Annual Report
2021

Solomon Worldwide Holdings Limited

所羅門環球控股有限公司

Formerly known as Jete Power Holdings Limited *

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8133

** For identification purpose only*

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

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This report, for which the directors (the "Directors") of Solomon Worldwide Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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)*
Mr. Luk Chi Shing

Independent Non-executive Directors
Ms. Leung Shuk Lan
Mr. Tang Yiu Wing
Mr. Wong Ka Shing

Chief Executive Officer
Mr. Wong Thomas Wai Yuk

BOARD COMMITTEES

Audit Committee
Mr. Wong Ka Shing *(Chairman)*
Ms. Leung Shuk Lan
Mr. Tang Yiu Wing

Remuneration Committee
Ms. Leung Shuk Lan *(Chairman)*
Mr. Wong Ka Shing
Ms. Woo Lan Ying

Nomination Committee
Mr. Tang Yiu Wing *(Chairman)*
Mr. Wong Ka Shing
Ms. Woo Lan Ying

COMPANY SECRETARY

Mr. Luk Chi Shing

AUTHORISED REPRESENTATIVES

Ms. Woo Lan Ying
Mr. Luk Chi Shing

AUDITOR

Baker Tilly Hong Kong Limited

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

Rooms 1703–04, World-wide House
19 Des Voeux Road Central
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

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 2021.

REVIEW

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

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, due to the stringent cross-border control measures were still implemented by the governments of China and Hong Kong, the initial public offering ("IPO") activities in Hong Kong were affected to a considerable extent, which further exacerbated the fierce competition in the financial printing industry. As a result, the revenue from the financial printing business of the Group decreased during the year as compared with last year.

However, encouragingly, in 2021, the Stock Exchange published consultation conclusions on enhancement and streamlining of the listing regime for overseas issuers, and broadened the secondary listing regime, welcoming companies from Greater China that are listed overseas and operating in traditional industries to list in Hong Kong and permitting issuers that meet certain conditions to conduct dual primary listing in Hong Kong while retaining the existing weighted voting rights (WVR) structure or variable interest entity (VIE) structure. In addition, the Stock Exchange officially announced the launch of the listing regime for special purpose acquisition companies (SPACs), which provides the market with a listing channel other than the traditional IPO, attracting more companies in innovative industries from Greater China, Southeast Asia and other regions across the world to list in Hong Kong. These moves are conducive to boosting the demand of the IPO activities as well as the financial printing business in Hong Kong.

Based on the above-mentioned new initiatives and the introduction of various new drugs for COVID-19 to the market, the management believes that the cross-border control measures in China and Hong Kong are expected to be relaxed in the near future. Therefore, the Group is optimistic to and has confidence in the prospect of its financial printing business.

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 while optimising our professional services. 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 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, 31 March 2022

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 PRC, Hong Kong and the United States.

During the year, due to the release of certain lock down measures in overseas and PRC, the revenue from metal casting business increased by approximately 24.9% 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 has almost been offset by the increase in general costs of raw materials.

Financial Printing Business

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

During the year, the revenue from financial printing service decreased by approximately 25.0% 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.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, total revenue of the Group decreased slightly by approximately 2.46% (2020: increase of 68%) to approximately HK$83.49 million as compared with that in 2020 of approximately HK$85.60 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$20.20 million (2020: HK$21.93 million) was recorded for the year ended 31 December 2021, representing a moderate decrease of approximately HK$1.73 million as compared with that in 2020. The Group's overall gross profit margin remained stable at around 24% and 25% for the years ended 31 December 2021 and 2020.

Selling and distribution expenses

The Group's selling and distribution expenses for the year ended 31 December 2021 amounted to approximately HK$6.12 million (2020: HK$6.18 million), which was more or less the same as that in 2020.

Administrative expenses

The Group's administrative expenses for the year ended 31 December 2021 amounted to approximately HK$29.18 million (2020: HK$44.69 million), representing a significant decrease of approximately HK$15.51 million as compared with that in 2020. The significant decrease was mainly attributable to the facts that (a) no impairment on plant and equipment and right-of-use assets towards the metal cast business was made during the year; and (b) the decreases in (i) depreciation of plant and equipment and right-of-use assets, and (ii) impairment on trade receivables was recorded during the year as compared to those in 2020.

Finance costs

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

Loss for the year

Loss attributable to owners of the Company for the year ended 31 December 2021 amounted to approximately HK$14.00 million (2020: HK$22.67 million), representing a decrease of approximately 38.24% as compared to that in 2020.

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 2020 and other borrowings. The Group had cash and cash equivalents of approximately HK$1.31 million as at 31 December 2021 (31 December 2020: HK$14.32 million). As at 31 December 2021, except for the loan and advance from related parties (mainly from a director and a related party), amounting to approximately HK$11.19 million (31 December 2020: HK$4.60 million), the Group did not have any other borrowings.

GEARING RATIO

As at 31 December 2021, the Group's gearing ratio was 36.53% (31 December 2020: 0%), 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.

Pursuant to the passing of an ordinary resolution by the shareholders of the Company on the extra ordinary general meeting held on 12 November 2021, approving the consolidation of every forty (40) issued and unissued ordinary shares of HK$0.002 each in the share of the Company into one (1) consolidated share of HK$0.08 each in the share capital of the Company (the "Share Consolidation"). The Share Consolidation took effect on 17 November 2021. Save for the Share Consolidation, there has been no change in the capital structure of the Company during the year ended 31 December 2021.

As at 31 December 2021, the Company's total number of issued shares was 104,000,000 of HK$0.08 each (2020: 4,160,000,000 of HK$0.002 each). The Group did not have any debt securities or other capital instruments as at 31 December 2021.

RIGHTS ISSUE

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

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

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 2021, the Group had no material contingent liabilities (31 December 2020: Nil).

CHARGE OF ASSETS

As at 31 December 2021, the Group did not have any charge of assets (31 December 2020: 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 23 "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 macro-economic 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 macro-economic 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 2021, the Group did not have any significant capital commitments (31 December 2020: 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 2021.

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 2021.

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.

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 2021, the employee headcount (including Directors) of the Group was 169 (31 December 2020: 178) and the total staff costs, including directors' emoluments, amounted to approximately HK$32.15 million during the year ended 31 December 2021 (2020: HK$32.28 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.

USE OF PROCEEDS FROM PLACING

Reference is made to (i) the announcement of the Company dated 9 September 2019; and (ii) the circular of the Company dated 25 September 2019 in relation to the placing of new shares under specific mandate (the "Placing"). The Company completed the Placing of an aggregate of 660,000,000 shares of the Company on 6 January 2020. The net proceeds from the placing were of approximately HK$18.00 million (the "Net Proceeds"). The Group intended to use (i) HK$2.00 million to pay the consideration of the acquisition of Solomon Holdings Group Limited ("Solomon"); (ii) HK$6.50 million as general working capital of Solomon and its subsidiary (collectively referred to as the "Solomon Group"); and (iii) approximately HK$9.50 million as general working capital of the Group.

As at 31 December 2021, the Group had fully utilized the Net Proceeds as intended.

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.

Throughout the year ended 31 December 2021, 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 three 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
Mr. Choi Chiu Ming Jimmy *(retired on 30 June 2021)*

Independent Non-executive Directors

Ms. Leung Shuk Lan
Mr. Tang Yiu Wing
Mr. Wong Ka Shing

The biographical details of all Directors and senior management of the Company are set out on pages 29 to 30 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.

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.

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, ten (10) 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	10/10
Mr. Shang Ruisen *(appointed on 28 October 2021)*	2/2
Mr. Luk Chi Shing *(appointed on 6 July 2021)*	5/5
Mr. Choi Chiu Ming Jimmy *(retired on 30 June 2021)*	4/4
Independent Non-executive Directors	
Ms. Leung Shuk Lan	10/10
Mr. Tang Yiu Wing	9/10
Mr. Wong Ka Shing	10/10

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 pursuant to code provision A.4.1 of the CG Code.

In compliance with the code provision in A.4.2 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. Tang Yiu Wing 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. Luk Chi Shing and Mr. Shang Ruisen shall hold office until the forthcoming annual general meeting of the Company and, being eligible, offer themselves 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 A.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.

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.

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 C.3 of the CG Code. The audit committee consists of three (3) independent non-executive Directors, namely, Mr. Wong Ka Shing, 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. Tang Yiu Wing.

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 four (4) meetings during the year. Details of the attendance of members of the audit committee meeting are as follows:

Members	Attendance/ Number of meetings
Mr. Wong Ka Shing *(chairman)*	4/4
Ms. Leung Shuk Lan	4/4
Mr. Tang Yiu Wing	4/4

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 B.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, Mr. Wong Ka Shing and Ms. Woo Lan Ying.

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, four (4) 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)*	4/4
Mr. Wong Ka Shing	4/4
Mr. Choi Chiu Ming Jimmy *(resigned on 30 June 2021)*	1/1
Ms. Woo Lan Ying *(appointed on 30 June 2021)*	3/3

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.

