. The respective chairman of the Board, audit committee, remuneration committee and nomination committee has attended the annual general meeting to ensure effective communication with shareholders. The attendance record of the Directors at the general meetings held in 2022 is set out below:

Name of Directors	Number of general meetings attended/held
Executive Directors	
Ms. Woo Lan Ying	2/2
Mr. Shang Ruisen	2/2
Independent Non-executive Directors	
Ms. Leung Shuk Lan	2/2
Ms. Yuen Wai Man *(appointed on 11 April 2022)*	2/2
Mr. Au Sui Keung Albert *(appointed on 20 September 2022)*	1/1
Mr. Tang Yiu Wing *(retired on 29 June 2022)*	1/1

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting and to put forward proposal at general meetings

Pursuant to article 58 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company ("Company Secretary") for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 85 of the Articles provides that no person other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven (7) days. The written notice must state that person's biographical details as required by Rule 17.50(2) of the GEM Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail to the principal office of the Company in Hong Kong. The Company Secretary forwards communications relating to matters within the Board's purview to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and complaints, to the Chief Executive Officer.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

COMPANY SECRETARY

The Company Secretary is Mr. Wong Ka Shing, who is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. During the year ended 31 December 2022, the Company Secretary has duly complied with the relevant professional training requirement under Rule 5.15 of the GEM Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

Scope

The Group principally engaged in trading and manufacturing of metal casting parts and components in PRC and provision of financial printing services in Hong Kong. The Group is committed to incorporating the principles of sustainable development into its strategic planning and day-to-day operations through transparent measures to maintain our competitive edge in the trading and manufacturing of metal casting parts industry and the financial printing industry and to deliver enduring values to our key stakeholders including shareholders, employees, customers and the wider community.

This 2022 Environmental, Social and Governance ("ESG") report ("ESG Report") aims to disclose the overall policies, practice, commitments and strategies on the sustainable development of the Group during the reporting period which covers the period from 1 January 2022 to 31 December 2022 ("Reporting Period").

REPORTING FRAMEWORK

This report is prepared in accordance with the ESG Reporting Guide as set out in Appendix 20 to the GEM Listing Rules.

REPORTING PRINCIPLES

The Group has prepared the ESG Report in accordance to the following reporting principles stated in the ESG Reporting Guide.

– Materiality: The Group communicates with our major stakeholder groups on a regular basis to identify and assess ESG-related issues that matter most from stakeholders' perspectives. Key ESG issues identified through stakeholder engagement and materiality assessment.

– Quantitative: Quantitative information/KPI presented in this ESG Report is accompanied by narrative, explanation and comparison wherever applicable.

– Balance: The ESG Report aims to disclose data in an objective way, which aims to provide stakeholders with a balance overview of the Group's overall ESG performance.

– Consistency: Unless otherwise stated, the Group adopts consistent methodologies and retrieves social and environmental KPIs from the Group's internal record system. The scope of reporting and KPIs are consistent with those of the previous report to allow meaningful comparison over time.

SUSTAINABLE DEVELOPMENT

The Group understands that sustainability is particularly important to the long-term development of the Group, the society as well as our next generation. The Group is committed to create a business that contributes to global efforts in environmental care and will introduce various environmental protection and social welfare activities in order to foster the sustainability development of the society.

BOARD STATEMENT ON ESG GOVERNANCE

The Board is committed to incorporating the ESG mindset into business operations. The Board accepts full responsibility for the sustainability of the Group, including formulating strategies, overseeing the Group's ESG related risks and opportunities, and approving the ESG Report. The Board is also required to keep abreast of and comply with the latest regulatory requirements before the approval of the ESG Report.

The Board believes that the management of ESG-related risks and opportunities are essential to the Group's efficient and effective operation. The risk management and internal control systems assure accuracy, reliability and the timeliness of the data presented and sustainable development measures. The Board will also regularly review the implementation effectiveness of the systems and whether they cover major control measures on material ESG issues.

REPORTING BOUNDARY

This ESG Report focuses on the environmental and social performance of the trading and manufacturing of metal casting parts and components in PRC and the provision of financial printing services in Hong Kong.

STAKEHOLDERS ENGAGEMENT

The Group endeavours to create sustainable growth and long-term value for its stakeholders, who comprise the Group's employees, investors, customers and the wider community. The Group continues to interact with its stakeholders on an ongoing basis in order to understand their views and collect their feedback. The Group has also established effective communication channels with its stakeholders through its company website, annual general meeting and staff meetings. The opinions of stakeholders are vastly beneficial to formulating and implementing sustainable development strategies which enables the Group to improve its ESG performance. If you have any opinions or suggestions, please do not hesitate to contact us by mail to 8/F, Wui Tat Centre, 55 Connaught Road West, Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. During the Report Period, the Company undertook its annual materiality assessment exercise. The objective of materiality assessment is to identify ESG topics that are material and relevant to the Group's operation. This involved conducting interviews and/or surveys with internal and external stakeholders to identify the most significant environmental and social impacts on its business. To identify potential material topics for disclosure in the ESG Report, we took reference to the ESG Reporting and set possible topics for assessment. According to the results of the materiality assessment, the items below demonstrated the ESG topics with high materiality to the Group, including:

- Employee welfare
- Inclusion and equal opportunities
- Talent attraction and retention
- Occupational health and safety
- Preventing child and forced labour
- Supply chain management
- Labour standards in supply chain
- Economic value generated
- Protection of intellectual property ("IP") rights
- Protection of customer privacy
- Corporate governance
- Anti-corruption
- Community investment

ENVIRONMENTAL PROTECTION

Emission and Use of resources

The Group is principally engaged in the trading and manufacturing of metal casting parts and components in PRC and provision of financial printing services in Hong Kong. Resources such as liquid petroleum gas, electricity and raw materials are essential inputs to our business and greenhouse gas emissions are unavoidable during our production process.

The Group is also committed to use resources wisely and efficiently and reduce waste generation within our operations. Throughout all of our operations, we have been progressively implementing different resource-saving measures including but not limited to the environmental education to our people. The Group's target is set to achieve 5% reduction of energy consumption, greenhouse gas emissions and water by 2030 from the base year of 2022.

The Group's direct air emission during the Reporting Period are as follows:

	Units	2022
Direct air emission		
Nitrogen oxides ("NOx")	kg	**1.00**
Sulphur oxides ("SOx")	kg	**0.02**
Particulate matter ("PM")	kg	**0.07**

The Group's energy consumption, waste and greenhouse gas emissions during the Reporting Period are as follows:

	Units	2022
Greenhouse gas emission		
Direct emissions (Scope 1)[1]	tCO_2e	**3.63**
Intensity[2]	tCO_2e/employee	**0.03**
Energy indirect emissions (Scope 2)[3]	tCO_2e	**3,715.27**
Intensity[2]	tCO_2e/employee	**27.93**
Other indirect emissions (Scope 3)[4]	tCO_2e	**47.46**
Intensity[2]	tCO_2e/employee	**0.36**
Total emission	tCO_2e	**3,766.36**
Intensity[5]	tCO_2e/revenue (HK$'000)	**50.29**
	tCO_2e/employee	**28.32**
Waste		
Hazardous waste	tonne	**1.42**
Intensity	tonne/employee	**0.01**
Non-hazardous waste	tonne	**46.32**
Intensity	tonne/employee	**0.35**
Use of resources		
Liquid Petroleum Gas and Diesel	Litre	**8,408.68**
Intensity[6]	Litre/output tonne	**14.61**
Electricity consumption	MWh	**5,311.17**
Intensity[7]	MWh/output tonne	**9.23**
Water Consumption	cubic metre	**11,472.00**
Intensity[8]	cubic metre/employee	**86.26**
Paper Consumption[9]	tonne	**54.82**
Intensity[10]	tonne/employee	**0.41**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Note 1: Scope 1 refers to direct greenhouse gas emissions which resulted from the liquid petroleum gas and diesel consumed by our wholly-owned operating subsidiary which principally engaged in manufacturing of metal casting in PRC as financial printing service do not generate direct greenhouse gas emissions.

Note 2: Intensity is calculated by the emission over the number of employees of the Group.

Note 3: Scope 2 refers to energy indirect emissions which resulted only from the generation of the Group's purchased electricity.

Note 4: Scope 3 refers to other indirect greenhouse gas emissions which resulted from the water and paper consumption and business air travel by employees.

Note 5: Intensity is calculated by the emissions over the Group's revenue for HK$74.90 million (2021:HK$83.49 million).

Note 6: Intensity is calculated by the consumption of liquid petroleum gas and diesel over the production output of manufacturing of metal casting.

Note 7: Intensity is calculated by the consumption of electricity over the production output of manufacturing of metal casting.

Note 8: Intensity is calculated by the consumption of water over the number of employees of the Group.

Note 9: Total packaging material used for finished products.

Note 10: Intensity is calculated by the consumption of paper over the number of employees of the Group.

Wastes Management

The Group attaches great importance to the management of solid waste, and we implement waste management strategies to reduce the impact from disposal of hazardous and non-hazardous waste on the environment. The Group undertakes to put into practice the storage, cleaning, transportation and disposal of waste and to keep the environment clean and sanitary. In respect of non-hazardous waste generated in offices, the Group advocates reducing the generation of solid waste and encourages employees to develop good habits of recycling waste, so as to get twice the result in environmental protection with half the effort. In order to reduce the use of paper, the Group proactively encourages employees to put into practice double sided printing. The Group's target is set to achieve 5% reduction of hazardous and non-hazardous waste by 2030 from the base year of 2022.

Packaging Material

The Group promotes saving packaging material and avoid wastage and encourage packaging materials including paper and wooden boxes. During the Report Period, the Group consumed approximately 54.82 tonnes of packaging materials.

Environment and Natural Resources

The Group will continue to monitor the production and operations process in order to ensure that it does not have a significant adverse effect on the environment and that the Group's environmental protection measures are adequate to ensure compliance with all applicable current local and national regulations.

Climate Change

Global warming has been one of the utmost concerned issues in recent years, which might indue extreme weather conditions such as storms, flooding and earthquakes, etc.

During the Reporting Period, the Group has not been seriously affected by the extreme weather conditions as the Group adopted various emergency plans to prevent the disruption of the operation such as working arrangement in black rainstorm warning and/or typhoon signal 8 situation.

Even though the Group expected that potential extreme weather condition, sustained high temperature do not have a material impact on the Group's operations, the Group will continue to monitor the climate-related risks and implement relevant measures to minimize the potential impact of climate change.

SOCIAL

Employment

The success of our business has been, and will continue to be, heavily dependent upon the continuing service of our employees. The Group provides competitive remuneration, implements a sound performance appraisal, advocates ethics and human rights at the workplace.

As of 31 December 2022, the Group has 133 (2021: 169) employees in offices located in Hong Kong and Qiuchang county, Huizhou City, Guangdong Province, PRC. The Group strictly complies with the Employment Ordinance (Cap. 57), the Employee's Compensation Ordinance (Cap. 282), the Mandatory Provident Fund Schemes Ordinance (Cap. 485), the Minimum Wage Ordinance (Cap. 608) in Hong Kong and PRC's Labour Law and PRC's Labour Contract Law:

1. The Group prohibits the employment of child, forced or compulsory labour in any of our operations;

2. Wages, overtime payments and related benefits are made in accordance with minimum wage or above (if any);

3. Holidays and statutory paid leaves are compliant respective Labour Law or Regulations; and

4. The Group is also dedicated to implementing equal opportunity employment practices by maintaining a diverse workforce that includes age, gender, family status, sexual orientation, disability, ethnicity and religion, which are in compliance with the requirements of the legislation on anti-discrimination in Hong Kong, including Sex Discrimination Ordinance (Cap. 480), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527) and Race Discrimination. Ordinance (Cap. 602).

During the year ended 31 December 2022, there were no non-compliance or notification from governmental authorities for contravention of any of the employment practices referred to above.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The employee compositions by gender, age, employment type and geographical region were as follows:

Employee Structure		Number of employees as at 31.12.2022	Percentage of employees as at 31.12.2022
Total number of employees		133	100%
By gender	Male	104	78.2%
	Female	29	21.8%
By age	Aged 18–30	25	18.8%
	Aged 31–40	22	16.5%
	Aged 41–60	81	60.9%
	Aged over 60	5	3.8%
By employment type	General Staff	100	75.2%
	Middle Management	19	14.3%
	Senior Management	14	10.5%
By geographical region	Hong Kong	16	12.0%
	PRC	117	88.0%

The following table sets for the turnover rates of the Group's employees for the Reporting Period:

Summary of Employee Data		Number of employees resigned in 2022	Turnover rates
By gender	Male	16	15.4%
	Female	20	69.0%
By age	Aged 18–30	17	68.0%
	Aged 31–40	19	86.4%
	Aged 41–60	–	0%
	Aged over 60	–	0%
By geographical region	Hong Kong	34	212.5%
	PRC	2	1.7%

Health and Safety

The Group gives priority for providing a safe and convenient working environment to employees.