NOMINATION COMMITTEE

The Company established a nomination committee on 10 April 2015 with written terms of reference in compliance with code provision A.5 of the CG Code. The nomination committee currently consists of three (3) members, the majority of whom are independent non-executive Directors, namely Mr. Tang Yiu Wing, who serves as the chairman of the nomination committee, Mr. Wong Ka Shing and Ms. Woo Lan Ying.

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.

During the year, three (3) 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)*	3/3
Mr. Wong Ka Shing	3/3
Mr. Choi Chiu Ming Jimmy *(resigned on 30 June 2021)*	1/1
Ms. Woo Lan Ying *(appointed on 30 June 2021)*	2/2

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.

The Board will consider to set measurable objectives to implement the Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. At present, the Board has not set any measurable objectives. The nomination committee will review the Diversity Policy, as appropriate, to ensure its effectiveness.

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 A.6.5 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 2021 set out in this report.

AUDITOR'S REMUNERATION

For the year ended 31 December 2021, the remuneration paid or payable to Baker Tilly Hong Kong 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	580
Tax services	13
Other non-audit services (Rights issue)	200
	793

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.

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 and compliance controls, 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 and financial reporting functions.

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.

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.

2021 GENERAL MEETINGS

The 2021 annual general meeting and an extraordinary general meeting of the Company were held on 29 June 2021 and 12 November 2021, 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 2021 is set out below:

Name of Directors	Number of general meetings attended/held
Executive Directors	
Ms. Woo Lan Ying	2/2
Mr. Shang Ruisen *(appointed on 28 October 2021)*	1/1
Mr. Luk Chi Shing *(appointed on 6 July 2021)*	1/1
Mr. Choi Chiu Ming Jimmy *(retired on 30 June 2021)*	1/1
Independent Non-executive Directors	
Ms. Leung Shuk Lan	2/2
Mr. Tang Yiu Wing	2/2
Mr. Wong Ka Shing	2/2

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.

CORPORATE GOVERNANCE REPORT

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. Luk Chi Shing, an executive Director, 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 2021, 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 are 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 2021 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 2021 to 31 December 2021 ("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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 is 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 Rooms 1703-04, World-wide House, 19 Des Voeux Road Central, Central, Hong Kong.

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 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 2021.

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

	Units	2021
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	2021
Greenhouse gas emission		
Direct emissions (Scope 1)[1]	tCO_2e	**3.63**
Intensity[2]	tCO2e/employee	**0.02**
Energy indirect emissions (Scope 2)[3]	tCO_2e	**2,909.85**
Intensity[2]	tCO2e/employee	**17.02**
Other indirect emissions (Scope 3)[4]	tCO_2e	**28.55**
Intensity[2]	tCO2e/employee	**0.17**
Total emission	tCO_2e	**2,942.03**
Intensity[5]	tCO_2e/revenue (HK$'000)	**0.04**
	tCO_2e/employee	**17.41**
Waste		
Hazardous waste	tonne	**1.44**
Intensity	tonne/employee	**0.01**
Non-hazardous waste	tonne	**45.88**
Intensity	tonne/employee	**0.27**
Use of resources		
Liquid Petroleum Gas and Diesel	Litre	**10,298.00**
Intensity[6]	Litre/output tonne	**22.81**
Electricity consumption	MWh	**4,159.36**
Intensity[7]	MWh/output tonne	**9.21**
Water Consumption	cubic metre	**7,345.00**
Intensity[8]	cubic metre/employee	**43.46**
Paper Consumption[9]	tonne	**5.41**
Intensity[10]	tonne/employee	**0.03**

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$83.49 million (2020:HK$85.60 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: The Group started to collect paper consumption data after the Group acquired the financial printing services business during the year end 31 December 2020 as paper is the major resource consumed by the financial printing services businesses.

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 2021.

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 60.91 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 2021, the Group has 169 (2020: 178) 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 2021, there were no non-compliance or notification from governmental authorities for contravention of any of the employment practices referred to above.

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

Employee Structure		Number of employees as at 31.12.2021	Percentage of employees as at 31.12.2021
Total number of employees		169	100%
By gender	Male	120	71.0%
	Female	49	29.0%
By age	Aged 18–30	44	26.0%
	Aged 31–40	43	25.4%
	Aged 41–60	79	46.8%
	Aged over 60	3	1.8%
By employment type	General Staff	135	79.9%
	Middle Management	25	14.8%
	Senior Management	9	5.3%
By geographical region	Hong Kong	50	29.6%
	PRC	119	70.4%

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 2021	Turnover rates
By gender	Male	28	23.3%
	Female	9	18.4%
By age	Aged 18–30	14	31.8%
	Aged 31–40	7	16.3%
	Aged 41–60	13	16.5%
	Aged over 60	3	100%
By geographical region	Hong Kong	14	28.0%
	PRC	23	19.3%

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. There are no work-related fatalities in the Year of 2019, 2020 and 2021, and 27.5 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 2021, 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	2021
Average training hours per employees by gender		
Male	hours/employee	**19.96**
Female	hours/employee	**20.17**
Average training hours per employees by employee category		
General Staff	hours/employee	**19.99**
Middle Management	hours/employee	**20.00**
Senior Management	hours/employee	**20.11**
Percentage of employees trained by gender		
Male		**80.8%**
Female		**44.9%**
Percentage of employees trained by employee category		
General Staff		**67.4%**
Middle Management		**76.0%**
Senior Management		**100%**

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 92 and 51 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 2021, 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 2021.

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 54, 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 55, 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.

Mr. Luk Chi Shing, aged 52, was appointed as an executive Director on 6 July 2021. Mr. Luk graduated from City University of Hong Kong in 1993, with a Bachelor of Arts (Hon) degree in Accountancy. Mr. Luk is a fellow member of the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. Mr. Luk is currently (i) an independent non-executive director of China Financial Leasing Group Limited (Stock Code: 2312), a company listed on the Main Board of the Stock Exchange; (ii) an independent non-executive director of Chinese Energy Holdings Limited (stock code: 8009), and Hephaestus Holdings Limited (Stock Code: 8173), both of these companies are listed on GEM of the Stock Exchange. Mr. Luk had also been (i) the executive director of China Pioneer Pharma Holdings Limited (Stock Code: 1345), a company listed on the Main Board of the Stock Exchange during the period from December 2019 to December 2020; and (ii) the independent non-executive director of China Saite Group Company Limited (Stock Code: 0153), a company listed on the Main Board of the Stock Exchange, during the period from January 2017 to July 2019. Mr. Luk has also worked for an international audit firm and a number of other public listed companies in Hong Kong. Mr. Luk has accumulated over 20 years of working experience in the fields of auditing, company secretary, financial accounting and management, as well as corporate merger and acquisition.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Leung Shuk Lan, aged 64, 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 Company. Ms. Leung has accumulated over 30 years of experience in the Hong Kong insurance industry. Ms. Leung was also an independent non-executive director of Long Success International (Holdings) Limited (a company previously listed on the GEM of the Stock Exchange) from October 2013 to February 2017.

Mr. Tang Yiu Wing, aged 55, was appointed as an independent non-executive Director on 10 April 2015. Mr. Tang obtained a Bachelor of Laws in November 1988 and a Postgraduate Certificate in Laws in June 1989 from the University of Hong Kong and a Master of Laws in Chinese and Comparative Law from the City University of Hong Kong in November 1999.

Mr. Tang is a member of the Law Society of Hong Kong and a practicing solicitor in Hong Kong and the founder and partner of Ivan Tang & Co. Mr. Tang was admitted as a solicitor of the Supreme Court of England and Wales in November 1993.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tang has been (i) an independent non-executive director of Goldin Financial Holdings Limited (Stock Code: 530), since September 2006; and (ii) an independent non-executive director of Universe Entertainment and Culture Group Company Limited (Stock Code: 1046), since October 2017, both of these companies are listed on the Main Board of the Stock Exchange. Mr. Tang had also been (i) an independent non-executive director of China All Nation International Holdings Group Limited (formerly known as KSL Holdings Limited) (Stock Code: 8170) during the period from March 2017 to May 2018; (ii) an independent non-executive director of Zhejiang United Investment Holdings Group Limited (Stock Code: 8366) during the period from July 2017 to June 2019; and (iii) an independent non-executive director of PF Group Holdings Limited (Stock Code: 8221) during the period from December 2020 to January 2021, all of these companies are listed on the GEM of the Stock Exchange.

Mr. Wong Ka Shing, aged 43, was appointed as an independent non-executive Director on 10 April 2015. Mr. Wong holds a Bachelor of Arts (Hon) degree in Accounting and Finance from The Leeds Metropolitan University. Mr. Wong is a member of The Association of Chartered Certified Accountants and a member of The Hong Kong Institute of Certified Public Accountants. Mr. Wong has extensive experience in accounting, auditing and financial management. Mr. Wong is currently the independent non-executive director of China Supply Chain Holdings Limited (Stock Code: 3708), a company listed on the Main Board of the Stock Exchange. Mr. Wong had been (i) an executive director of Yuk Wing Group Holdings Limited (Stock Code: 1536), a company listed on the Main Board of the Stock Exchange, during the period from January 2019 to January 2021; and (ii) an independent non-executive director of Long Success International (Holdings) Limited (a company previously listed on the GEM of the Stock Exchange) during the period from October 2013 to February 2017.