The Group has formulated a series of code of practice for safety at work, comprised of sanitation and clean, machine operation, smoking prohibition and fire prevention, as well as emergency treatment, etc. The Group provides training for code of practice of safety at work and requires employees strictly comply with the code.

The government authorities keep regular monitoring on the Group's working environmental. Rectification will be made by the Group in accordance with the monitoring results, if necessary.

The Group was also not aware of any material non-compliance with the Occupational Safety and Health Ordinance (Cap. 509) in Hong Kong and other health and safety-related laws and regulations which have a significant impact on the Group. In 2022, one work-related fatality (2020, 2021: Nil) was recorded in the PRC factory. As for the accident in the PRC, to avoid similar recurrences, the Group has issued regulations for the management of the factory and provide safety education and training for employees in the PRC. Also, there were 108 workdays lost due to work-related injuries during the Reporting Period.

Development and Training

The Group ample resources to staff training and development with the aim of sustaining a competent and professional staff force that will contribute to the success of the Group. In 2022, training sessions were provided to our employees on different aspects such as technology, internal system, safety and staff induction.

In additions, a number of staff activities were organised to show appreciation to employees for their contribution and to enhance their sense of belonging.

Statistics in respect of development and training for the Report Period is set out below:

Summary of Employee Data	Units	2022
Average training hours per employees by gender		
Male	hours/employee	**22.00**
Female	hours/employee	**22.00**
Average training hours per employees by employee category		
General Staff	hours/employee	**22.00**
Middle Management	hours/employee	**22.00**
Senior Management	hours/employee	**22.00**
Percentage of employees trained by gender		
Male		**100%**
Female		**79.3%**
Percentage of employees trained by employee category		
General Staff		**96.9%**
Middle Management		**94.7%**
Senior Management		**100%**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Labour Standards

The Group's employment policies regarding prohibiting child and forced labour are implemented to ensure the adherence of the local employment laws and regulations. Before the confirmation of employment, the Group's human resources department will require job applicants to provide valid identity documents to verify that the applicants are lawfully employable and ensure full compliance with relevant laws and regulations that prohibit child and forced labour. The Group will regularly review the employees' information to ensure there is no violation of any regulations and policies.

The Group has zero-tolerance in the use of forced labour or child labour in its business operations. The Group enters into an employment contract with each of its employees in accordance with the relevant laws and regulations. If the use of forced labour or child labour is discovered, the Group will terminate the employment contract and investigate if further action is needed.

The Group is not aware of any material non-compliance with the Employment Ordinance, Employment of Children Regulations and other applicable laws and regulations relating to preventing child or forced labour on the Group in the Report Period. No non-compliance with the law that resulted in significant fines or sanctions had been reported in the Report Period.

Supply Chain Management

Effective supply chain management can have implications on cost, quality and serve to mitigate social or environmental risks that an organization may face. As such, supply chain management is always one of the key links in the Group's quality control system. The Group exercises a high level of scrutiny over the selection of suppliers. The suppliers should comply with all relevant local and national laws and regulations about unethical behaviour, bribery, corruption and other prohibited business practices. The Group expects the suppliers to implement good employment measures by dealing with their employees fairly and reasonably, respecting employees' rights and providing employees with an environment free from discrimination, child labour and forced labour. The suppliers also need to adhere to transparent business processes and high standards of conduct which they have to avoid conflicts of interest and prohibit corruption and bribery. The Group has carried out long-term quality monitoring and regular review over major suppliers and subcontractors. They are subject to regular on-site assessment on product quality as well as suitability made by our Group. In case of a significant change in their qualification or serious quality issue, the Group may suspend them from our supplier list. During the Reporting Period, the Group had 117 and 16 suppliers based in PRC and Hong Kong respectively.

Product Responsibility

The nature of our business requires the highest degree of accuracy, precision and quality in developing our products. To bolster our efforts in quality assurance, we undergo stringent certification programs from unbiased organisations that enforce international, national and industry standards. Each step in our production procedures is controlled and monitored to ensure adherence to stringent quality standard. This is our way of ensuring we deliver only qualified products and services to the market, and maintaining our outstanding track record in the metal casting and financial printing industries.

In recognition of our quality control system, a wholly owned subsidiary of the Group has obtained the certification from TÜV Rheinland for the European Directive 97/23/EC for Pressure Equipment & AD 2000-Merkblatt W0/TRD100.

As a result of our stringent quality control procedures, our clients are satisfied with our products and we did not receive any material complaints in relation to our products and services. During the year ended 31 December 2022, there were no non-compliance cases noted in relation to health and safety, advertising, labelling and privacy matters.

The Group understands and complies with the IP rights regulations. During the Report Period, there was no material infringement of the IP rights and the Group is confident that all reasonable measures have been taken to prevent any infringement of its IP rights and the IP rights of third parties.

The Group emphasizes the importance of data privacy. It strives to protect the privacy of its customers, business partners and staff in the collection, processing and use of their business or personal data. Any information related to customers or suppliers, including contact or quotation or working terms, should be kept confidential. The Group strictly follows the data protection laws and regulations of Hong Kong and PRC. During the Reporting Period, the Group has not identified any material non-compliance on data privacy issues.

Anti-corruption

The Code of Conduct included in our Human Resources Manual allows our people to understand explicitly on several areas, which include the provisions of anti-bribery and corruption. All of the Group's operations comply with local and national legislation on standards of conduct, such as with the Prevention of Bribery Ordinance in Hong Kong and PRC's Law on Anti-money Laundering. The Group definitely has zero tolerance on bribery and corruption behavior.

All employees not only have the responsibility to understand and comply with the above policies on preventing bribery, extortion, fraud and money laundering, but also have the obligation to report any possible violations to the person responsible or the Board. Any person, who contravenes the regulations, will be subject to disciplinary sanction.

To ensure the staff is aware of the regulatory obligations and the possible consequences of breaching the obligations, the Group provides regular training to staff on anti-corruption. The Group also send notice to all staff in order to ensure they are fully aware with the compliance of law and regulations.

To achieve and maintain the highest standards of openness, probity and accountability, the Group encourages whistleblowing whereas an employee or a third party could report any suspected cases of corruption, theft, fraudulent activities, and conflict of interest to the Company anonymously. The identity of the whistle-blower making the allegation will not be divulged without his/her consent. Incidents and allegations or suspicions of fraud are assessed and investigated.

There were no non-compliance cases noted in relation to corruption related laws and regulations as of 31 December 2022.

Community Investment

Charity and Social Responsibility

We consider our interaction with the community as a long-term investment. The Group always encourages its employees to dedicate their time and skills to participate in different voluntary activities and be aware of community needs. We also encourage our employees, customers and business partners to make donations in supporting the sustainable development of the community.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Woo Lan Ying, aged 55, was appointed as an executive Director on 1 December 2020 and redesignated as Chairman of the Board on 30 June 2021. Ms. Woo is an entrepreneur operating various businesses, including but not limited to consultancy and entertainment business. Ms. Woo has extensive experience in corporate management and project investments. Ms. Woo also involved in a lot of charitable and community activities and was a member of the Campaign Committee of The Community Chest of Hong Kong for the year of 2018/2019. Ms. Woo had been an executive director and vice chairman of Hing Ming Holdings Limited (Stock Code: 8425), a company listed on the GEM of the Stock Exchange, during the period from March 2021 to January 2022.

Mr. Shang Ruisen, aged 56, was appointed as an executive Director and Vice Chairman of the Board on 28 October 2021. Mr. Shang is a veteran entrepreneur who has invested in and operated a variety of businesses, involving in (including but not limited to) real estate development, property management and provision of other property related services, building construction and property renovation, corporate management and consulting services, promotion of corporate images and organization of culture related events, advertising design and production, etc. In addition, Mr. Shang has also provided consulting services in the above-mentioned related businesses. Mr. Shang has accumulated nearly 20 years of extensive experience in corporate management and project investments.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Leung Shuk Lan, aged 66, was appointed as an independent non-executive Director on 10 April 2015. Ms. Leung had been the chairman of the executive committee of the Professional Insurance Brokers Association from 2008 to 2011. Ms. Leung is currently the chief executive of K U M Insurance Brokers Limited and Charter Management Group Limited and was appointed as a Committee member of Insurance Industry Training Advisory, Qualifications Framework Hong Kong since 2017 until 2025. Ms. Leung has accumulated over 30 years of experience in the Hong Kong insurance industry. Ms. Leung has accumulated over 30 years of experience in the Hong Kong insurance industry.

Ms. Yuen Wai Man, aged 51, was appointed as an independent non-executive Director on 11 April 2022. Ms. Yuen graduated from The University of Hong Kong with a Bachelor Degree in Business Administration in 1994. She is the fellow member of both The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants, and also the overseas member of The Chinese Institute of Certified Public Accountants. Ms. Yuen (i) has been an independent non-executive director of China Eco-Farming Limited (Stock Code: 8166), a company listed on the GEM of the Stock Exchange, since September 2016; (ii) has been an independent non-executive director of Hao Bai International (Cayman) Limited (Stock Code: 8431), a company listed on the GEM of the Stock Exchange, since December 2022; (iii) had been an independent non-executive director of Chinese Strategic Holdings Limited (Stock Code: 8089), a company listed on the GEM of the Stock Exchange, for the period from July 2008 to June 2021; and (iv) had been an independent non-executive director of The Hong Kong Building and Loan Agency Limited (Stock Code: 145), a company listed on the Main Board of the Stock Exchange, during the period from November 2012 to October 2017. Ms. Yuen is currently also the managing director of W.M. Yuen CPA Limited, Ms. Yuen has accumulated extensive working experience in accounting and auditing area for over 25 years.

Mr. Au Sui Keung Albert, aged 67, was appointed as an independent non-executive Director on 20 September 2022. Mr. Au graduated from the Communication Department of Hong Kong Baptist College in 1981. Mr. Au is the founder of a charitable organisation "Music Farm". Mr. Au is a famous Hong Kong senior musician (singing, recording, recording and concert) and also a long term host of Radio Television Hong Kong (RTHK) since 1977.

SENIOR MANAGEMENT

Mr. Wong Thomas Wai Yuk, aged 60, the founder of our Group, was appointed as a Director on 24 February 2014 and redesignated as an executive Director of the Company on 10 April 2015. Mr. Wong resigned as an executive Director of the Company on 20 September 2016 but remain as the chief executive officer of the Group. Mr. Wong is also a director of various subsidiaries of the Company.

Mr. Wong obtained a Higher Diploma in Mechanical Engineering from Hong Kong Polytechnic in November 1984. Mr. Wong worked at Fong's National Engineering Company Limited between 1987 and 1992 as an executive in production planning section, and subsequently as an assistant manager of sales and marketing department, of that company. Mr. Wong went to Australia for study in around 1993 and obtained a Bachelor of Manufacturing Management from University of Technology, Sydney in April 1996. Mr. Wong was appointed as a director of Tycon Alloy Industries (Hong Kong) Company Limited and Tycon Alloy Industries (Shenzhen) Company Limited, both of which were the then subsidiaries of Fong's National Engineering Company Limited, in 1996. Mr. Wong resigned his directorships and ceased his employment with Fong's National Engineering Company Limited in the early 2003.

Mr. Wong has over 30 years of experience in the metal casting industry in PRC.

REPORT OF DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2022.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 February 2014 under the Companies Law of the Cayman Islands. Pursuant to a reorganisation (the "Reorganisation") in preparation for the listing of the shares of the Company (the "Listing") on GEM of the Stock Exchange, the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 23 April 2015 (the "Prospectus"). The Company's shares were listed on GEM on 30 April 2015 (the "Listing Date").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 32 to the financial statements.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 4 to 10 of this report. This discussion forms part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income. The Board does not recommend the payment of a dividend for the year ended 31 December 2022.

DISTRIBUTABLE RESERVES

Details of distributable reserves of the Company as at 31 December 2022 are set out in note 26 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 26 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group, as extracted from the consolidated financial statements of the Company for the past five financial years, is set out on page 118 of this report. This summary does not form part of the audited financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2022, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted pursuant to the written resolutions of the shareholders passed on 10 April 2015 (the "Adoption Date"). The following is a summary of the principal terms and conditions of the Share Option Scheme.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives or rewards to Participants (as defined below) for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group.

(b) Participants

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part time), director, consultant or adviser of the Group, or any shareholder of the Group, or supplier, customer, business partner or service provider of the Group.

(c) Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of all the shares in issue as at the Listing Date (i.e. a total of 8,750,000 shares of the Company of HK$0.08 each after taking effect of the Share Consolidation on 17 October 2021.

(d) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting.

(e) Term of subscription of Shares upon exercise of the options

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant.

(f) Minimum period for which an option must be held before it can be exercised

The Board may in its absolute discretion set a minimum period for which an option must be held before an option can be exercised.

(g) Time of acceptance and the amount payable on acceptance of the option

An offer for the grant of options must be accepted within twenty one (21) days from the date on which the option is granted. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

(h) Basis of determining the subscription price

The subscription price of a share of the Company in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

(i) Life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten year commencing on the Adoption Date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

Since the adoption of the Share Option Scheme up to the date of this report, no share options have been granted pursuant to the Share Option Scheme.

There is no option outstanding, granted, cancelled and lapsed during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Ms. Woo Lan Ying *(Chairman)*
Mr. Shang Ruisen *(Vice Chairman)*
Mr. Luk Chi Shing *(resigned on 11 April 2022)*

Independent Non-executive Directors

Ms. Leung Shuk Lan
Ms. Yuen Wai Man *(appointed on 11 April 2022)*
Mr. Au Sui Keung Albert *(appointed on 20 September 2022)*
Mr. Wong Ka Shing *(resigned on 11 April 2022)*
Mr. Tang Yiu Wing *(retired on 29 June 2022)*

By virtue of article 83(3) and article 84 of the Articles, Ms. Woo Lan Ying, Mr. Shang Ruisen and Mr. Au Sui Keung Albert, shall hold office until the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election at such meeting.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules. As at the date of this report, the Board considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors have entered into a service contract with the Company for a term of three years and will continue thereafter until terminated by either party giving not less than three months' prior written notice to the other. They are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years, subject to retirement by rotation and re-election at annual general meeting and until terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors are recommended by the remuneration committee of the Company, having regard to the Group's operating results, market competitiveness, individual performance and achievement, to the Board for determination.

Details of the Directors' remuneration and the five highest paid individuals are set out in note 11 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in this report, no contracts of significance to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 32 to 33 of this report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company maintains directors and officers liability insurance, which gives appropriate cover for any legal action brought against the Directors. The level of the coverage is reviewed annually.

REPORT OF DIRECTORS

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

As at 31 December 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 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	Capacity	Number of shares held	Percentage of the Company's issued share capital
Ms. Woo Lan Ying ("Ms. Woo")	Beneficial owner	15,375,000 (Note 1)	7.25%

Note:

1 On 20 October 2021, the Company announced, among other things, the proposed share consolidation and the rights issue, the Company also entered into a deed of irrevocable undertaking with Ms. Woo, pursuant to which, Ms. Woo undertook to the Company that she would subscribe 5,125,000 consolidated shares (the "Consolidated Share(s)") of HK$0.08 each of the Company at the subscription price of HK0.2 per Consolidated Share upon taking effect of the rights issue. The rights issue was completed on 17 January 2022, and 5,125,000 consolidated shares were subscribed by Ms. Woo.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares 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 31 December 2022, other than the director and chief executive of the Company, the following persons has 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 interest	Number of shares held	Percentage of the Company's issued share capital
Mr. Fang Jinhuo	Personal interest	26,611,500	12.54%

Save as disclosed above, as at 31 December 2022, no other persons had any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

CHARITABLE DONATION

Charitable donations made by the Group for the year ended 31 December 2022 amounted to Nil (2021: Nil).

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2022, sales to the Group's five largest customers accounted for 57% of the total sales for the year and sales to the largest customer included therein amounted to 20%. Purchases from the Group's five largest suppliers accounted for 58% of the total purchases for the year and purchase from the largest supplier included therein amounted to 17%.

Save as disclosed, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers.

MATERIAL RELATED PARTY TRANSACTION

The material related party transactions in relation to the key management personnel remuneration as disclosed in note 30 to the financial statements are connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 20.93 of the GEM Listing Rules.

REPORT OF DIRECTORS

Save as disclosed above, the Directors consider that those material related party transactions disclosed in note 30 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year ended 31 December 2022, the Group had not entered into any connected transactions or continuing connected transactions that are not exempted under Rule 20.71 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float required by the GEM Listing Rules as at the date of this report.

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 11 to 21 of the this report.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in note 34 to the consolidated financial statements.

AUDITORS

The consolidated financial statements for the year ended 31 December 2022 were audited by Yongtuo Fuson CPA Limited, who will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment.

Yongtuo Fuson CPA Limited has been appointed as auditor of the Company with effect from 8 July 2022 to fill the casual vacancy arising from the retirement of Baker Tilly Hong Kong Limited during the annual general meeting held on 29 June 2022.

On behalf of the Board
Solomon Worldwide Holdings Limited

Woo Lan Ying
Chairman

Hong Kong, 28 March 2023

INDEPENDENT AUDITOR'S REPORT

永拓富信會計師事務所有限公司
YONGTUO FUSON CPA LIMITED

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SOLOMON WORLDWIDE HOLDINGS LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Solomon Worldwide Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 48 to 117, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3.2 to the consolidated financial statements. During the year ended 31 December 2022, the Group incurred a loss attributable to equity shareholders of the Company of approximately HK$12,137,000. These matters, along with other matters set forth in note 3.2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors, having considered the measures and plans being taken by the Group, are of the opinion that the Group would be able to continue as a going concern basis. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

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. In addition to the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

The Key Audit Matter

Impairment of trade receivables

As disclosed in note 19 to the consolidated financial statements, at 31 December 2022, the Group had trade receivables, net of allowance amounting to approximately HK$8,849,000.

Allowance for trade receivables is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

We identified assessing the recoverability of trade receivables as a key audit matter because the assessment of recoverability of trade receivables and recognition of allowance are inherently subjective and require significant management judgement, which increases the risk of error or potential management bias.

How the matter was addressed in our audit

Our audit procedures in this area included:

- evaluating the design, implementation and operating effectiveness for key internal controls which govern credit control, debt collection and estimate of expected credit losses;
- assessing, 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;
- assessing the reasonableness of management's allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising allowance; and
- reviewing subsequent settlement records and challenging management regarding their reasons for not considering a provision against any unsettled past-due balances.

The Key Audit Matter	How the matter was addressed in our audit
Allowances of inventories	
As disclosed in note 18 to the consolidated financial statements, at 31 December 2022, the Group had inventories, net of allowances amounting to approximately HK$18,287,000. The Group operates in an industry in which developments in its cast metal products may result in inventories becoming slow moving or obsolete. Its customers may modify their products orders or shift their orders to other manufacturers which would result in changes in product and stock lines. These factors, in turn, may mean that affected inventories cannot be sold or sales prices are discounted to less than the inventory carrying value. We identified write-down of inventories as a key audit matter because of the magnitude of inventories and the estimation of the net realisable value of inventories involved a high level of management judgement. These estimations are also subject to uncertainty as a result of change of competitor actions and market condition.	Our audit procedures in this area included: • obtaining an understanding of the design, implementation and operating effectiveness of management's key internal controls over making provisions for inventories; • assessing the appropriateness of the Group's methodology for determining its inventory provision in the light of our understanding of the business and the industry, including our professional judgement of the age and nature of inventory, past usage and new product launches; • assessing the appropriateness of management's decision on provisioning by examining the history or outcome of reversal of previously recorded provisions; • evaluating whether items were correctly categorised in the finished goods inventory ageing report by comparison with production records, on a sample basis; • testing the carrying value of inventories by comparing the carrying values to latest sales invoices for a representative sample of items to assess whether those items were held at the lower of cost or net realisable value; and • assessing the adequacy of the disclosures concerning management's judgements in their determining the carrying value of inventories.

INDEPENDENT AUDITOR'S REPORT

The Key Audit Matter	How the matter was addressed in our audit
Impairment of plant and equipment and right-of-use assets	
As disclosed in notes 14 and 15 to the consolidated financial statements, at 31 December 2022, the Group had plant and equipment and right-of-use assets, net of impairments amounting to approximately HK$3,363,000 and HK$2,713,000, respectively. Management performed impairment assessments of the Group's plant and equipment and right-of-use assets by comparing the carrying values with their value-in-use to determine the amount of impairment loss that should be recognised for the year. We identified assessing impairments of plant and equipment and right-of-use assets as a key audit matter because of the significant judgement and estimation required to be exercised particularly in respect of estimating long-term growth rates, future revenue, future cost of sales and other operating expenses, the discount rates applied and also because of the selection of these assumptions could be subject to management bias.	Our audit procedures in this area included: • discussing with the management whether there have any impairment indicators for its plant and equipment and right-of-use assets; • evaluating the independence, competence, capabilities and objectivity of the external valuation expert engaged by management; • evaluating the assumptions and methodologies used by management, in particular those relating to long-term growth rates, sales growth rates, future cost of sales and other operating expenses and the Group's pre-tax discount rates; • assessing and challenging cash flow projections prepared by management, including an assessment of the historical accuracy of management's estimates and comparing historic actual results to those budgeted so as to assess the quality of management's forecasting and judgement; • assessing the sensitivity of forecasts to changes in assumptions, including sales forecasts beyond 2022, long-term growth rates and discount rates in the model to assess the appropriateness of the carrying values of the plant and equipment and right-of-use assets; and • assessing the adequacy of disclosures relating to those assumptions to which the outcome of the impairment tests is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amounts of plant and equipment and right-of-use assets.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion with an emphasis of matter paragraph about the going concern basis on those consolidated financial statements on 31 March 2022.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 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.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do assume responsibility towards or accept liability to any other person for the contents of this report.

INDEPENDENT AUDITOR'S 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 of the Company.

- Conclude on the appropriateness of the Company's 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.

- 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 those charged with governance 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 those charged with governance 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.

INDEPENDENT AUDITOR'S REPORT

From the matters communicated with those charged with governance, 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.

The engagement director on the audit resulting in this independent auditor's report is Lee Yan Fai.

Yongtuo Fuson CPA Limited
Certified Public Accountants
Lee Yan Fai
Practising Certificate Number: P06078

Hong Kong, 28 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	Notes	2022 HK$'000	2021 HK$'000
Revenue	6	**74,896**	83,492
Cost of sales		**(56,107)**	(63,296)
Gross profit		**18,789**	20,196
Other income	7	**1,405**	271
Selling and distribution expenses		**(5,226)**	(6,123)
Administrative expenses		**(28,001)**	(29,179)
Share of result of an associate	16	**–**	–
Finance costs	8	**(1,073)**	(1,317)
Loss before taxation	9	**(14,106)**	(16,152)
Income tax expense	10	**–**	–
Loss for the year		**(14,106)**	(16,152)
Other comprehensive (expense) income for the year			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements of a foreign operation, net of tax		**(1,684)**	198
Total comprehensive expense for the year		**(15,790)**	(15,954)
Loss for the year attributable to:			
– Equity shareholders of the Company		**(12,137)**	(14,002)
– Non-controlling interests		**(1,969)**	(2,150)
		(14,106)	(16,152)
Total comprehensive expense for the year attributable to:			
– Equity shareholders of the Company		**(13,821)**	(13,804)
– Non-controlling interests		**(1,969)**	(2,150)
		(15,790)	(15,954)
		HK cents	HK cents
Loss per share	12		
Basic		**(6.63)**	(13.00)
Diluted		**(6.63)**	(13.00)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022
(Expressed in Hong Kong dollars)

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Plant and equipment	14	**3,363**	5,930
Right-of-use assets	15	**2,713**	10,690
Rental deposits	19	**740**	777
Interest in an associate	16	**4**	–
Goodwill	17	**–**	–
		6,820	17,397
Current assets			
Inventories	18	**18,287**	17,445
Trade and other receivables	19	**21,851**	28,234
Contract assets	20	**415**	1,099
Cash and cash equivalents	21	**2,799**	1,310
		43,352	48,088
Current liabilities			
Trade and other payables	22	**26,678**	26,550
Contract liabilities	20	**502**	3,247
Amounts due to related parties	23	**3,632**	11,189
Lease liabilities	24	**2,444**	7,252
Provision for reinstatement		**700**	700
Other borrowings	25	**2,218**	–
Tax payable		**58**	58
		36,232	48,996
Net current assets (liabilities)		**7,120**	(908)
Total assets less current liabilities		**13,940**	16,489
Non-current liability			
Lease liabilities	24	**8,226**	11,014
NET ASSETS		**5,714**	5,475
CAPITAL AND RESERVES			
Share capital	26	**16,973**	8,320
Reserves		**(4,812)**	1,633
Attributable to equity shareholders of the Company		**12,161**	9,953
Non-controlling interest		**(6,447)**	(4,478)
TOTAL EQUITY		**5,714**	5,475

The consolidated financial statements on pages 48 to 117 were approved and authorised for issue by the board of directors on 28 March 2023 and are signed on its behalf by:

Ms. Woo Lan Ying
Director

Mr. Shang Ruisen
Director

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company									
	Share capital (note 26) HK$'000	Share premium (note i) HK$'000	Exchange reserve (note ii) HK$'000	Capital reserve (note iii) HK$'000	Special reserve (note iv) HK$'000	Other reserve (note v) HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interest HK$'000	Total HK$'000
At 1 January 2021	8,320	35,116	2,651	(7,045)	–	27,650	(42,944)	23,748	(2,328)	21,420
Total comprehensive income (expense) for the year										
Loss for the year	–	–	–	–	–	–	(14,002)	(14,002)	(2,150)	(16,152)
Other comprehensive income for the year										
– Exchange differences arising on translation of foreign operations	–	–	198	–	–	–	–	198	–	198
Total comprehensive income (expense) for the year	–	–	198	–	–	–	(14,002)	(13,804)	(2,150)	(15,954)
Appropriation of special reserve	–	–	–	–	641	–	–	641	–	641
Utilisation of special reserve	–	–	–	–	(632)	–	–	(632)	–	(632)
At 31 December 2021 and 1 January 2022	8,320	35,116	2,849	(7,045)	9	27,650	(56,946)	9,953	(4,478)	5,475
Total comprehensive income (expense) for the year										
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(12,137)**	**(12,137)**	**(1,969)**	**(14,106)**
Other comprehensive income for the year										
– Exchange differences arising on translation of foreign operations	**–**	**–**	**(1,684)**	**–**	**–**	**–**	**–**	**(1,684)**	**–**	**(1,684)**
Total comprehensive expense for the year	**–**	**–**	**(1,684)**	**–**	**–**	**–**	**(12,137)**	**(13,821)**	**(1,969)**	**(15,790)**
Issue of shares issued under the Rights Issue (note 26 (a)(ii))	**4,160**	**5,103**	**–**	**–**	**–**	**–**	**–**	**9,263**	**–**	**9,263**
Shares issued under the April 2022 Placing (note 26 (b))	**1,664**	**972**	**–**	**–**	**–**	**–**	**–**	**2,636**	**–**	**2,636**
Shares issued under the July 2022 Placing (note 26 (c))	**2,829**	**1,308**	**–**	**–**	**–**	**–**	**–**	**4,137**	**–**	**4,137**
Appropriation of special reserve	**–**	**–**	**–**	**–**	**639**	**–**	**–**	**639**	**–**	**639**
Utilisation of special reserve	**–**	**–**	**–**	**–**	**(646)**	**–**	**–**	**(646)**	**–**	**(646)**
At 31 December 2022	**16,973**	**42,499**	**1,165**	**(7,045)**	**2**	**27,650**	**(69,083)**	**12,161**	**(6,447)**	**5,714**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

Notes:

(i) Share premium reserve

Under the Companies Laws of the Cayman Islands where a company issues shares at a premium, whether for cash for otherwise, a sum equal to the aggregate amount of the value of the premiums on their shares shall be transferred to share premium account. The application of the share premium account is governed by the Companies Laws of the Cayman Islands.

No distribution or dividend may be paid to shareholders of the Company out of the share premium account unless immediately following the date on which the distribution or the dividend is proposed to be paid, the Company will be in a position to pay its debts as they fall due in the ordinary course of business.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with accounting policy set out in note 4.

(iii) Capital reserve

The capital reserve represents the difference between the nominal value of the 47% issued capital of a subsidiary, G. Force (Hong Kong) Limited, previously held by Mr. Wong Thomas Wai Yuk, a substantial shareholder of the Group, acquired pursuant to the group reorganisation in preparation for the Listing and the consideration for acquiring 47% of the issued capital of the subsidiary from Mr. Wong Thomas Wai Yuk.

(iv) Special reserve

According to relevant PRC regulations, the Group is required to transfer an amount to special reserve for the safety production fund based on the turnover metal casting production in the PRC.

In accordance with Cai Qi 2012 No. 16 notice of printing and distributing Administrative Measures for the collection and Utilisation of Enterprise Safety Production Expenses, safety expenses of the metallurgy enterprises of the group located in China will be provided month by month based on the following standards with excessive and accumulative withdrawal method:

(i) Provided 3% if the operating revenue does not exceed RMB10 million;

(ii) Provided 1.5% if the operating revenue is RMB10 million to RMB0.1 billion;

(iii) Provided 0.5% if the operating revenue is RMB0.1 billion to RMB1 billion;

(iv) Provided 0.2% if the operating revenue is RMB1 billion to RMB5 billion;

(v) Provided 0.1% if the operating revenue is RMB5 billion to RMB10 billion;

(vi) Provided 0.05% if the operating revenue exceeds RMB10 billion;

When safety expenses of the enterprises is provided as per the standards, debit “cost of inventories sold” and credit “special reserve”.

When the safety protection equipment and facilities are purchased with safety production reserve within specified limit, it should debit “construction in progress” and credit “cash and cash equivalents” based on the amount included into assets cost. The safe projects will be deemed as fixed assets upon completion and reaching the reserved serviceable condition; the special reserves will be written down as per the cost of fixed assets and the cumulative depreciation in the same amount will be confirmed: debit “special reserve” and credit “accumulated depreciation”. The fixed asset will not withdraw depreciation later. But amount carried forward is within the limit of the balance of “special reserve” being offset to be zero.

When the safety protection reserve is used to pay the expenses in safety production inspection, evaluating expenditure, safety skills training and emergency rescue drill, it should be directly written down special reserve, debit “special reserve” and credit “cash and cash equivalents”. The amount carried forward should be within the scope that the balance of “special reserve” is written down to zero.

(v) Other reserve

The other reserve represents the difference between the nominal amount of the share capital and share premium of a subsidiary, XETron Group Limited and the nominal amount of the share capital issued by the Company pursuant to the group reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	2022 HK$'000	2021 HK$'000
Operating activities		
Loss before taxation	**(14,106)**	(16,152)
Adjustments for:		
– Interest income	**(4)**	(7)
– Finance costs	**1,073**	1,317
– Depreciation of plant and equipment	**3,748**	2,850
– Depreciation of right–of–use assets	**6,809**	6,884
– (Decrease) increase in special reserve, net	**(7)**	9
– Impairment loss on goodwill	**–**	4,305
– (Reversal of) impairment loss on trade and other receivables	**(2,554)**	1,436
– Impairment loss of plant and equipment	**313**	–
– Impairment loss of right-of-use assets	**475**	–
– Loss on disposal of plant and equipment	**34**	90
– Provision (reversal of write–down) of inventories	**73**	(2,958)
– Loss on disposal of subsidiary	**5**	–
– Gain on lease modification	**(5)**	–
Operating cash flows before movements in working capital	**(4,146)**	(2,226)
Increase in contract assets	**(32)**	(111)
Increase in inventories	**(915)**	(3,461)
Decrease (increase) in trade and other receivables	**9,690**	(12,520)
Increase in trade and other payables	**128**	10,760
Decrease in contract liabilities	**(2,745)**	(2,376)
Net cash generated from (used in) operating activities	**1,980**	(9,934)
Investing activities		
Payment for purchase of plant and equipment	**(1,856)**	(1,728)
Payment for investment in an associate	**(4)**	–
Proceeds from disposal of plant and equipment	**–**	158
Interest received	**4**	7
Net cash outflow on disposal of subsidiary	**(5)**	–
Net cash used in investing activities	**(1,861)**	(1,563)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	2022 HK$'000	2021 HK$'000
Financing activities		
Advance from a related party	**1,250**	4,321
Repayment to a related party	**(6,675)**	–
Proceeds from other borrowing	**2,332**	2,000
Repayment of other borrowings	**(2,631)**	–
Capital element of lease rentals paid	**(7,175)**	(6,914)
Interest element of lease rentals paid	**(688)**	(1,048)
Proceeds from issue of shares, net of expenses	**16,036**	–
Net cash generated from (used in) financing activities	**2,449**	(1,641)
Increase (decrease) in cash and cash equivalents	**2,568**	(13,138)
Cash and cash equivalents at 1 January	**1,310**	14,318
Effect of foreign exchange rate changes	**(1,079)**	130
Cash and cash equivalents at 31 December	**2,799**	1,310
Significant non–cash transaction:		
Repayment of related party through increase of other borrowings	**2,218**	–
Repayment of other borrowings settled by a related party	**–**	2,238

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. COMPANY INFORMATION

Solomon Worldwide Holdings Limited (formerly known as Jete Power Holdings Limited, the "Company") was incorporated in the Cayman Islands on 24 February 2014 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 April 2015 (the "Listing"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company was changed from Room 1703-04, Worldwide House, 19 Des Voeux Road, Central, Hong Kong to 8th Floor, Wui Tat Centre, No. 55 Connaught Road West, Hong Kong on 1 November 2022.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 32.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than its major subsidiaries, G. Force (Hong Kong) Limited and KTech Industrial Technology (Huizhou) Limited, of which the functional currency is United States dollars ("USD") and Renminbi ("RMB"), respectively, the functional currency of the Company and other subsidiaries is HK$.

The English names of all the companies established in the PRC presented in these consolidated financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (the "Group") has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(Expressed in Hong Kong dollars)

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of these new and amendments will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if participants would take those characteristics into account when pricing the asset or liability market at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

During the year ended 31 December 2022, the Group incurred a loss attributable to equity shareholders of the Company of approximately HK$12,137,000 (2021: HK$14,002,000). In addition, as at 31 December 2022, the Group had trade and other payables, lease liabilities and other borrowings amounted to approximately HK$26,678,000 (2021: HK$26,550,000), HK$2,444,000 (2021: HK$7,252,000) and HK$2,218,000 (2021: Nil), respectively to be payable within one year after the year end of the reporting period or on demand which are included in the current liabilities.

The conditions described above indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

3. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3.2 Going concern assessment (Continued)

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group. The directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of at least the next twelve months from 31 December 2022. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next twelve months from 31 December 2022, after taking into consideration of the measures and plans made by the Group as detailed below:

(i) The Company's Subscription completed on 20 January 2023 which brought net proceeds of approximately HK$2,590,000 to the Group and details of which are set out in note 26(d);

(ii) The Company obtained a letter of undertaking (the "Letter of Undertaking") from Ms. Woo Lan Ying, the Executive Director of the Company that she has undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when she fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations cover a period of at least the next twelve months from 31 December 2022 and details of which are set out in note 23;

(iii) The directors of the Company will consider to improve the financial position of the Group and to enlarge the capital base of the Company by further conducting fund raising exercises such as share placement, rights issues or others when necessary; and

(iv) The directors of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs.

In light of the above measures and plans implemented to date, the directors of the Company are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for a period of at least the next twelve months from 31 December 2022 after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its business. Accordingly, the directors of the Company are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future and obtain the continuous financial support from its substantial shareholder.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the Group's interests in existing subsidiaries (Continued)

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits*, respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Inventories* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 Leases) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9 *Financial Instruments*, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 *Financial Instruments*. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Further details of the Group's revenue and other income recognised policies are as follows:

Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract.

Revenue from provision of integrated commercial and financial printing services

Revenue is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Revenue from provision of financial printing services on Initial Public Offering ("IPO") projects

Revenue is recognised over time as the performance obligation is satisfied when the customer receives and uses the benefits simultaneously. For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Company applies the input method (i.e. based on the proportion of the actual inputs deployed to date as compared to the estimated total inputs) to measure the progress towards complete satisfaction of the performance obligation because there is a direct relationship between the Company's inputs and the transfer of control of goods or services to the customers and reliable information is available to the Company to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Interest income

Interest income is recognised as it accrues using the effective interest method.

Government grants

Government grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same period in which the expenses are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

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 on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 *Leases* 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 and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets 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

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 depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments 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.

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 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, 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, less any lease incentives receivable, 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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are 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 grants related to income that are 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 are recognised in profit or loss in the period in which they become receivable. Such grants are recognised as other income, rather than reducing the related expenses.

Employee benefits

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and other PRC state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and equipment

Plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of HKAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The items of plant and equipment are depreciated on a straight-line basis at the following useful loves after taking into account the residual value:

Leasehold improvements	33% straight line or over the lease term, whichever is shorter
Plant and machinery	9% straight line
Office equipment	10% - 20% straight line
Motor vehicles	18% - 20% straight line

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on plant and equipment and right-of-use assets, other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of plant and equipment and right-of-use assets. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on plant and equipment and right-of-use assets, other than goodwill (Continued)

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash- generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash- generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash- generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so 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 (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents (Continued)

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, contract assets and cash and cash equivalents which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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 of the Group;

  (ii) has significant influence over the Group; or

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

(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 employees of either the Group or an entity related to the Group.

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

  (vii) A person identified in (a)(ii) has significant influence over the entity or is a member of the 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 Group's parent.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

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.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern consideration

As explained in note 3.2, the consolidated financial statements have been prepared on a going concern basis and have not included any adjustments that would be required should the Group fail to continue as a going concern since the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year after taking into the considerations as detailed in note 3.2. The directors of the Company also believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements for a period of at least the next twelve months from 31 December 2022.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of plant and equipment and right-of-use assets

If the circumstances indicate that the carrying values of these assets may not be recoverable, the assets may be considered "impaired", and an impairment loss may be recognised in accordance with HKAS 36 *Impairment of assets*. Under HKAS 36, these assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of its fair value less costs of disposal and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, selling prices and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, selling prices and amount of operating costs. However, actual sales volumes, selling prices and operating costs may be different from assumptions which may require a material adjustment to the carrying amount of the assets affected.

Useful lives of plant and equipment

In applying the accounting policy on plant and equipment with respect to depreciation, management estimates the useful lives of various categories of plant and equipment according to the industrial experiences over the usage of plant and equipment and also by referenced to the relevant industrial norm. If the actual useful lives of plant and equipment is less than the original estimated useful lives due to change in commercial and technological environment, such difference will impact the depreciation charge for the remaining period.