SENIOR MANAGEMENT

Mr. Wong Thomas Wai Yuk, aged 59, 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 29 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 2021.

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 29 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 8 of this report. This discussion forms part of this directors' report.

CHANGE OF COMPANY NAME

Pursuant to the special resolution passed by the shareholders at the extraordinary general meeting of the Company held on 12 November 2021, the name of the Company in English was changed from "Jete Power Holdings Limited" to "Solomon Worldwide Holdings Limited" and the dual foreign name of the Company in Chinese from "鑄能控股有限公司" to "所羅門環球控股有限公司". The certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 9 December 2021 certifying that the new English and Chinese names of the Company have been registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

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 2021.

DISTRIBUTABLE RESERVES

Details of distributable reserves of the Company as at 31 December 2021 are set out in note 22 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 22 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 108 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 2021, 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) (appointed on 28 October 2021)*
Mr. Luk Chi Shing *(appointed on 6 July 2021)*
Mr. Choi Chiu Ming Jimmy *(retired on 30 June 2021)*

Independent Non-executive Directors

Ms. Leung Shuk Lan
Mr. Tang Yiu Wing
Mr. Wong Ka Shing

REPORT OF DIRECTORS

By virtue of article 83(3) and article 84 of the Articles, Mr. Luk Chi Shing, Mr. Shang Ruisen, Ms. Woo Lan Ying and Mr. Tang Yiu Wing , 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 has 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 7 and 8 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 29 to 30 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.

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 2021, 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	10,250,000 (Note 1)	9.86%

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 Shares") 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 2021, 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 2021, 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 interests	Number of shares held	Percentage of the Company’s issued share capital
Mr. Fang Jinhuo	Personal interest	17,741,000	17.06%

Save as disclosed above, as at 31 December 2021, 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 2021 amounted to HK$Nil (2020: HK$100,000).

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2021, sales to the Group’s five largest customers accounted for 40% of the total sales for the year and sales to the largest customer included therein amounted to 18%. Purchases from the Group’s five largest suppliers accounted for 63% of the total purchases for the year and purchase from the largest supplier included therein amounted to 28%.

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 7 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.

Save as disclosed above, the Directors consider that those material related party transactions disclosed in note 24 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 2021, 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 9 to 18 of the this report.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in note 28 to the consolidated financial statements.

AUDITORS

The consolidated financial statements for the year ended 31 December 2021 were audited by Baker Tilly Hong Kong Limited, who will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment.

Baker Tilly Hong Kong Limited has been appointed as auditor of the Company with effect from 9 December 2016 to fill the casual vacancy arising from the resignation of SHINEWING (HK) CPA Limited.

Save for the above, there has been no other change of the auditor of the Company in the preceding three years.

On behalf of the Board
Solomon Worldwide Holdings Limited

Woo Lan Ying
Chairman

Hong Kong, 31 March 2022

INDEPENDENT AUDITOR'S REPORT

bakertilly
天職國際

Independent auditor's report to the shareholders of
Solomon Worldwide Holdings Limited
(formerly known as Jete Power Holdings Limited)
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Solomon Worldwide Holdings Limited (formerly known as Jete Power Holdings Limited) (the "Company") and its subsidiaries (together the "Group") set out on pages 46 to 107, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 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

The accompanying consolidated financial statements for the year ended 31 December 2021 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 2(c) to the consolidated financial statements which indicates that, the Group's current liabilities exceed its current assets by approximately HK$908,000 as at 31 December 2021, and the Group incurred a loss attributable to equity shareholders of the Company of approximately HK$14,002,000 for the year ended 31 December 2021. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As explained in note 2(c) to the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

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.

The Key Audit Matter	How the matter was addressed in our audit
Impairment assessment of goodwill	
Refer to Notes 27 and 31(e) of the audited consolidated financial statements	
At 31 December 2021, the Group had a balance of goodwill of HK$Nil (2020: HK$4,305,000). At 31 December 2021, the Group carried out an impairment assessment to the goodwill attributable to the financial printing segment and impairment loss of goodwill of approximately HK$4,305,000 (2020: HK$Nil) was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021. For the purpose of assessing impairment, goodwill was allocated to the cash-generating unit ("CGU") of the respective business, and the recoverable amount of the CGU was determined by management based on value-in-use calculation using cash flow projection. In carrying out the impairment assessment, significant management judgement was used to determine the key assumptions, including operating margins, terminal growth rate and discount rates, underlying the value-in-use calculation.	Our audit procedures included: — evaluating the independence, competence, capability and objectivity of the external valuation expert engaged by management; — evaluating the valuation methodologies and assumptions including comparing source and market data used in the underlying assumptions for the valuation of financial printing segment with reference to comparable companies; — assessing the appropriateness of the key assumptions, including operating margins, pre-tax discount rate and terminal growth rate, used for calculating the recoverable amount of the cash-generating unit as adopted by management for the goodwill impairment assessment; — assessing the actual performance in the year against the prior year budgets to evaluate historical forecasting accuracy; — evaluating the appropriateness of the relevant disclosures in respect of the impairment assessment of goodwill in the consolidated financial statements; and — assessing the management's sensitivity analysis on the key assumptions, to ascertain the extent to which adverse changes, would result in the assets being impaired.

The Key Audit Matter	How the matter was addressed in our audit
Impairment of trade receivables	
Refer to Notes 15, 23(a) and 31(c) of the audited consolidated financial statements	
At 31 December 2021, the Group had trade receivables of HK$13,208,000 (2020: HK$10,257,000) with loss allowance of HK$8,078,000 (2020: HK$6,642,000). Loss 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 loss allowance are inherently subjective and require significant management judgement, which increases the risk of error or potential management bias.	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 loss 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 loss 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

Valuation of inventories

Refer to Notes 13 and 31(d) of the audited consolidated financial statements

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.

The value of inventories as at 31 December 2021 was HK$17,445,000 (2020: HK$10,556,000) which is significant for the consolidated statement of financial position. There is reversal of write-down of inventories of HK$2,958,000 (2020: write-down of inventories of HK$4,120,000) recognised for the year ended 31 December 2021.

We identified valuation 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.

The Key Audit Matter	How the matter was addressed in our audit
Key judgements relating to the impairment testing on plant and equipment and right-of-use assets	
Refer to Notes 11, 12 and 31(a) to the audited consolidated financial statements	
At 31 December 2021, the Group's plant and equipment amounted to HK$5,930,000 (2020: HK$7,194,000) and right-of-use assets amounted to HK$10,690,000 (2020: HK$15,613,000). 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: • 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 growth beyond the 2021 forecast, 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 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 identified above 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 have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

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

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

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

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. This report is made solely to you, as a body, and for no other purpose. We do assume responsibility towards or accept liability to any other person for the contents of this report.

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

- 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.

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 Tong Wai Hang.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 31 March 2022
Tong Wai Hang
Practising Certificate Number P06231

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021
(Expressed in Hong Kong dollars)

	Note	**2021** **HK$'000**	2020 HK$'000
Continuing operations			
Revenue	3	**83,492**	85,599
Cost of sales		**(63,296)**	(63,669)
Gross profit		**20,196**	21,930
Other income	4	**271**	4,734
Selling and distribution expenses		**(6,123)**	(6,180)
Administrative expenses		**(29,179)**	(44,693)
Loss from operations		**(14,835)**	(24,209)
Finance costs	5(a)	**(1,317)**	(974)
Loss before taxation	5	**(16,152)**	(25,183)
Income tax	6	**–**	(58)
Loss for the year from continuing operations		**(16,152)**	(25,241)
Discontinued operations			
Profit for the year from discontinued operations	25	**–**	1,012
Loss for the year		**(16,152)**	(24,229)
Other comprehensive 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 nil tax		**198**	660
Total comprehensive loss for the year		**(15,954)**	(23,569)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021
(Expressed in Hong Kong dollars)

	Note	2021 HK$'000	2020 HK$'000
(Loss)/profit for the year attributable to equity shareholders of the Company:			
— from continuing operations		**(14,002)**	(23,682)
— from discontinued operations		**—**	1,012
		(14,002)	(22,670)
Loss for the year attributable to non-controlling interests:			
— from continuing operations		**(2,150)**	(1,559)
— from discontinued operations		**—**	—
		(2,150)	(1,559)
		(16,152)	(24,229)
Total comprehensive loss for the year attributable to:			
— Equity shareholders of the Company		**(13,804)**	(22,010)
— Non-controlling interests		**(2,150)**	(1,559)
		(15,954)	(23,569)
		HK cents	HK cents (Restated)
Loss per share	9		
— for continuing and discontinued operations			
Basic		**(13.00)**	(21.10)
Diluted		**(13.00)**	(21.10)
— for continuing operations			
Basic		**(13.00)**	(22.05)
Diluted		**(13.00)**	(22.05)

The notes on pages 52 to 107 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021
(Expressed in Hong Kong dollars)