The carrying amounts of plant and equipment as at 31 December 2022 are set out in note 14.

Impairment of trade and other receivables

The policy for making impairment loss on trade and other receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history and forward-looking information of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required.

As at 31 December 2022, the carrying amount of trade receivables are set out in note 19.

Impairment of inventories

The management of the Group reviews the ageing of the inventories at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer salesable in the market. The identification of obsolete inventories requires the use of estimation of the net realisable value of items of inventory and judgements on the conditions and usefulness of items of inventories. Where the expected net realisable value is lower than the cost of certain items, a write-down of inventories may arise.

As at 31 December 2022, the carrying amount of inventories set out in note 18.

6. REVENUE AND SEGMENT REPORTING

(a) Revenue

An analysis of revenue from contracts with customers is as follows:

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers by category within the scope of HKFRS 15		
Sales of cast metal products	**62,707**	48,268
Financial printing service income	**12,189**	35,224
	74,896	83,492
Revenue from contracts with customers by timing within the scope of HKFRS 15		
Sales of cast metal products		
– Point-in-time	**62,707**	48,268
– Over time	**–**	–
Financial printing service income		
– Point-in-time	**10,719**	28,991
– Over time	**1,470**	6,233
	74,896	83,492

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.

The Group has applied the practical expedient of HKFRS 15 to its revenue contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under those revenue contracts that had an original expected duration of one year or less.

(b) Operating segment information

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management (i.e. the chief operating decision-maker ("CODM")) for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Metal casting: this segment is involved in design, development, manufacture and sale of cast metal products. These products are either sourced externally or are manufactured in the Group's manufacturing facilities located primarily in the PRC.

– Financial printing: this segment is involved in the financial printing, typesetting and translation services rendered in Hong Kong.

6. REVENUE AND SEGMENT REPORTING (Continued)

(b) Operating segment information (Continued)

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, goodwill and current assets with the exception of other financial assets and other corporate assets. Segment liabilities include trade creditors, accruals and lease liabilities attributable to the manufacturing and sales activities of the individual segments and other borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. Other than reporting inter-segment sales, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interests, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation" is regarded as including impairment losses on non-current assets. To arrive at the adjusted EBITDA, the Group's earnings are further adjusted or items not specially attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning inter-segment sales, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2022 and 2021 is set out below.

6. REVENUE AND SEGMENT REPORTING (Continued)

(b) Operating segment information (Continued)

Segment results, assets and liabilities (Continued)

	Metal casting		Financial printing		Total	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue						
External sales	**62,707**	48,268	**12,189**	35,224	**74,896**	83,492
Segment results	**102**	2,156	**(7,878)**	(12,477)	**(7,776)**	(10,321)
Unallocated finance costs					**(688)**	(1,048)
Unallocated head office, corporate expenses and other income					**(5,642)**	(4,783)
Consolidated loss before taxation					**(14,106)**	(16,152)
Segment assets	**38,276**	48,871	**4,325**	15,560	**42,601**	64,431
Unallocated head office and corporate assets					**7,571**	1,054
Consolidated total assets					**50,172**	65,485
Segment liabilities	**(19,013)**	(28,837)	**(12,250)**	(22,510)	**(31,263)**	(51,347)
Unallocated head office and corporate liabilities					**(13,195)**	(8,663)
Consolidated total liabilities					**(44,458)**	(60,010)
Other segment information						
Interest income	**4**	7	**–**	–	**4**	7
Interest expense	**(532)**	(618)	**(156)**	(430)	**(688)**	(1,048)
Depreciation and amortisation	**(7,918)**	(2,006)	**(2,639)**	(7,728)	**(10,557)**	(9,734)
Reversal of impairment losses (impairment losses) on:						
– plant and equipment	**–**	–	**(313)**	–	**(313)**	–
– right-of-use assets	**–**	–	**(475)**	–	**(475)**	–
– goodwill	**–**	–	**–**	(4,305)	**–**	(4,305)
– trade receivables	**–**	–	**2,554**	(1,436)	**2,554**	(1,436)
– inventories	**(73)**	2,958	**–**	–	**(73)**	2,958
Addition to non-current segment assets	**1,781**	1,653	**75**	1,897	**1,856**	3,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

6. REVENUE AND SEGMENT REPORTING (Continued)

(b) Operating segment information (Continued)

Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's plant and equipment, right-of-use assets and goodwill ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of plant and equipment, the location of the operation to which they are allocated in the case of plant and equipment, right-of-use assets and goodwill.

Revenue from external customers

	2022 HK$'000	2021 HK$'000
Germany	**44,036**	41,326
Hong Kong	**12,396**	35,224
The PRC	**5,101**	5,859
The United States	**13,025**	858
Others, mainly cover Canada and Australia	**338**	225
	74,896	83,492

Non-current assets

	2022 HK$'000	2021 HK$'000
Hong Kong	**502**	6,954
The PRC	**5,574**	9,666
	6,076	16,620

Information about major customers

Revenue from major customers, each of whom accounted for 10% or more of the total revenue, is set out below:

	2022 HK$'000	2021 HK$'000
Customer A*	**15,001**	15,204
Customer B*	**13,025**	8,758

* Revenue from metal casting business segment.

7. OTHER INCOME

	2022	2021
	HK$'000	HK$'000
Bank interest income	**4**	7
Government grants (note below)	**883**	69
Gain on lease modification	**5**	–
Sundry income	**513**	195
	1,405	271

Note: Government grants mainly include funding support from the Employment Support Scheme under the Anti-epidemic Fund set up by the Government from Hong Kong Special Administrative Region.

All government grants received are incentives as compensation of expenses or losses already incurred or as immediate financial support to the Company with no future related costs and no relation to any assets received upon fulfilling the conditions attached to them.

8. FINANCE COSTS

	2022	2021
	HK$'000	HK$'000
Finance costs comprise of:		
Interest expense on lease liabilities	**688**	1,048
Interest expense on other borrowings	**299**	238
Interest expense on amount due to a director	**86**	31
	1,073	1,317

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9. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting):

	2022 **HK$'000**	2021 HK$'000
Staff costs (including directors' remuneration (note 11):		
Salaries, wages and other benefits	**25,066**	30,234
Contributions to defined contribution retirement plan	**1,969**	1,914
	27,035	32,148
Depreciation and amotisation of:		
Depreciation of plant and equipment	**3,748**	2,850
Depreciation of right-of-use assets	**6,809**	6,884
	10,557	9,734
(Reversal of) impairment losses on		
– Goodwill	**–**	4,305
– Trade and other receivables	**(2,554)**	1,436
– Inventories	**73**	(2,958)
– Plant and equipment	**313**	–
– Right-of-use assets	**475**	–
	(1,693)	2,783
Other items:		
Auditor's remuneration	**460**	580
Cost of sales (note below)	**56,107**	63,296
Loss on disposal of plant and equipment	**34**	90
Net exchange loss	**307**	279
Short-term lease payments not included in the measurement of lease liabilities	**71**	92
Loss on disposal of subsidiary	**5**	–

Note: Cost of sales includes HK$11,199,000 (2021: HK$18,796,000) relating to staff costs, depreciation of plant and equipment and right-of-use assets and the amounts are included in the respective total amounts disclosed separately above.

10. INCOME TAX EXPENSE

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2022 **HK$'000**	2021 HK$'000
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.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

For the years ended 31 December 2022 and 2021, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

The provision for PRC Enterprise Income Tax of the Group's PRC subsidiaries is based on the estimated taxable income for each PRC subsidiary and at its applicable tax rate. Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

No provision for Hong Kong Profits Tax and PRC Enterprise Income tax has been made for the year ended 31 December 2022 as the Company and its subsidiaries have no Hong Kong and PRC assessable profits.

10. INCOME TAX EXPENSE (Continued)

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 **HK$'000**	2021 HK$'000
Loss before taxation	**(14,106)**	(16,152)
Tax at applicable tax rates applicable to profit or loss in the jurisdictions concerned	**(2,300)**	(2,031)
Tax effect of non-taxable income	**(566)**	(138)
Tax effect of non-deductible expenses	**1,171**	1,811
Tax effect of tax losses and other temporary differences not recognised	**1,863**	1,669
Tax effect of utilisation of unused tax loss previously not recognised	**(168)**	(1,311)
Income tax expense	**–**	–

At 31 December 2022, the Group has unused tax losses of HK$49,897,000 (2021: HK$45,125,000) that may arise deferred tax assets. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely. Of the total tax losses, HK$1,311,000 (2021: HK$1,980,000) will expire within 5 years and the remaining tax losses of HK$48,586,000 (2021: HK$43,145,000) have no expiry date under the current tax legislation.

As 31 December 2022 and 2021, no aggregate amount of temporary differences associated with the PRC subsidiary's undistributed retained profits for which deferred tax liabilities has been recognised and no deferred tax liabilities have been recognised in respect of these differences as the Company is in a position to control the dividend policies of the PRC subsidiary and no distribution of such profits is expected to be declared by the PRC subsidiary in the foreseeable future.

At 31 December 2022, the Group have HK$5,940,000 (2021: HK$4,752,000) deductible temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No provision for deferred tax assets has been made (2021: Nil) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and Chief Executive's remuneration

The emoluments paid or payable to the directors and Chief Executive of the Company for their services in connection with the management affairs of the Group disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance, Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation and the GEM Listing Rules are as follows:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2022					
Executive directors					
Ms. Woo Lan Ying	**600**	**–**	**–**	**18**	**618**
Mr. Shang Ruisen	**360**	**–**	**–**	**–**	**360**
Mr. Luk Chi Shing (resigned on 11 April 2022)	**168**	**–**	**–**	**–**	**168**
Independent non-executive directors					
Ms. Yuen Wai Man (appointment on 11 April 2022)	**144**	**–**	**–**	**–**	**144**
Mr. Au Sui Keung Albert (appointment on 20 September 2022)	**56**	**–**	**–**	**–**	**56**
Ms. Leung Shuk Lan	**200**	**–**	**–**	**–**	**200**
Mr. Tang Yiu Wing (retired on 29 June 2022)	**99**	**–**	**–**	**–**	**99**
Mr. Wong Ka Shing (resigned on 11 April 2022) (Note below)	**56**	**501**	**36**	**11**	**604**
	1,683	**501**	**36**	**29**	**2,249**
Year ended 31 December 2021					
Executive directors					
Mr. Choi Chiu Ming Jimmy (retired on 30 June 2021)	510	210	52	–	772
Ms. Woo Lan Ying	100	–	–	–	100
Mr. Luk Chi Shing (appointed on 6 July 2021)	300	–	–	9	309
Mr. Shang Ruisen (appointed on 28 October 2021)	64	–	–	–	64
Independent non-executive directors					
Ms. Leung Shuk Lan	200	–	–	–	200
Mr. Tang Yiu Wing	200	–	–	–	200
Mr. Wong Ka Shing	200	–	–	–	200
	1,574	210	52	9	1,845

Note: Other than the amount of HK$56,000, Mr. Wong Ka Shing also received an amount of approximately HK$548,000 in acting as the Company Secretary of the Company during the year ended 31 December 2022.

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11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' and Chief Executive's remuneration (Continued)

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2022 and 2021. No inducement payments to join or upon joining the Group or as compensation for loss of office were paid or payable to any director for the years ended 31 December 2022 and 2021.

(b) Five highest paid individuals

The five highest paid employees of the Group during the year ended 31 December 2021 included one director, details of whose remunerations are set out above. During the year ended 31 December 2022, no director of the Company is the five highest paid employees of the Group. Details of the remuneration for the five highest paid employees (2021: remaining four highest paid employees) who are not directors of the Company are as follows:

	2022 **HK$'000**	2021 HK$'000
Salaries and other emoluments	**3,236**	3,091
Retirement scheme contributions	**69**	51
	3,305	3,142

The emoluments of these five (2021: four) individuals with the highest emoluments are within the following band:

	Number of individuals	
	2022	2021
Nil – HK$1,000,000	**4**	3
HK$1,000,001 – HK$1,500,000	**1**	1

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss figures for the purpose of basic and diluted loss per share:

	2022 **HK$'000**	2021 HK$'000
Loss for the year attributable to the equity shareholders of the Company for the purpose of basic loss per share	**(12,137)**	(14,002)

Weighted average numbers of ordinary shares for the purpose of basic loss per share:

	2022 **'000**	2021 '000
Issued ordinary shares at 1 January	**104,000**	4,149,180
Effect of Share Consolidation (see note 26(a)(i))	**–**	(4,045,180)
Effect of shares issued under the Rights Issue (see note 26(a)(ii))	**50,047**	3,703
Effect of shares issued under the April 2022 Placing (see note 26(b))	**14,190**	–
Effect of shares issued under the July 2022 Placing (see note 26(c))	**14,725**	–
Weighted average number of ordinary shares for the purpose of basic loss per share	**182,962**	107,703

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the both years have been adjusted for the Share Consolidation and Right Issue as details of which are set out in note 26(a).

No adjustment has been made to the basic loss per share for the years ended 31 December 2022 and 2021 as the Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

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13. DIVIDEND

No dividend was paid or proposed for the ordinary shareholders of the Company during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

14. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and equipment HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:					
At 1 January 2021	13,691	11,836	3,947	822	30,296
Additions	388	1,178	162	–	1,728
Disposals	–	(1,964)	–	(295)	(2,259)
Exchange adjustments	289	304	27	1	621
At 31 December 2021 and 1 January 2022	14,368	11,354	4,136	528	30,386
Additions	1,622	207	18	9	1,856
Disposals	–	(308)	–	–	(308)
Exchange adjustments	(882)	(887)	(81)	(2)	(1,852)
At 31 December 2022	15,108	10,366	4,073	535	30,082
Accumulated depreciation and impairment:					
At 1 January 2021	10,722	10,033	1,771	576	23,102
Charge for the year	1,472	395	961	22	2,850
Elimination on disposals	–	(1,932)	–	(79)	(2,011)
Exchange adjustments	236	255	23	1	515
At 31 December 2021 and 1 January 2022	12,430	8,751	2,755	520	24,456
Charge for the year	2,034	776	933	5	3,748
Elimination on disposals	–	(274)	–	–	(274)
Impairment losses	–	238	75	–	313
Exchange adjustments	(791)	(698)	(33)	(2)	(1,524)
At 31 December 2022	13,673	8,793	3,730	523	26,719
Carrying amounts:					
At 31 December 2022	1,435	1,573	343	12	3,363
At 31 December 2021	1,938	2,603	1,381	8	5,930

14. PLANT AND EQUIPMENT (Continued)

During the year ended 31 December 2022, the management reviewed the carrying value of the assets of the Group and assessed that the carrying values of non-current assets included in financial printing segment exceeded their recoverable amount in light of the current market conditions. Accordingly, the carrying amounts of the plant and equipment and right-of-use assets were written down to their recoverable amounts and thus, provision for impairments of HK$313,000 and HK$475,000 were recognised against the plant and equipment and right-of-use assets, respectively, by reference to valuations carried by an independent qualified professional valuer.

The recoverable amount of assets of financial printing segment was determined based on value-in-use calculations. For impairment test purpose, the calculations used the pre-tax cash flow projections for the relevant operations based upon financial budgets and forecasts approved by the management covering the remaining useful lives of the assets and applying the discount rate of 16%.

During the year ended 31 December 2021, the management reviewed the carrying value of the assets of the Group and assessed that the recoverable value of non-current assets included in metal casting segment is higher than their carrying amounts in light of the current market conditions. Accordingly, no provision for impairments was made for that year.

15. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
Cost:	
At 1 January 2021	21,706
Additions	1,822
Disposals	(2,333)
Exchange adjustments	404
At 31 December 2021 and 1 January 2022	21,599
Additions	537
Disposals	–
Modification of lease contracts	(689)
Exchange adjustments	(1,216)
At 31 December 2022	20,231
Accumulated depreciation and impairment:	
At 1 January 2021	6,093
Charge for the year	6,884
Elimination on disposals	(2,333)
Exchange adjustments	265
At 31 December 2021 and 1 January 2022	10,909
Charge for the year	6,809
Impairment losses	475
Modification of lease contracts	(626)
Exchange adjustments	(49)
At 31 December 2022	17,518
Carrying amount:	
At 31 December 2022	2,713
At 31 December 2021	10,690

The Group has obtained the right to use certain properties as its office premises and factory through tenancy agreements. The leases typically run for an initial period of 2 to 15 years and do not include variable lease payments and extension/termination option.

For the year ended 31 December 2022, the total cash outflows for leases is HK$7,863,000.

Particulars regarding the impairment loss on right-of-use assets are described in note 14.

16. INTEREST IN AN ASSOCIATE

	2022 HK$'000	2021 HK$'000
Cost of interest in an associate	4	–
Share of post-acquisition profit (loss) and other comprehensive income (expense)	–	–
	4	–

On 2 August 2022, the Group acquired 35% equity interest in Henan Jisheng (Hong Kong) Energy and Chemical Industry Company Limited (河南吉盛（香港）能源化工股份有限公司) ("Henan Jisheng"), a private limited company incorporated in Hong Kong with a consideration of HK$3,500. The Group has 35% ownership interest and voting rights in Henan Jisheng. By considering that the Group has no sufficiently dominant voting rights to direct the relevant activities of Henan Jisheng unilaterally, the directors of the Company conclude that the Group only has significant influence over Henan Jisheng and therefore it is classified as an associate of the Group.

Details of the Group's associate at 31 December 2022 are as follows:

Name of company	Place of incorporation/ operation	Particulars of issued and paid up capital	Proportion of ownership interest held by the Group 2022	Principal activities
Henan Jisheng	Hong Kong	10,000	35%	Inactive

During the year ended 31 December 2022, Henan Jisheng remain inactive and the assets and liabilities and profit or loss of Henan Jisheng are insignificant.

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17. GOODWILL

	HK$'000
Cost:	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	4,305
Accumulated impairment:	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	(4,305)
Net carrying amount	–

The goodwill has been allocated to the financial printing business cash-generating unit ("CGU") for impairment assessment.

During the year ended 31 December 2021, based on the value in use calculation, the directors considered that the recoverable amount of this CGU was found to be lower than its carrying amount. Impairment loss of HK$4,305,000 had been recognised in the consolidated statement of profit or loss and other comprehensive income for that year.

The recoverable amount of this CGU was determined based on value in use calculation by reference to the valuations carried by an independent qualified professional valuer. The key assumptions for the value in use calculation were those regarding the discount rate and growth in revenue and direct costs during the year ended 31 December 2021. Management estimated the discount rate of 15% using pre-tax rate that reflect current market assessments of the time value of money and the risk specific to the CGU. Changes in revenue and cost of sales were based on past experience and expectations of changes in the market.

The value in use calculation was derived from cash flow projection based on the most recent financial budgets for the next 5 years approved by management. Cash flows beyond the 5-year period had been extrapolated using a steady growth rate of 2% per annum.

As at 31 December 2022, the carrying value of the Group's goodwill is HK$ Nil (2021: Nil).

18. INVENTORIES

	2022 **HK$'000**	2021 HK$'000
Raw materials	**3,097**	2,820
Work in progress	**7,449**	6,411
Finished goods	**2,570**	3,029
Goods in transit	**5,171**	5,185
	18,287	17,445

The carrying amount of inventories for the Group as at 31 December 2022 is approximately HK$18,287,000 (2021: HK$17,445,000), net of allowance for inventories of approximately HK$1,235,000 (2021: HK$1,162,000).

19. TRADE AND OTHER RECEIVABLES

	2022 **HK$'000**	2021 HK$'000
Trade receivables	**14,373**	21,286
Less: Allowances	**(5,524)**	(8,078)
	8,849	13,208
Other tax recoverable	**–**	5
Deposits paid to suppliers	**–**	8,142
Deposits, prepayments and other receivables	**13,742**	7,656
	22,591	29,011
Less: Rental deposits included under non-current assets	**(740)**	(777)
Current portion included under current assets	**21,851**	28,234

The Group allows a credit period ranging from 30 to 90 days to its trade customers. Before accepting any new customer, the management assesses the potential customer's credit quality and defines credit limits by customer.

19. TRADE AND OTHER RECEIVABLES (Continued)

The ageing analysis of trade debtors as of the end of the reporting period, based on invoice date and net of allowance, is as follows:

	2022 **HK$'000**	2021 HK$'000
Within 30 days	**1,179**	3,142
31 to 60 days	**2,779**	1,958
61 to 90 days	**4,384**	5,121
Over 90 days but less than 1 year	**507**	2,979
Over 1 year	**–**	8
	8,849	13,208

Included in the Group's trade and other receivables are the following amounts denominated in currencies other than the functional currencies of the relevant group entities are:

	2022 **HK$'000**	2021 HK$'000
Euros	**241**	8,533
HK$	**2,685**	1,102

20. CONTRACT ASSETS AND CONTRACT LIABILITIES

The balances (excluding those arising from increases and decreases both occurred within the same year) of contract assets and contract liabilities with customers within HKFRS 15 during the year are as follows:

	Notes	**2022** **HK$'000**	2021 HK$'000
Contract assets	(a)	**415**	1,099
Contract liabilities	(b)	**(502)**	(3,247)

20. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Notes:

(a) Contract assets

The contract assets primarily relate to the Group's right to consideration for work performed and not billed on the financial printing services on IPO and other projects because the rights are conditioned on the Group's future performance in achieving specified milestones at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer contract assets to trade receivables upon achieving the specified milestones in the contracts.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

	HK$'000
Balanced at 1 January 2021	988
Additions for the year	521
Transferred to trade receivables for the year	(410)
Balance at 31 December 2021 and 1 January 2022	1,099
Additions for the year	32
Transferred to trade receivables for the year	(716)
Balance at 31 December 2022	415

(b) Contract liabilities

The contract liabilities represent the Group's obligation to transfer performance obligation to customers for which the Group has received considerations from the customers.

When the Group receives a deposit before the provision of financial printing services on IPO and other projects commence, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit received.

	HK$'000
Balanced at 1 January 2021	5,623
Additions for the year	2,865
Revenue recognised for the year	(5,241)
Balance at 31 December 2021 and 1 January 2022	3,247
Addition for the year	1,502
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at 1 January	(4,247)
Balance at 31 December 2022	502

The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue within one year or less.

21. CASH AND CASH EQUIVALENTS

	2022 HK$'000	2021 HK$'000
Bank balances	**2,783**	1,283
Cash on hand	**16**	27
	2,799	1,310

The Group's bank balances carried at fixed rates at the range of 0.1% to 0.625% per annum.

At 31 December 2022, the cash and cash equivalents of the Group denominated in Renminbi amounted to HK$1,795,000 (2021: HK$507,000). The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Included in the Group's cash and cash equivalents are the following amounts denominated in currency other than the functional currencies of the relevant group entities is:

	2022 HK$'000	2021 HK$'000
HK$	**868**	722

22. TRADE AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Trade payables	**17,514**	17,728
Accrued charges and other payables	**9,164**	8,822
	26,678	26,550

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

22. TRADE AND OTHER PAYABLES (Continued)

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

	2022 **HK$'000**	2021 HK$'000
Within 30 days	**7,729**	8,520
31 to 60 days	**2,527**	1,914
61 to 90 days	**1,868**	965
Over 90 days	**5,390**	6,329
	17,514	17,728

Included in the Group's trade and other payables are the following amounts denominated in currencies other than the functional currencies of the relevant group entities are:

	2022 **HK$'000**	2021 HK$'000
Euros	**405**	1,358
HK$	**11,750**	11,590

23. AMOUNTS DUE TO RELATED PARTIES

	Notes	**2022** **HK$'000**	2021 HK$'000
Related parties			
Ms. Woo Lan Ying	(a)	**–**	6,770
Close family member of Ms. Woo Lan Ying	(b)	**3,632**	4,419
		3,632	11,189

Notes:

(a) Ms. Woo Lan Ying is an Executive Director of the Company. As at 31 December 2021, the amount due to the director was unsecured and repayable on demand. In addition, included the balance of HK$2,000,000 was carried interest at 8% per annum and the remaining balance was interest-free. The amount was fully settled during the year ended 31 December 2022.

(b) The amount is unsecured, interest-free and repayable on demand.

Pursuant to the Letter of Undertaking issued by Ms. Woo Lan Ying that she has agreed to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligation to third parties as and when she fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations cover a period of at least the next twelve months from 31 December 2022.

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24. LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Present value of the minimum lease payments for:		
– Office premises and factory	**10,670**	18,266
Lease liabilities payable:		
Within 1 year	**2,444**	7,252
After 1 year but within 2 years	**2,049**	2,350
After 2 years but within 5 years	**5,997**	6,191
After 5 years	**180**	2,473
	10,670	18,266
Analysed as:		
– Non-current	**8,226**	11,014
– Current	**2,444**	7,252
	10,670	18,266

During the year ended 31 December 2022, the Group entered into a new lease agreement in respect of renting properties of HK$537,000 (2021: HK$1,822,000).

As at 31 December 2022, lease liabilities of HK$10,670,000 (2021: HK$18,266,000) are recognised with related right-of-use assets of HK$2,713,000 (2021: HK$10,690,000). During the year ended 31 December 2022, certain numbers of lease contracts in respect of recognised lease liability were terminated and thus, the Group recognised a gain on lease modification of approximately HK$5,000 which was credited to profit or loss for the year (2021: Nil). The lease agreements do not impose any covenants in other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

25. OTHER BORROWINGS

	2022 HK$'000	2021 HK$'000
Other unsecured borrowings, due within one year or on demand	**2,218**	–

As at 31 December 2022, interest on other borrowings is charged on the outstanding amount at a fixed rate of 10% per annum.