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Plant and equipment	11	**5,930**	7,194
Right-of-use assets	12	**10,690**	15,613
Rental deposits	15	**777**	5,150
Goodwill	27	**—**	4,305
		17,397	32,262
Current assets			
Inventories	13	**17,445**	10,556
Contract assets	14	**1,099**	988
Trade and other receivables	15	**28,234**	12,772
Cash and cash equivalents	17	**1,310**	14,318
		48,088	38,634
Current liabilities			
Trade and other payables	18	**26,550**	15,460
Contract liabilities	14	**3,247**	5,623
Lease liabilities	19	**7,252**	6,461
Provision for reinstatement		**700**	—
Amounts due to related parties	20	**11,189**	4,599
Tax payable	16	**58**	58
		48,996	32,201
Net current (liabilities)/assets		**(908)**	6,433
Total assets less current liabilities		**16,489**	38,695
Non-current liabilities			
Lease liabilities	19	**11,014**	16,575
Provision for reinstatement		**—**	700
		11,014	17,275
NET ASSETS		**5,475**	21,420
CAPITAL AND RESERVES			
Share capital	22(a)	**8,320**	8,320
Reserves		**1,633**	15,428
Total equity attributable to equity shareholders of the Company		**9,953**	23,748
Non-controlling interest		**(4,478)**	(2,328)
TOTAL EQUITY		**5,475**	21,420

Approved and authorised for issue by the board of directors on 31 March 2022

Mr. Wong Ka Shing
Director

Mr. Luk Chi Shing
Director

The notes on pages 52 to 107 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021
(Expressed in Hong Kong dollars)

	Share capital HK$'000 (note 22(a))	Share premium HK$'000 (note 22(c)(i))	Exchange reserve HK$'000 (note 22(c)(ii))	Capital reserve HK$'000 (note 22(c)(iii))	Special reserve HK$'000 (note 22(c)(iv))	Other reserve HK$'000 (note 22(c)(v))	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interest HK$'000	Total HK$'000
At 1 January 2020	7,000	18,418	1,991	(7,045)	–	27,650	(20,274)	27,740	–	27,740
Changes in equity for 2020:										
Loss for the year	–	–	–	–	–	–	(22,670)	(22,670)	(1,559)	(24,229)
Exchange differences on translation of financial statements of a foreign operation, net of nil tax	–	–	660	–	–	–	–	660	–	660
Total comprehensive loss for the year	–	–	660	–	–	–	(22,670)	(22,010)	(1,559)	(23,569)
Issue of shares (note 22(a)(ii))	1,320	16,698	–	–	–	–	–	18,018	–	18,018
Acquisition of subsidiaries (note 26)	–	–	–	–	–	–	–	–	(769)	(769)
At 31 December 2020	8,320	35,116	2,651	(7,045)	–	27,650	(42,944)	23,748	(2,328)	21,420
At 1 January 2021	**8,320**	**35,116**	**2,651**	**(7,045)**	**–**	**27,650**	**(42,944)**	**23,748**	**(2,328)**	**21,420**
Changes in equity for 2021:										
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(14,002)**	**(14,002)**	**(2,150)**	**(16,152)**
Exchange differences on translation of financial statements of a foreign operation, net of nil tax	**–**	**–**	**198**	**–**	**–**	**–**	**–**	**198**	**–**	**198**
Total comprehensive loss 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	**8,320**	**35,116**	**2,849**	**(7,045)**	**9**	**27,650**	**(56,946)**	**9,953**	**(4,478)**	**5,475**

The notes on pages 52 to 107 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021
(Expressed in Hong Kong dollars)

	Note	2021 HK$'000	2020 HK$'000
Operating activities			
Loss before taxation		**(16,152)**	(24,171)
Adjustments for:			
— Interest income	4	**(7)**	(7)
— Finance costs	5(a)	**1,317**	977
— Depreciation of plant and equipment	5(c)	**2,850**	5,841
— Depreciation of right-of-use assets	5(c)	**6,884**	9,969
— Increase in special reserve, net	22(c)(iv)	**9**	—
— Impairment loss on goodwill	5(c)	**4,305**	—
— Impairment loss on plant and equipment	5(c)	**—**	4,797
— Impairment loss on right-of-use assets	5(c)	**—**	6,149
— Impairment loss on trade and other receivables	5(c)	**1,436**	3,257
— Loss on disposal of plant and equipment	5(c)	**90**	605
— Gain on disposal of subsidiaries	25	**—**	(1,087)
— (Reversal of write-down)/write-down of inventories	5(c)	**(2,958)**	4,120
Operating cash flows before movements in working capital		**(2,226)**	10,450
Increase in contract assets		**(111)**	(240)
(Increase)/decrease in inventories		**(3,461)**	2,345
(Increase)/decrease in trade and other receivables		**(12,520)**	1,212
Increase/(decrease) in trade and other payables		**10,760**	(6,444)
Decrease in contract liabilities		**(2,376)**	(1,857)
Net cash (used in)/generated from operating activities		**(9,934)**	5,466
Investing activities			
Net cash outflow from acquisition of subsidiaries	26	**—**	(355)
Net cash outflow from disposal of subsidiaries	25	**—**	(158)
Payment for purchase of plant and equipment		**(1,728)**	(1,372)
Proceeds from disposal of plant and equipment		**158**	50
Interest received		**7**	7
Net cash used in investing activities		**(1,563)**	(1,828)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021
(Expressed in Hong Kong dollars)

	Note	2021 HK$'000	2020 HK$'000
Financing activities			
Advance from a related party	17(b)	**4,321**	–
Proceeds of other borrowing	17(b)	**2,000**	–
Repayment of other borrowing	17(b)	**–**	(2,000)
Capital element of lease rentals paid	17(b)	**(6,914)**	(9,498)
Interest element of lease rentals paid	17(b)	**(1,048)**	(971)
Interest paid		**–**	(6)
Issue of shares	22(a)(ii)	**–**	18,018
Net cash (used in)/generated from financing activities		**(1,641)**	5,543
(Decrease)/increase in cash and cash equivalents		**(13,138)**	9,181
Cash and cash equivalents at 1 January		**14,318**	4,996
Effect of foreign exchange rate changes		**130**	141
Cash and cash equivalents at 31 December		**1,310**	14,318
Significant non-cash transaction:			
Repayment of other borrowing settled by a related party		**2,238**	–

The notes on pages 52 to 107 form part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

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 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 8th Floor, Wui Tat Centre, No. 55 Connaught Road West, Sheung Wan, Hong Kong to Rooms 1703–04, World-wide House, 19 Des Voeux Road Central, Central, Hong Kong on 24 May 2021.

Pursuant to the special resolution passed by the shareholders at the extraordinary general meeting of the Company held on 12 November 2021, the name of the Company in English was changed from "Jete Power Holdings Limited" to "Solomon Worldwide Holdings Limited" and the dual foreign name of the Company in Chinese from "鑄能控股有限公司" to"所羅門環球控股有限公司". The certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 9 December 2021 certifying that the new English and Chinese names of the Company have been registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements for year ended 31 December 2021 comprise the Company and its subsidiaries (together the "Group").

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The HKICPA has Issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. There have been no significant changes to the accounting policies applied in these financial statements as a result of these developments. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 32).

A summary of significant accounting policies adopted by the Group is set out below.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 31.

(c) Going concern

In preparing the consolidated financial statements of the Group, the directors of the Company have given consideration to the future liquidity of the Group in the light of the fact that the Group's current liabilities exceed its current assets by approximately HK$908,000 as at 31 December 2021 and the Group incurred a loss attributable to equity shareholders of the Company of approximately HK$14,002,000 for the year ended 31 December 2021. As at 31 December 2021, the Group had trade and other payables and amounts due to related parties amounts of HK$26,550,000 and HK$11,189,000 respectively to be payable within one year after the year end or on demand which are included in the current liabilities.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within twelve months from the date of approval of these consolidated financial statements, after taking into consideration of the measures and arrangements made by the Group as detailed below:

(i) Rights issue completed on 17 January 2022 which brought net proceeds of approximately HK$9,300,000 to the Group;

(ii) The director of the company, Ms. Woo Lan Ying and her close family member have undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of approving the consolidated financial statements. Also, they both agreed not to request the Group, whenever necessary, to settle the related parties balances amounting to approximately HK$11,189,000 until the Group is in a financial position to do so;

(iii) The directors 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, right issues or others when necessary, and

(iv) The directors 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.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Going concern (Continued)

In light of the measures and arrangements 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 the next year from the date of approval of these consolidated financial statements 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 shareholders.

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.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Investments in subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see note 2(h)(ii)).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(h)(ii)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)).

Gains or losses arising from the retirement or disposal of an item of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, over their estimated useful lives at the following annual rates:

Leasehold improvements	33% straight line/over the lease term
Plant and machinery	9% straight line
Office equipment	10%–20% straight line
Motor vehicles	18%–20% straight line

Both the useful life of an asset and its residual value, if any, are reviewed annually.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)). Depreciation is calculated to write off the cost of right-of-use assets using the straight-line method over the lease term.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and contract assets).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the Group expects to receive).

Measurement of ECLs (continued)

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

In measuring ECLs, the group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 60 days past due. 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 since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;

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

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

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2(q)(v) 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 the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Basis of calculation of interest income (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- plant and equipment;
- right-of-use assets;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measureable) or value in use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(q)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 2(h)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(k)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2(q)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(k)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables are stated at amortised cost using the effective interest method less allowance for ECLs (see note 2(h)(i)).

(l) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the accounting policy set out in note 2(h)(i).

(n) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to mandatory provident fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and to retirement benefit schemes for the employees of the Group's subsidiaries in The People's Republic of China (the "PRC") are recognised as an expense in profit or loss as incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

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

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

(q) Revenue recognition

The Group recognises revenue when a performance obligation is satisified, i.e. when control over a product underlying the particular performance obligation is transferred to the customers, at the amount of promised consideration to which the Group is expected to entitled. Further details of the Group's revenue and other income recognition policies are as follows:

(i) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue recognition (Continued)

(ii) Concerts and events income

Revenue from the promotion and production of a event is recognised after the event occurs.

Revenue collected in advance of the event is recorded as contract liabilities until the event occurs. Revenue collected from sponsorships and other revenue, which is not related to any single event, is classified as contract liabilities and generally amortised over the operating season or the term of the contract.

(iii) 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.

(iv) 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.

(v) Interest income

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

(vi) 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.

(r) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantive period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-originated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view of resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(v) Warrants

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's own equity instruments are equity instruments. The net proceeds received from the issue of warrants are recognised in equity in warrant reserve. The warrant reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants. When the warrants are still not exercised at the expiry date, the amount previously recognised in the warrant reserve will be transferred to retained earnings/accumulated losses.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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.

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.

(x) 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.

3 REVENUE

An analysis of the Group's revenue for the year is as follows:

	Continuing operations		Discontinued operations	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15				
Sales of cast metal products (note (i))	**48,268**	38,632	**–**	–
Financial printing service income	**35,224**	46,967	**–**	–
Concerts and events income	**–**	–	**–**	312
	83,492	85,599	**–**	312

(i) 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 in paragraph 121 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.

4 OTHER INCOME

	Continuing operations		Discontinued operations	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank interest income	**7**	7	**–**	–
Government grants	**69**	3,225	**–**	–
Sundry income	**195**	1,502	**–**	–
	271	4,734	**–**	–

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

5 LOSS BEFORE TAXATION

Loss before taxation is arrived after charging/(crediting):

	Continuing operations		Discontinued operations	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
(a) Finance costs:				
Interest on factorings	**—**	6	**—**	—
Interest expense on lease liabilities	**1,048**	968	**—**	3
Interest expense on other borrowing	**238**	—	**—**	—
Interest expense on amount due to a director	**31**	—	**—**	—
	1,317	974	**—**	3
(b) Staff costs (including directors' remuneration (note 7)):				
Salaries, wages and other benefits	**30,234**	31,126	**—**	143
Contributions to defined contribution retirement plan	**1,914**	1,155	**—**	5
	32,148	32,281	**—**	148
(c) Other items:				
Auditor's remuneration	**580**	500	**—**	—
Cost of inventories sold # (note 13(b))	**37,287**	31,838	**—**	—
Depreciation of plant and equipment	**2,850**	5,841	**—**	—
Depreciation of right-of-use assets	**6,884**	9,933	**—**	36
Impairment losses on				
— goodwill	**4,305**	—	**—**	—
— plant and equipment	**—**	4,797	**—**	—
— right-of-use assets	**—**	6,149	**—**	—
— trade receivables	**1,436**	3,257	**—**	—
(Reversal of write-down)/write-down of inventories	**(2,958)**	4,120	**—**	—
Loss on disposal of plant and equipment	**90**	605	**—**	—
Net exchange loss/(gain)	**279**	(532)	**—**	—
Short-term lease payments not included in the measurement of lease liabilities	**92**	383	**—**	—

Cost of inventories sold includes HK$18,796,000 (2020: HK$22,136,000) relating to staff costs, depreciation of plant and equipment and right-of-use assets, which amounts are also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Continuing operations		Discontinued operations	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current tax — Hong Kong Profits Tax				
Provision for the year	**–**	58	**–**	–

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

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

Accordingly, the provision for Hong Kong Profits Tax for the qualifying corporation for the year ended 31 December 2021 is calculated in accordance with the two-tiered profits tax rate regime at 8.25% (2020: 8.25%) whereas the provision for other Hong Kong incorporated corporations are charged at 16.5% (2020: 16.5%).

Taxation of a PRC subsidiary is calculated using the applicable income tax rate of 25% (2020: 25%).

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

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

(b) Reconciliation between income tax expense and accounting loss at the applicable tax rates:

	Continuing operations		Discontinued operations	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
(Loss)/profit before taxation	**(16,152)**	(25,183)	**–**	1,012
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profit or loss in the jurisdictions concerned	**(2,031)**	(5,495)	**–**	167
Tax effect of non-taxable income	**(138)**	–	**–**	–
Tax effect of non-deductible expenses	**1,811**	4,215	**–**	–
Tax effect of tax losses and other temporary differences not recognised	**1,669**	1,431	**–**	(167)
Tax effect of utilisation of unused tax loss previously not recognised	**(1,311)**	(93)	**–**	–
Actual tax expense	**–**	58	**–**	–

7 DIRECTORS' REMUNERATION

Directors' remuneration 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:

Year ended 31 December 2021	**Directors' fees HK$'000**	**Salaries, allowances and benefits in kind HK$'000**	**Discretionary bonuses HK$'000**	**Retirement scheme contributions HK$'000**	**Total HK$'000**
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**

Year ended 31 December 2020	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors					
Mr. Choi Chiu Ming Jimmy	1,020	414	35	–	1,469
Ms. Woo Lan Ying (appointed on 1 December 2020)	–	–	–	–	–
Independent non-executive directors					
Ms. Leung Shuk Lan	200	–	–	–	200
Mr. Tang Yiu Wing	200	–	–	–	200
Mr. Wong Ka Shing	200	–	–	–	200
	1,620	414	35	–	2,069

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2021 and 2020. 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 2021 and 2020.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2020: one) is director whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other four (2020: four) individuals are as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries and other emoluments	**3,091**	3,880
Retirement scheme contributions	**51**	54
	3,142	3,934

The emoluments of the other four (2020: four) individuals with the highest emoluments are within the following band:

	Number of individuals	
	2021	2020
HK$Nil — HK$1,000,000	**3**	3
HK$1,000,001 — HK$1,500,000	**1**	1

9 LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the loss attributable to equity shareholders of the Company of HK$14,002,000 (2020: HK$22,670,000) and the weighted average number of 107,703,000 (2020: 107,423,000 (restated)) ordinary shares in issue during the year.

Weighted average number of ordinary shares

	2021 **'000**	2020 '000 (Restated)
Issued ordinary shares at 1 January	**4,149,180**	3,500,000
Effect of shares issued under placings (note 22(a)(ii))	**—**	649,180
Effect of share consolidation (note 22(a)(iii))	**(4,045,180)**	(4,045,450)
Effect of rights issue (note 28(a))	**3,703**	3,693
Weighted average number of ordinary shares at 31 December	**107,703**	107,423

9 LOSS PER SHARE (Continued)

As mentioned in note 28(a), the Company completed the rights issue subsequent to the end of the reporting period but prior to the date the consolidated financial statements were authorised for issue. Since there is a bonus element in the rights issue, retrospective adjustment has been made to the weighted average number of ordinary shares for the years ended 31 December 2021 and 2020.

(Loss)/profit attributable to equity shareholders of the Company arises from:

	2021	2020
	HK$'000	HK$'000
— Continuing operations	**(14,002)**	(23,682)
— Discontinued operations	**—**	1,012
	(14,002)	(22,670)

No adjustment has been made to the basic loss per share for the years ended 31 December 2021 and 2020 as the Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

10 SEGMENT REPORTING

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 for the purposes of resource allocation and performance assessment, the Group has identified two (2020: three) 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.

- Entertainment business (discontinued operation): this segment is involved in the business of concerts and event organisation in Hong Kong.

As discussed in note 25, the Group no longer carried on the entertainment business segment in the prior year. The results of this segment have been classified as discontinued operations of the Group for the year ended 31 December 2020.

10 SEGMENT REPORTING (Continued)

(a) Operating segment information

(i) 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, other intangible assets, goodwill and current assets with the exception of other financial assets, deferred tax assets, current tax recoverable 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.

10 SEGMENT REPORTING (Continued)

(a) Operating segment information (Continued)

(i) Segment results, assets and liabilities (Continued)

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 2021 and 2020 is set out below.