26. CAPITAL AND RESERVES

The movements of the Company's authorised and issued share capital during the years ended 31 December 2022 and 2021 are as follows:

	2022 Number of shares '000	2022 HK$'000	2021 Number of shares '000	2021 HK$'000
Authorised:				
At 1 January	**1,250,000**	**100,000**	50,000,000	100,000
Share Consolidation (note (a)(i) below)	**–**	**–**	(48,750,000)	–
At 31 December	**1,250,000**	**100,000**	1,250,000	100,000
Ordinary shares, issued and fully paid				
At 1 January	**104,000**	**8,320**	4,160,000	8,320
Share Consolidation (note (a)(i) below)	**–**	**–**	(4,056,000)	–
Shares issued under the Rights Issue (note (a)(ii) below)	**52,000**	**4,160**	–	–
Shares issued under the April 2022 Placing (note (b) below)	**20,800**	**1,664**	–	–
Shares issued under the July 2022 Placing (note (c) below)	**35,360**	**2,829**	–	–
At 31 December	**212,160**	**16,973**	104,000	8,320

26. CAPITAL AND RESERVES (Continued)

Notes:

(a) Share Consolidation and Rights Issue

Pursuant to the Company's announcement on 20 October 2021 (the "October 2021 Announcement"):

(i) Share Consolidation

The Company proposed to implement the share consolidation (the "Share Consolidation") on the basis that every forty (40) issued and unissued existing shares of HK$0.002 each in the share capital of the Company be consolidated into one (1) consolidated share of HK$0.08 each (the "Consolidated Share").

As at the date of the October 2021 Announcement, the authorised share capital of the Company was HK$100,000,000 divided into 50,000,000,000 authorised shares of HK$0.002 each, of which 4,160,000,000 existing shares have been issued and were fully paid or credited as fully-paid. Upon the completion of the Share Consolidation, the authorised share capital of the Company would become HK$100,000,000 divided into 1,250,000,000 Consolidated Shares of HK$0.08 each, of which 104,000,000 Consolidated Shares (which were fully paid or credited as fully-paid) would be in issue.

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 capital of the Company into one Consolidated Share of HK$0.08 each in the share capital of the Company effective on 17 November 2021.

(ii) Rights Issue

The Company proposed to offer for subscription of the rights shares (the "Rights Share(s)") at the subscription price on the basis of one (1) Rights Share for every two (2) Consolidated Shares held by the shareholders on 29 November 2021 (the Rights Issue").

Pursuant to the Company's announcement on 14 January 2022, all conditions set out in the prospectus of the Company dated 22 December 2021 relating to the Rights Issue have been fulfilled and thus, the Rights Issue became unconditional on 10 January 2022. 52,000,000 new Consolidated Shares have been allotted and issued under the Rights Issue. 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 of the Company from 104,000,000 to 156,000,000.

The net proceeds from the Rights Issue are approximately HK$9.3 million which were used as general working capital of the Group.

Details of the above are set out in the Company's announcements on 20 October 2021, 12 November 2021 and 14 January 2022, the circular and the prospectus of the Company on 27 October 2021 and 22 December 2021, respectively.

(b) April 2022 Placing of shares

Pursuant to the Company's announcement on 8 April 2022, a placing agent (the "April 2022 Placing Agent") and the Company entered into an agreement (the "April 2022 Placing Agreement") pursuant to which the April 2022 Placing Agent agreed to place up to 20,800,000 shares (the "April 2022 Placing Share(s)") to certain placees who are Independent Third Parties (the "April 2022 Placing").

The 20,800,000 April 2022 Placing Shares under the April 2022 Placing represented (i) approximately 13.33% of the existing issued share capital of the Company of 156,000,000 shares on 8 April 2022; and (ii) approximately 11.76% of the issued share capital of the Company as enlarged by the allotment and issue of the April 2022 Placing Shares of 176,800,000 shares. The aggregate nominal value of the April 2022 Placing Shares under the April 2022 Placing would be HK$1,664,000.

26. CAPITAL AND RESERVES (Continued)

Notes: (Continued)

(b) April 2022 Placing of shares (Continued)

The April 2022 Placing Price of HK$0.13 represented a discount of approximately 13.33% to the benchmarked price of the shares, which was the higher of (i) the closing price of HK$0.15 as quoted on the Stock Exchange on the date of the April 2022 Placing Agreement; and (ii) the average closing price of HK$0.15 in the last five consecutive trading days prior to the date of the April 2022 Placing Agreement.

The April 2022 Placing Shares have been issued under the general mandate (the "2021 General Mandate") granted to the directors of the Company by resolution of the shareholders passed at the annual general meeting of the Company held on 29 June 2021 to approve the General Mandate.

Pursuant to the Company's announcement on 27 April 2022, all conditions of the April 2022 Placing Agreement have been fulfilled and the April 2022 Placing was completed on 27 April 2022.

The net proceeds from the April 2022 Placing, after deducting the placing commission and other expenses in connection with the April 2022 Placing from the gross proceeds, are approximately HK$2,600,000 and are intended 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 net price of the April 2022 Placing Share is approximately HK$0.125 per April 2022 Placing Share.

Details of the above are set out in the Company's announcements on 8 and 27 April 2022.

(c) July 2022 Placing of shares

Pursuant to the Company's announcement on 8 July 2022, a placing agent (the "July 2022 Placing Agent") and the Company entered into an agreement (the "July 2022 Placing Agreement") pursuant to which the July 2022 Placing Agent agreed to place up to 35,360,000 shares (the "July 2022 Placing Share(s)") to certain placees who are Independent Third Parties (the "July 2022 Placing").

The 35,360,000 Placing Shares under the July 2022 Placing represented (i) approximately 20% of the existing issued share capital of the Company of 176,800,000 shares on 8 July 2022; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the July 2022 Placing Shares of 212,160,000 shares. The aggregate nominal value of the July 2022 Placing Shares under the July 2022 Placing would be HK$2,828,800.

The July 2022 Placing Price of HK$0.12 represented a discount of approximately 12.41% to the benchmarked price of the shares, which was the higher of (i) the closing price of HK$0.123 as quoted on the Stock Exchange on the date of the July 2022 Placing Agreement; and (ii) the average closing price of HK$0.137 in the last five consecutive trading days prior to the date of the July 2022 Placing Agreement.

The July 2022 Placing Shares have been issued under the 2021 General Mandate.

Pursuant to the Company's announcement on 2 August 2022, all conditions of the July 2022 Placing Agreement have been fulfilled and the July 2022 Placing was completed on 2 August 2022.

The net proceeds from the July 2022 Placing, after deducting the placing commission and other expenses in connection with the July 2022 Placing from the gross proceeds, are approximately HK$4,100,000 and are intended to be used as to (i) approximately HK$1,200,000 for repayment of the 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 net price of the July 2022 Placing Share is approximately HK$0.117 per July 2022 Placing Share.

Details of the above are set out in the Company's announcements on 8 July 2022 and 2 August 2022.

26. CAPITAL AND RESERVES (Continued)

Notes: (Continued)

(d) The Subscription

On 13 January 2023, Mr. Li Kwok Fan (the “Subscriber”, an Independent Third Party) entered into an agreement (the “Subscription Agreement”) with the Company, pursuant to which the Subscriber has conditionally agreed to subscribe and the Company has conditionally agreed to issue 11,000,000 shares (the “Subscription Share(s)”) at the price of HK$0.235 (the “Subscription Price”) per Subscription Share for an aggregate consideration of HK$2,590,000 (the “Subscription”).

The Subscription Shares represented (i) approximately 5.18% of the issued share capital of the Company on 13 January 2023 and (ii) approximately 4.93% of the issued share capital as enlarged by the issue of 11,000,000 Subscription Shares at that moment.

The Subscription Price of HK$0.235 per Subscription Share represented: (i) a discount of approximately 16.07% to the closing price of HK$0.28 per share as quoted on the Stock Exchange on 13 January 2023, (ii) a discount of approximately 14.23% to the average closing price of HK$0.274 per share as quoted on the Stock Exchange for the last five trading days up to and including 12 January 2023, being the last trading day immediately prior to the date of the Subscription Agreement.

The Subscription Shares has been issued under the general mandate granted to the directors by the shareholders at the extraordinary general meeting of the Company held on 17 November 2022 to approve the general mandate.

Pursuant to the Company’s announcement on 20 January 2023, all conditions of the Subscription Agreement have been fulfilled and the Subscription was completed on 20 January 2023.

The gross proceeds to be raised from the Subscription would be approximately HK$2,590,000. After taking into account the estimated expenses in relation to the Subscription, the estimated net proceeds from the Subscription would be approximately HK$2,590,000, representing a net price of HK$0.235 per Subscription Share. The Group intended to apply HK$2,300,000 and HK$290,000 for repayment of borrowings of the Group and for general working capital of the Group, respectively.

Details of the above are set out in the Company’s announcements on 13 and 20 January 2023.

The new issued shares shall rank pari passu in all respects with each other in the share capital of the Company.

27. DEFINED CONTRIBUTION RETIREMENT PLANS

The Group operates the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance (the "Ordinance"). The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately upon the completion of service in the relevant service period. There is no forfeited contribution that may be used by the Group to reduce the existing levels of contributions.

The Group's PRC subsidiaries also participates in defined contribution retirement schemes covering its full-time PRC employees. The schemes are administered by the relevant government authorities in the PRC. The Group and the PRC employees are required to make contributions based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC and the relevant government authorities undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC subsidiaries. There is no forfeited contribution that may be used by the Group to reduce the existing levels of contributions.

28. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes judgements to the capital structure in light of changes in economic conditions.

The capital structure on the basis of net debt-to-capital ratio of the Group consists of net debt, which includes trade and other payables, lease liabilities and amounts due to related parties, less cash and cash equivalents; and capital, which comprises all components of equity.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of debt and cost of capital. Based on the recommendation of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk and concentration risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash and cash equivalents, trade and other receivables, and contract assets. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Substantially all the Group's cash and cash equivalents are deposited in financial institutions in Hong Kong and the PRC. The credit risk is limited as the majority of counterparties are financial institutions with high credit ratings assigned by international credit rating agencies or stated-controlled financial institutions with good reputations. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into the account (i) the landlord's credit rating and (ii) the remaining lease term and the period covered by the rental deposits.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which customers operate and therefore significant concentrations of credit risk primarily arise when the significant exposure to individual customers. At the end of the reporting period, the Group has a certain concentration of credit risk as 14% (2021: 27%) and 57% (2021: 62%) of the trade debtors was due from the largest customer and the five largest customers respectively.

In respect of trade debtors, management has a credit policy in place and the exposure to the credit risk is monitored on an ongoing basis. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group allows an average credit period of 30 to 90 days (2021: 30 to 90 days) to its trade customers. Normally, the Group does not obtain collateral from customers. Management considers the aggregate risks arising from the possibility of credit losses are limited and to be acceptable.

The group measures allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the allowance based on past due status is distinguished between the Group's different customer bases and separate the customer bases by operation segments.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk and concentration risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	Expected loss rate %	Gross carrying amount HK$'000	Allowance HK$'000	Net carrying amount HK$'000
As at 31 December 2022				
Current (not past due)	**0.5%**	**1,179**	**(5)**	**1,174**
Less than 1 month past due	**1%**	**2,825**	**(23)**	**2,802**
1 to 3 months past due	**1%**	**4,422**	**(56)**	**4,366**
3 months to 6 months past due	**30%**	**447**	**(133)**	**314**
6 months to 1 year past due	**74%**	**735**	**(542)**	**193**
More than 1 year past due	**100%**	**4,765**	**(4,765)**	**–**
		14,373	**(5,524)**	**8,849**
As at 31 December 2021				
Current (not past due)	4%	6,523	(279)	6,244
Less than 1 month past due	6%	2,495	(142)	2,353
1 to 3 months past due	14%	4,130	(565)	3,565
3 months to 6 months past due	72%	2,110	(1,524)	586
6 months to 1 year past due	81%	2,361	(1,909)	452
More than 1 year past due	99%	3,667	(3,659)	8
		21,286	(8,078)	13,208

Expected loss rates are based on actual loss experience in current year. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk and concentration risk (Continued)

Movement in the allowance account in respect of trade receivables during the year is as follows:

	2022 **HK$'000**	2021 HK$'000
Balance at 1 January	**8,078**	6,642
(Reversal of) provision for impairment losses recognised during the year	**(2,554)**	1,436
Balance at 31 December	**5,524**	8,078

The credit risk of contract assets and other receivables is considered to be insignificant as there is no information indicating that contract assets and other receivables had a significant increase in credit risk since initial recognition.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses. The Group's policy is to regularly monitor its liquidity requirements 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 longer term. Having considered the factors and circumstances set out in note 3.2 to the consolidated financial statements, the directors are satisfied that the Group will have sufficient liquidity to meet its cash flows requirements for the next twelve months from the end of the reporting period.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities which are based on the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 years HK$'000	More than 5 years HK$'000
As at 31 December 2022					
Trade and other payable	26,678	26,678	26,678	–	–
Lease liabilities	10,670	12,005	2,914	8,911	180
Other borrowings	2,218	2,384	2,384	–	–
Amounts due to related parties	3,632	3,632	3,632	–	–
	43,198	44,699	35,608	8,911	180
As at 31 December 2021					
Trade and other payable	24,361	24,361	24,361	–	–
Lease liabilities	18,266	20,402	7,967	9,890	2,545
Amounts due to related parties	11,189	11,236	11,236	–	–
	53,816	55,999	43,564	9,890	2,545

In order to manage the liquidity demands above, at 31 December 2022, HK$ 2,799,000 (2021: HK$1,310,000) of the Group's assets, was held as cash that is considered readily realisable.