	Metal casting		Financial printing		Continuing operations Sub-total		Entertainment business-discontinued operations		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Disaggregated by timing of revenue recognition										
Point in time	**48,268**	38,632	**28,991**	35,146	**77,259**	73,778	**–**	312	**77,259**	74,090
Over time	**–**	–	**6,233**	11,821	**6,233**	11,821	**–**	–	**6,233**	11,821
Revenue from external customers	**48,268**	38,632	**35,224**	46,967	**83,492**	85,599	**–**	312	**83,492**	85,911
Segment results	**2,156**	(15,214)	**(12,477)**	(5,903)	**(10,321)**	(21,117)	**–**	(72)	**(10,321)**	(21,189)
Interest income	**7**	7	**–**	–	**7**	7	**–**	–	**7**	7
Interest expense	**(618)**	(639)	**(430)**	(335)	**(1,048)**	(974)	**–**	(3)	**(1,048)**	(977)
Depreciation	**(2,006)**	(4,217)	**(7,728)**	(11,557)	**(9,734)**	(15,774)	**–**	(36)	**(9,734)**	(15,810)
Impairment losses on										
– goodwill	**–**	–	**(4,305)**	–	**(4,305)**	–	**–**	–	**(4,305)**	–
– plant and equipment	**–**	(4,797)	**–**	–	**–**	(4,797)	**–**	–	**–**	(4,797)
– right-of-use assets	**–**	(6,149)	**–**	–	**–**	(6,149)	**–**	–	**–**	(6,149)
– trade receivables	**–**	–	**(1,436)**	(3,257)	**(1,436)**	(3,257)	**–**	–	**(1,436)**	(3,257)
Reversal of write-down/(write-down) of inventories	**2,958**	(4,120)	**–**	–	**2,958**	(4,120)	**–**	–	**2,958**	(4,120)
– Income tax	**–**	(58)	**–**	–	**–**	(58)	**–**	–	**–**	(58)
Reportable segment assets	**48,871**	38,577	**15,560**	25,667	**64,431**	64,244	**–**	–	**64,431**	64,244
Additions to non-current segment assets	**1,653**	10,569	**1,897**	321	**3,550**	10,890	**–**	–	**3,550**	10,890
Reportable segment liabilities	**(28,837)**	(19,089)	**(22,510)**	(29,278)	**(51,347)**	(48,367)	**–**	–	**(51,347)**	(48,367)

10 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Continuing operations		Discontinued operations	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Revenue				
Reportable segment revenue	**83,492**	85,599	**–**	312
(Loss)/profit				
Reportable segment loss	**(10,321)**	(21,117)	**–**	(72)
Unallocated finance costs	**(1,048)**	(974)	**–**	(3)
Unallocated head office and corporate (expenses)/income	**(4,783)**	(3,092)	**–**	1,087
Consolidated (loss)/profit before taxation	**(16,152)**	(25,183)	**–**	1,012

	2021	2020
	HK$'000	HK$'000
Assets		
Reportable segment assets	**64,431**	64,244
Unallocated head office and corporate assets	**1,054**	6,652
Consolidated total assets	**65,485**	70,896

	2021	2020
	HK$'000	HK$'000
Liabilities		
Reportable segment liabilities	**(51,347)**	(48,367)
Current tax payable	**(58)**	(58)
Unallocated head office and corporate liabilities	**(8,605)**	(1,051)
Consolidated total liabilities	**(60,010)**	(49,476)

10 SEGMENT REPORTING (Continued)

(c) 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			
	Continuing operations		Discontinued operations	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Germany	**41,326**	34,625	**–**	–
Hong Kong	**35,224**	46,967	**–**	312
The PRC	**5,859**	1,150	**–**	–
The United States	**858**	1,997	**–**	–
Others	**225**	860	**–**	–
	83,492	85,599	**–**	312

Note: Others mainly cover Canada and Australia.

	Specific non-current assets	
	2021	2020
	HK$'000	HK$'000
Hong Kong	**6,954**	17,091
The PRC	**9,666**	10,021
	16,620	27,112

(d) Major customers

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

	Continuing operations		Discontinued operations	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Customer A	**15,204**	9,878	**–**	–
Customer B	**8,758**	N/A*	**–**	–

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

11 PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:					
At 1 January 2020	11,657	12,973	875	596	26,101
Acquisition of subsidiaries (note 26)	3,075	—	2,957	—	6,032
Exchange adjustments	661	804	59	2	1,526
Additions	287	669	103	313	1,372
Disposals	(1,989)	(2,610)	(47)	(89)	(4,735)
At 31 December 2020	13,691	11,836	3,947	822	30,296
At 1 January 2021	13,691	11,836	3,947	822	30,296
Exchange adjustments	289	304	27	1	621
Additions	388	1,178	162	—	1,728
Disposals	—	(1,964)	—	(295)	(2,259)
At 31 December 2021	14,368	11,354	4,136	528	30,386
Accumulated depreciation and impairment:					
At 1 January 2020	6,331	8,066	659	589	15,645
Exchange adjustments	371	484	43	1	899
Charge for the year	3,601	1,211	970	59	5,841
Written back on disposals	(1,939)	(2,024)	(34)	(83)	(4,080)
Impairment loss	2,358	2,296	133	10	4,797
At 31 December 2020	10,722	10,033	1,771	576	23,102
At 1 January 2021	10,722	10,033	1,771	576	23,102
Exchange adjustments	236	255	23	1	515
Charge for the year	1,472	395	961	22	2,850
Written back on disposals	—	(1,932)	—	(79)	(2,011)
At 31 December 2021	12,430	8,751	2,755	520	24,456
Carrying value:					
At 31 December 2021	1,938	2,603	1,381	8	5,930
At 31 December 2020	2,969	1,803	2,176	246	7,194

11 PLANT AND EQUIPMENT (Continued)

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 its carrying amount in light of the current market conditions. Accordingly, no provision for impairments was made for the year.

During the year ended 31 December 2020, the management reviewed the carrying value of the assets of the Group and assessed that the carrying value of non-current assets included in metal casting segment exceeded its recoverable amount in light of the current market conditions. Accordingly, the carrying amount of the plant, equipment and right-of-use assets were written down to their recoverable amount of approximately HK$9,785,000. Provision for impairments of HK$4,797,000 and HK$6,149,000 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 metal casting 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 13%.

12 RIGHT-OF-USE ASSETS

	Leased properties HK$'000
Cost:	
At 1 January 2020	15,376
Additions	9,518
Disposals	(11,752)
Acquisition of subsidiaries (note 26)	8,780
Disposal of subsidiaries (note 25)	(1,162)
Exchange adjustments	946
At 31 December 2020 and 1 January 2021	21,706
Additions	1,822
Disposals	(2,333)
Exchange adjustments	404
At 31 December 2021	21,599
Accumulated depreciation and impairment:	
At 1 January 2020	1,992
Charge for the year	9,969
Written back on disposals	(11,752)
Impairment (note 11)	6,149
Eliminated on disposal of subsidiaries (note 25)	(463)
Exchange adjustments	198
At 31 December 2020 and 1 January 2021	6,093
Charge for the year	6,884
Written back on disposals	(2,333)
Exchange adjustments	265
At 31 December 2021	10,909
Carrying amount:	
At 31 December 2021	10,690
At 31 December 2020	15,613

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 1 to 15 years and do not include variable lease payments and extension/termination option.

For the year ended 31 December 2021, the total cash outflows for leases is HK$8,054,000 (2020: HK$10,852,000).

Particulars regarding the impairment loss on right-of-use assets are discussed in note 11.

13 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2021 HK$'000	2020 HK$'000
Raw materials	2,820	3,193
Work in progress	6,411	4,159
Finished goods	3,029	2,588
Goods in transit	5,185	616
	17,445	10,556

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2021 HK$'000	2020 HK$'000
Carrying amount of inventories sold	40,245	27,718
(Reversal of write-down)/write-down of inventories	(2,958)	4,120
	37,287	31,838

The reversal of write-down of inventories made in prior years arose due to certain slow-moving inventories were sold during the year.

14 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:

	Note	2021 HK$'000	2020 HK$'000
Contract assets	(a)	1,099	988
Contract liabilities	(b)	3,247	5,623

(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.

14 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(a) Contract assets (Continued)

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 2020	—
Acquisition of subsidiaries (note 26)	748
Addition for the year	927
Transferred to trade receivables for the year	(687)
Balance at 31 December 2020 and 1 January 2021	988
Addition for the year	521
Transferred to trade receivables for the year	(410)
Balance at 31 December 2021	1,099

(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 2020	—
Acquisition of subsidiaries (note 26)	7,480
Addition for the year	982
Revenue recognised for the year	(2,839)
Balance at 31 December 2020 and 1 January 2021	5,623
Addition for the year	2,865
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at 1 January	(5,241)
Balance at 31 December 2021	3,247

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

15 TRADE AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables, net of loss allowance	**13,208**	10,257
Other tax recoverable	**5**	240
Deposits paid to suppliers	**8,142**	1,060
Deposits, prepayments and other receivables	**7,656**	6,365
	29,011	17,922
Rental deposits included under non-current assets	**(777)**	(5,150)
Current portion included under current assets	**28,234**	12,772

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

	2021 HK$'000	2020 HK$'000
Within 30 days	**3,142**	2,397
31 to 60 days	**1,958**	3,679
61 to 90 days	**5,121**	1,441
Over 90 days but less than 1 year	**2,979**	2,665
Over 1 year	**8**	75
	13,208	10,257

The Group allows an average credit period of 30 to 90 days to its trade customers. Further details on the Group's credit policy are set out in note 23(a).

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Tax payable in the consolidated statement of financial position represents:

	2021 **HK$'000**	2020 HK$'000
Provision for		
— Hong Kong Profits Tax	**58**	58
— PRC Enterprise Income Tax	**—**	—
Tax payable	**58**	58

(b) Deferred taxation

At 31 December 2021, the Group has unused tax losses of HK$43,145,000 (2020: HK$38,706,000) that may arise deferred tax assets. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely. Of the total tax losses, HK$Nil (2020: HK$5,245,000) will expire within 5 years and the remaining tax losses of HK$43,145,000 (2020: HK$33,461,000) have no expiry date under the current tax legislation.

As 31 December 2021 and 2020, 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 2021, the Group have HK$4,752,000 (2020: HK$3,464,000) deductible temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No provision for deferred tax assets has been made (2020: HK$Nil) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise cash at bank and on hand.

At 31 December 2021, the cash and cash equivalents of the Group denominated in Renminbi amounted to HK$507,000 (2020: HK$6,938,000). 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.

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) 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 19) HK$'000	Amounts due to related parties (note 20) HK$'000	Other borrowing HK$'000	Total HK$'000
At 1 January 2020	13,845	–	2,500	16,345
Changes from financing cash flows:				
Repayment of other borrowing	–	–	(2,000)	(2,000)
Interest element of lease liabilities paid	(971)	–	–	(971)
Capital element of lease liabilities paid	(9,498)	–	–	(9,498)
Non-cash changes:				
Acquisition of subsidiaries (note 26)	9,411	4,599	–	14,010
Disposal of subsidiaries (note 25)	(715)	–	(500)	(1,215)
Increase in lease liabilities from entering into new leases during the year	9,518	–	–	9,518
Finance costs	971	–	–	971
Exchange adjustments	475	–	–	475
At 31 December 2020	23,036	4,599	–	27,635
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 borrowing	–	–	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

18 TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	HK$'000
Trade payables	**17,728**	10,440
Accrued charges and other payables	**8,822**	5,020
	26,550	15,460

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

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

	2021	2020
	HK$'000	HK$'000
Within 30 days	**8,520**	3,443
31 to 60 days	**1,914**	1,036
61 to 90 days	**965**	877
Over 90 days but less than 1 year	**6,329**	5,084
	17,728	10,440

19 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the group's lease liabilities at the end of the current and previous reporting periods:

	31 December 2021 Present value of the minimum lease payments HK$'000	31 December 2020 Present value of the minimum lease payments HK$'000
Within 1 year	**7,252**	6,461
After 1 year but within 2 years	**2,350**	6,306
After 2 years but within 5 years	**6,191**	5,750
After 5 years	**2,473**	4,519
	11,014	16,575
	18,266	23,036

20 AMOUNTS DUE TO RELATED PARTIES

	Note	**2021 HK$'000**	2020 HK$'000
Related party			
Ms. Woo Lan Ying (Director)	(i)	**6,770**	—
Close family member of Ms. Woo Lan Ying (Director)	(ii)	**4,419**	4,599
		11,189	4,599

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

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

21 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 subsidiary 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 subsidiary. There is no forfeited contribution that may be used by the group to reduce the existing levels of contributions.

22 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

(i) Authorised and issued share capital

	2021		2020	
	Number of shares '000	**HK$'000**	Number of shares '000	HK$'000
Authorised:				
At 1 January	**50,000,000**	**100,000**	50,000,000	100,000
Share consolidation (note 22(a)(iii))	**(48,750,000)**	**–**	–	–
At 31 December	**1,250,000**	**100,000**	50,000,000	100,000
Ordinary shares, issued and fully paid				
At 1 January	**4,160,000**	**8,320**	3,500,000	7,000
Issue of new shares (note 22(a)(ii))	**–**	**–**	660,000	1,320
Share consolidation (note 22(a)(iii))	**(4,056,000)**	**–**	–	–
At 31 December	**104,000**	**8,320**	4,160,000	8,320

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

22 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(a) Share capital (Continued)

(ii) Issue of shares

On 6 January 2020, the Company issued 660,000,000 ordinary shares of HK$0.002 each pursuant to a placing under specific mandate at a price of HK$0.028 per ordinary share. The net proceeds of approximately HK$18,018,000 were used as funding for acquisition of Solomon Group and general working capital of the Group.

(iii) Share consolidation

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

(b) Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: HK$Nil).

(c) Nature and purpose of reserves

(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 2(r).

(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.

22 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Nature and purpose of reserves (Continued)

(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 write 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.

22 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Distributability of reserves

At 31 December 2021, the Company did not have any reserves available for distribution to owners (2020: HK$Nil).

(e) 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 a 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.

23 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.

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk and concentration risk (Continued)

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 27% (2020: 12%) and 62% (2020: 39%) 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 (2020: 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 loss 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 loss allowance based on past due status is distinguished between the Group's different customer bases and separate the customer bases by operation segments.

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

	2021			
	Expected loss rate	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	**Net carrying amount HK$'000**
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**

23 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: (Continued)

	2020			
	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Current (not past due)	1%	5,522	(32)	5,490
Less than 1 month past due	5%	2,080	(104)	1,976
1 to 3 months past due	27%	2,244	(595)	1,649
3 months to 6 months past due	45%	1,898	(859)	1,039
6 months to 1 year past due	98%	1,908	(1,880)	28
More than 1 year past due	98%	3,247	(3,172)	75
		16,899	(6,642)	10,257

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.

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

	2021 HK$'000	2020 HK$'000
Balance at 1 January	**6,642**	—
Acquisition of subsidiaries (note 26)	**—**	3,448
Exchange alignment	**—**	(63)
Provision for impairment losses recognised during the year	**1,436**	3,257
Balance at 31 December	**8,078**	6,642

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.

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(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.

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:

	2021					2020				
	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$'000	Carrying amount HK$'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
Trade and other payables	24,361	24,361	24,361	–	–	15,209	15,209	15,209	–	–
Lease liabilities	18,266	20,402	7,967	9,890	2,545	23,036	26,073	7,463	13,843	4,767
Amount due to related parties	11,189	11,236	11,236	–	–	4,599	4,599	4,599	–	–
	53,816	55,999	43,564	9,890	2,545	42,844	45,881	27,271	13,843	4,767

In order to manage the liquidity demands above, at 31 December 2021, HK$1,310,000 (2020: HK$14,318,000) 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. To mitigate the impact of interest rate fluctuations, the Group continually assesses and monitors the exposure to interest rate risk.

The following table details the interest rate profile of the Group's interest-bearing financial assets and interest-bearing financial liabilities at the end of the reporting period. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of the prevailing market rates on bank balances.

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk (Continued)

(i) Interest rate risk

	2021		2020	
	Effective interest rate	**HK$'000**	Effective interest rate	HK$'000
Fixed rate borrowings:				
Lease liabilities	**5%**	**(18,266)**	5%	(23,036)
Amount due to a director	**8%**	**(2,000)**	N/A	—
		(20,266)		(23,036)
Variable rate deposits:				
Bank deposits	**0.53%**	**594**	0.42%	10,766
Net borrowings		**(19,672)**		(12,270)

(ii) Sensitivity analysis

At 31 December 2021, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have no significant impact on the Group's loss after tax and accumulated losses.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2020.

(d) Foreign currency risk

(i) Foreign currency transactions

The functional currencies of the Group's major operating subsidiaries are USD and RMB. 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.

(ii) Recognised assets and liabilities

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.

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Foreign currency risk (Continued)

(iii) The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2021		2020	
	Euros	**Hong Kong dollars**	Euros	Hong Kong dollars
	HK$'000	**HK$'000**	HK$'000	HK$'000
Trade and other receivables	**1,102**	**8,533**	1,675	10,596
Cash and cash equivalents	**—**	**772**	2,869	3,865
Trade and other payables	**(1,358)**	**(11,590)**	(834)	(12,305)
Net exposure arising from recognised assets and liabilities	**(256)**	**(2,285)**	3,710	2,156

(iv) *Sensitivity analysis*

The following table indicates the approximate change in the Group's loss after tax and accumulated losses in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	2021		2020	
	Increase/ (decrease) in foreign exchange rate	**Increase/ (decrease) in loss after tax and accumulated losses HK$'000**	Increase/ (decrease) in foreign exchange rate	(Decrease)/ increase in loss after tax and accumulated losses HK$'000
Euros	**5%**	**11**	5%	(155)
	(5%)	**(11)**	(5%)	155
Hong Kong	**5%**	**95**	5%	(90)
	(5%)	**(95)**	(5%)	90

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' loss after tax and accumulated losses measured in the respective functional currencies, translated into Hong Kong dollar at the exchange rate ruling as at the end of the reporting period for presentation purposes.

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Foreign currency risk (Continued)

(iv) Sensitivity analysis (Continued)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates occurred at the end of the reporting period and applied to each of the Group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. The percentage of increase and decrease in foreign exchange rate represents the management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2020.

(e) Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at amortised cost	**21,135**	29,499

	2021 HK$'000	2020 HK$'000
Financial liabilities		
Financial liabilities measured at amortised cost	**53,816**	42,844

(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 2021 and 2020.

24 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group represents amounts paid to the Company's directors as disclosed in note 7.

	2021 HK$'000	2020 HK$'000
Short-term employee benefits	**1,845**	2,069
	1,845	2,069

Total remuneration is included in "staff costs" (see note 5(b)).