(c) Interest rate risk

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, and fair value interest rate risk in relation to fixed-rate lease liabilities and fixed-rate other borrowings. The Group currently does not have an interest rate hedging policy.

However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. To mitigate the impact of interest rate fluctuations, the Group continually assesses and monitors the exposure to interest rate risk.

The management considered that the Group's exposure to the interest rate risk on financial assets and liabilities is not significant due to short-term maturities. Accordingly, no sensitivity analysis is presented.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Foreign currency risk

The Group's major operating subsidiaries have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

In respect of trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The management considered that the Group's exposure to the foreign current risk on financial assets and liabilities is not significant. Accordingly, no sensitivity analysis is presented.

(e) Categories of financial instruments

	2022 **HK$'000**	2021 HK$'000
Financial assets		
Financial assets at amortised cost	**13,262**	21,135
Financial liabilities		
Financial liabilities measured at amortised cost	**43,198**	53,816

(f) Fair value measurement

Fair value of financial assets/liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities (note 24) HK$'000	Amounts due to related parties (note 23) HK$'000	Other borrowing HK$'000	Total HK$'000
For the year ended 31 December 2021				
As at 1 January 2021	23,036	4,599	–	27,635
Changes from financing cash flows:				
– Advance from a related party	–	4,321	–	4,321
– Interest element of lease liabilities paid	(1,048)	–	–	(1,048)
– Capital element of lease liabilities paid	(6,914)	–	–	(6,914)
– Proceeds from other borrowings	–	–	2,000	2,000
Non-cash changes:				
– Increase in lease liabilities from entering into new leases during the year	1,822	–	–	1,822
– Repayment of other borrowing settled by a related party	–	2,238	(2,238)	–
– Finance costs	1,048	31	238	1,317
– Exchange adjustments	322	–	–	322
At 31 December 2021	18,266	11,189	–	29,455
For the year ended 31 December 2022				
As at 1 January 2022	18,266	11,189	–	29,455
Changes from financing cash flows:				
– Repayment to a related party	–	(6,675)	–	(6,675)
– Repayment of other borrowings	–	–	(2,631)	(2,631)
– Interest element of lease liabilities paid	(688)	–	–	(688)
– Capital element of lease liabilities paid	(7,175)	–	–	(7,175)
– Advance from a related party	–	1,250	–	1,250
– Proceeds from other borrowings	–	–	2,332	2,332
Non-cash changes:				
– Repayment to a related party through the increase of other borrowings	–	(2,218)	2,218	–
– Increase in lease liabilities from entering into new leases during the year	537	–	–	537
– Lease modification	(68)	–	–	(68)
– Finance costs	688	86	299	1,073
– Exchange adjustments	(890)	–	–	(890)
At 31 December 2022	10,670	3,632	2,218	16,520

30. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related party transactions and balances

Saved as disclosed elsewhere in these consolidated financial statements, the Group had the following transactions and balances with related parties during the year:

Related parties	Nature of transaction	2022 HK$'000	2021 HK$'000
Ms. Woo Lan Ying (director)	Interest expense	**86**	31
Mr. Choi Chiu Ming Jimmy (former director)	Salaries	**–**	240

Other balances with related parties are disclosed in the Company's statement of financial position and in note 23.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group represents amounts paid to the Company's directors as disclosed in note 11.

	2022 HK$'000	2021 HK$'000
Short-term employee benefits	**1,719**	1,845
Retirement scheme contributions	**–**	–
	1,719	1,845

Total remuneration is included in "staff costs" (see note 9).

31. FINANCIAL INFORMATION OF THE COMPANY

(a) Statement of financial position

	2022 HK$'000	2021 HK$'000
Non-current assets		
Investments in subsidiaries	**2,024**	2,030
Current assets		
Other receivables and prepayments	**25**	867
Amounts due from subsidiaries	**7,517**	7,451
Loan to a subsidiary	**4,000**	4,000
Cash and cash equivalents	**300**	133
	11,842	12,451
Current liabilities		
Other payables	**2,144**	1,854
Amount due to a director	**–**	6,770
Amounts due to subsidiaries	**2,163**	1,930
Other borrowings	**2,218**	–
	6,525	10,554
Net current assets	**5,317**	1,897
NET ASSETS	**7,341**	3,927
CAPITAL AND RESERVES		
Share capital	**16,973**	8,320
Reserves	**(9,632)**	(4,393)
TOTAL EQUITY	**7,341**	3,927

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31. FINANCIAL INFORMATION OF THE COMPANY (Continued)

(b) Details of changes in the Company's individual components of reserve during the year:

	Share capital	Share premium	Accumulated losses	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2021	8,320	35,116	(29,048)	14,388
Changes in equity for 2021:				
Loss and total comprehensive loss for the year	–	–	(10,461)	(10,461)
At 31 December 2021 and 1 January 2022	8,320	35,116	(39,509)	3,927
Changes in equity for 2022:				
Loss and total comprehensive loss for the year	–	–	(12,622)	(12,622)
Issue of shares issued under the Right issue (note 26(a)(ii))	4,160	5,103	–	9,263
Shares issued under the April 2022 Placing (note 26(b))	1,664	972	–	2,636
Shares issued under the July 2022 Placing (note 26(c))	2,829	1,308	–	4,137
	8,653	7,383	–	16,036
At 31 December 2022	16,973	42,499	(52,131)	7,341

(Expressed in Hong Kong dollars)

32. SUBSIDIARIES' INFORMATION

Particulars of the Company's subsidiaries as at 31 December 2022 and 2021 are as follows:

Name of company	Place of incorporation/ operation	Particulars of issued and paid up capital	Attributable equity interest and voting power held by the Company 2022	2021	Principal activities
Directly owned by the Company					
XETron Group Limited	BVI	US$10,000	**100%**	100%	Investment holding
Solomon Holdings Group Limited	BVI	US$100,000	**75%**	75%	Investment holding
Genesis Investment and Consultant Limited (note (i) below)	Hong Kong	HK$10,000	**100%**	100%	Dormant
Jete Power Holdings Limited (note (ii) below)	Hong Kong	HK$2	**100%**	100%	Dormant
Solomon Corporate Services Limited (note (iii) below)	Hong Kong	HK$10,000	**–**	100%	Dormant
Indirectly owned by the Company					
XETron Enterprise Company Limited	Hong Kong	HK$10,000	**100%**	100%	Investment holding
G. Force (Hong Kong) Limited	Hong Kong	HK$10,000	**100%**	100%	Sales of cast metal products
KTech Industrial Technology (Huizhou) Limited* (note (v) below)	The PRC	HK$16,000,000	**100%**	100%	Manufacture and sales of cast metal products
Shenzhen Mirage Consulting Management Company Limited* (notes (iv) and (v) below)	The PRC	RMB10,000,000	**100%**	–	Dormant
Solomon Financial Press Limited	Hong Kong	HK$600,000	**75%**	75%	Printing, typesetting and translation services

Notes:

(i) The subsidiary was incorporated on 10 November 2021.

(ii) The subsidiary was incorporated on 2 September 2021.

(iii) The subsidiary was acquired on 18 August 2021 at a consideration of HK$10,000.

During the year ended 31 December 2022, the Company disposed of its entire equity interest in the company, resulting in a loss on disposal of the company of HK$5,000 which was charged to profit or loss for the year.

(iv) The subsidiary was incorporated on 25 January 2022. Pursuant to the Article of the subsidiary, the Company agreed to contribute capital funds of RMB10,000,000 to the subsidiary. Till to the date of this report, the Company have not been contributed the capital funds to the subsidiary.

(v) The subsidiaries are registered in the form of wholly owned foreign enterprise.

* For identification purposes only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

32. SUBSIDIARIES' INFORMATION (Continued)

Details of non-wholly owned subsidiary that has material non-controlling interests

Summarised financial information in respect of Solomon Holdings Group Limited and its subsidiaries that has material non-controlling interests ("NCI") are set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2022 HK$'000	2021 HK$'000
NCI percentage	25%	25%
Current assets	4,037	9,415
Non-current assets	288	7,242
Current liabilities	(29,413)	(34,047)
Non-current liabilities	(700)	(523)
Net liabilities	(25,788)	(17,913)
Carrying amount of NCI	(6,447)	(4,478)
Revenue	12,480	35,633
Loss for the year	(7,878)	(8,602)
Total comprehensive loss	(7,878)	(8,602)
Loss allocated to NCI	(1,969)	(2,150)

33. LITIGATIONS AND 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$1.9 million with damages to be assessed plus interests and costs.

As at 31 December 2022, balance of approximately HK$1,892,000 (2021: HK$1,892,000) was included in the trade and other payables.

At the time of approving the consolidated financial statements, the Company is in the process of preparing its Deference and Counterclaim.

(2) On 16 February 2022, Solomon Financial Press received a legal letter from Vitor Communication Press Limited demanding payment of the sum approximately HK$0.5 million plus legal costs and interest.

As at 31 December 2022, balance of approximately HK$538,000 (2021: HK$368,000) was included in the trade and other payables as at 31 December 2021.

33. LITIGATIONS AND CONTINGENT LIABILITIES (Continued)

Given that these litigations are still at a preliminary stage and has not gone into substantive pleading 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 litigations 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.

At the end of the reporting period, the directors are of the opinion that such litigations would not result in any material adverse impact on the financial position or results and operations of the Group.

34. EVENTS AFTER THE END OF REPORTING PERIOD

Saved as disclosed elsewhere in these consolidated financial statements, the Group had the following significant event after the end of the reporting period:

(1) Share subscription

On 13 January 2023, a subscriber entered into the subscription agreement with the Company, pursuant to which the subscriber has conditionally agreed to subscribe and the Company has conditionally agreed to issue 11,000,000 subscription shares ("Subscription Share(s)") at the subscription price of HK$0.235 per Subscription Share for an aggregate consideration of HK$2,590,000. The intended use of proceeds from the share subscription to be applied as to HK$2,300,000 and HK$290,000 for repayment of borrowings of the Group and for general working capital of the Group respectively. The subscription transaction was completed on 20 January 2023 and a total of 11,000,000 Subscription Shares were issued. The gross and net proceeds were approximately HK$2,590,000 and HK$2,590,000 respectively.

The net price was approximately HK$0.235 per Subscription Share.

(2) Establishment of joint venture

Pursuant to the Company's announcement dated 20 January 2023, a joint venture agreement for the establishment of three joint venture companies (the "JV Companies") was signed by the Company and Mr. Liu Haitao (the "JV Partner") on 20 January 2023 and thus, the Company and JV Partner agreed to contribute HK$1,020,000 and HK$980,000 to the JV Companies, respectively.

The further details are set out in the Company's announcement dated 20 January 2023.

(3) Change of company name

On 24 March 2023, the Company announced that the Board proposed to change the English name of the Company from "Solomon Worldwide Holdings Limited" to "Jisheng Group Holdings Limited", and to adopt and register the Chinese name of "吉盛集團控股有限公司" as the dual foreign name of the Company in place of its existing Chinese name of "所羅門環球控股有限公司". For details, please make reference to the announcement of the Company dated 24 March 2023.

FIVE YEARS FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2018 HKD'000	2019 HKD'000	2020 HKD'000	2021 HKD'000	**2022** **HKD'000**
Revenue					
Continuing operations	67,438	50,983	85,599	83,492	**74,896**
Discontinued operations	–	4,138	312	–	**–**
	67,438	55,121	85,911	83,492	**74,896**
(Loss)/profit for the year attributable to equity shareholders of the Company					
Continuing operations	(9,711)	(4,830)	(23,682)	(14,002)	**(12,137)**
Discontinued operations	–	(5,657)	1,012	–	**–**
	(9,711)	(10,487)	(22,670)	(14,002)	**(12,137)**
Loss for the year attributable to Non-controlling interest					
Continuing operations	–	–	(1,559)	(2,150)	**(1,969)**
Discontinued operations	–	–	–	–	**–**
	–	–	(1,559)	(2,150)	**(1,969)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2018 HKD'000	2019 HKD'000	2020 HKD'000	2021 HKD'000	**2022** **HKD'000**
Total assets	50,707	54,034	70,896	65,485	**50,172**
Total liabilities	(11,603)	(26,294)	(49,476)	(60,010)	**(44,458)**
Total equity	39,104	27,740	21,420	5,475	**5,714**