24 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Related party transactions

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

Related party	Nature of transaction	2021 HK$'000	2020 HK$'000
Ms. Woo Lan Ying (Director)	Interest expense	31	—
Mr. Choi Chiu Ming Jimmy (former director)*	Salaries	240	—

* Represents the salaries paid to former director since his resignation as director of the Company on 30 June 2021

Other balances with related parties are disclosed in the Company's statement of financial position and in note 20.

25 DISCONTINUED OPERATIONS/DISPOSAL OF SUBSIDIARIES

On 6 February 2020, the Group disposed the entire equity interest in Jumbo Peace Limited and the sale loan owed by Jumbo Peace Limited of approximately HK$5,680,000 to the purchaser for a total consideration of HK$1. Immediately before the disposal, Jumbo Peace Limited owns the entire equity interest in Bright Alliance Culture and Recreation Limited and indirect equity interest in Music Farm Edutainment Limited (collectively referred to as "Jumbo Peace Group").

The assets and liabilities of Jumbo Peace Group disposed at completion date were as follows:

	HK$'000
The net assets disposed of are as follows:	
Right-of-use assets	699
Trade and other receivables	160
Cash and cash equivalents	158
Shareholder's loan	(5,680)
Trade and other payables and accruals	(889)
Lease liabilities	(715)
Other borrowings	(500)
Net liabilities disposed of	(6,767)
Loss on disposal:	
Consideration	—
Shareholder's loan disposed of	(5,680)
Net liabilities disposed of	6,767
Gain on disposal	1,087
Net cash outflow arising on disposal:	
Cash consideration	—
Less: cash and cash equivalents disposed of	(158)
Net cash outflow	(158)

25 DISCONTINUED OPERATIONS/DISPOSAL OF SUBSIDIARIES (Continued)

The profit for the year ended 31 December 2020 from the discontinued entertainment business was set out below.

	Period from 1 January to 6 February 2020 HK$'000
Revenue	312
Cost of sales	(81)
Other income	—
Selling and distribution costs	—
General and administrative expenses	(303)
Finance cost	(3)
	(75)
Gain on disposal	1,087
Profit for the year from discontinued operations	1,012
Profit for the year from discontinued operations include the following:	
Depreciation	36
Cash flows from discontinued operations	
Net cash outflow from operating activities	(189)
Net cash inflow from financing activities	3
Net cash outflow	(186)

26 ACQUISITION OF SOLOMON HOLDINGS GROUP LIMITED ("SOLOMON")

On 6 January 2020, the Group acquired 75% of the equity interests of Solomon Holdings Group Limited at a cash consideration of HK$2,000,000.

Solomon Holdings Group Limited has a wholly-owned subsidiary, in Solomon Financial Press Limited which is engaged in the provision of printing, typesetting and translation services. Solomon Holdings Group Limited was acquired so as to diversify provision of the Group's operations.

The fair value of identifiable asset and liabilities at the date of acquisition was as follows:

	HK$'000
Asset	
Property, plant and equipment	6,032
Right-of-use assets	8,780
Trade receivables	9,804
Deposit, prepayments and other receivables	4,951
Contract assets	748
Cash and cash equivalents	1,645
Liabilities	
Trade and other payables	(17,443)
Contract liabilities	(7,480)
Lease liabilities	(9,411)
Provision for reinstatement	(700)
Total net liabilities	(3,074)

	HK$'000
Goodwill arising on acquisition	
Consideration	2,000
Less: Non-controlling interests	(769)
Add: Net liabilities acquired	3,074
Goodwill (note 27)	4,305

Goodwill arising from the acquisition was attributable to the benefit of the anticipated profitability and future development of the printing, typesetting and translation service business. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

26 ACQUISITION OF SOLOMON HOLDINGS GROUP LIMITED ("SOLOMON") (Continued)

Net cash outflow on acquisition of Solomon Group Holdings Limited

	HK$'000
Cash paid	2,000
Less: cash and cash equivalents acquired	(1,645)
	355

Impact of acquisition on the results of the Group

Since the acquisition was completed on 6 January 2020, the Group revenue and net profit for the year ended 31 December 2020 would have no material impact if had the acquisition occurred on 1 January 2020.

27 GOODWILL

	2021 HK$'000
Cost:	
At 1 January 2020	**–**
Acquisition of subsidiaries	**4,305**
At 31 December 2020 and 1 January 2021	**4,305**
Impairment	**(4,305)**
At 31 December 2021	**–**

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

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. Management estimated the discount rate of 15% (2020: 12%) 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% (2020: 2%) per annum.

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 (2020: Nil) had been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021.

(Expressed in Hong Kong dollars unless otherwise indicated)

28 EVENTS AFTER THE REPORTING PERIOD

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

Further details are set out in the Company's announcement dated 14 January 2022.

(b) On 9 March 2022, the Company (or its designated subsidiary), as a potential purchaser, entered into a non-legally binding memorandum of understanding with two potential vendors in relation to the acquisition of Henan Huanjing Intelligent Technology Company Limited* (河南幻境智能科技有限公司).

Further details are set out in the Company's announcement dated 9 March 2022.

* For identification purpose only

29 SUBSIDIARIES' INFORMATION

Particulars of the Company's subsidiaries as at 31 December 2021 and 2020 are as follows:

Name of company	Place of incorporation/ operation	Particulars of issued and paid up capital	Proportion of ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2021	2020	**2021**	2020	
Continuing operations							
XETron Group Limited	BVI	US$10,000	**100%**	100%	**–**	–	Investment holding
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 ii)	The PRC	HK$16,000,000	**–**	–	**100%**	100%	Manufacture and sales of cast metal products
Solomon Holdings Group Limited	BVI	HK$780,000	**75%**	75%	**–**	–	Investment holding
Solomon Financial Press Limited	Hong Kong	HK$600,000	**–**	–	**75%**	75%	Printing, typesetting and translation services
Genesis Investment and Consulting Limited (note iii)	Hong Kong	HK$10,000	**100%**	–	**–**	–	Dormant
Jete Power Holdings Limited (note iv)	Hong Kong	HK$2	**100%**	–	**–**	–	Dormant
Solomon Corporate Services Limited (note v)	Hong Kong	HK$10,000	**100%**	–	**–**	–	Dormant
Yi Feng Happy Farm Limited (note i)	Hong Kong	HK$10,000	**–**	100%	**–**	–	Dormant

29 SUBSIDIARIES' INFORMATION (Continued)

Note:

(i) The subsidiary was deregistered on 12 October 2021. The subsidiary did not have significant contribution to the Group's result and cash flow for the year ended 31 December 2021. And no gain or loss on deregistration has been recognised for the year ended 31 December 2021.

(ii) The subsidiary is registered in the form of wholly-owned foreign enterprise.

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

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

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

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

	2021 **HK$'000**	2021 HK$'000
NCI percentage	**25%**	25%
Current assets	**9,415**	8,208
Non-current assets	**7,242**	17,459
Current liabilities	**(34,047)**	(29,234)
Non-current liabilities	**(523)**	(5,744)
Net liabilities	**(17,913)**	(9,311)
Carrying amount of NCI	**(4,478)**	(2,328)
Revenue	**35,633**	46,967
Loss for the year	**(8,602)**	(6,238)
Total comprehensive loss	**(8,602)**	(6,238)
Loss allocated to NCI	**(2,150)**	(1,559)
Cash flows (used in)/generated from operating activities	**(121)**	3,155
Cash flows used in investing activities	**(75)**	(13)
Cash flows used in financing activities	**(820)**	(3,306)

30 FINANCIAL INFORMATION OF THE COMPANY

(a) Statement of financial position

	2021 HK$'000	2020 HK$'000
Non-current assets		
Investments in subsidiaries	**2,030**	2,060
Plant and equipment	**—**	236
	2,030	2,296
Current assets		
Other receivables and prepayments	**867**	178
Amounts due from subsidiaries	**7,451**	9,090
Loan to a subsidiary	**4,000**	4,000
Cash and cash equivalents	**133**	1,871
	12,451	15,139
Current liabilities		
Other payables	**1,854**	1,071
Amount due to a director	**6,770**	—
Amounts due to subsidiaries	**1,930**	1,976
	10,554	3,047
Net current assets	**1,897**	12,092
NET ASSETS	**3,927**	14,388
CAPITAL AND RESERVES		
Share capital	**8,320**	8,320
Reserves	**(4,393)**	6,068
TOTAL EQUITY	**3,927**	14,388

30 FINANCIAL INFORMATION OF THE COMPANY (Continued)

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

	Share capital HK$'000	Share premium HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 January 2020	7,000	18,418	(19,002)	6,416
Changes in equity for 2020:				
Loss and total comprehensive loss for the year	—	—	(10,046)	(10,046)
Issue of shares	1,320	16,698	—	18,018
At 31 December 2020	8,320	35,116	(29,048)	14,388
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	**8,320**	**35,116**	**(39,509)**	**3,927**

31 ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) 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.

31 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) 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 2021 was approximately HK$5,930,000 (2020: HK$7,194,000).

(c) 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 2021, the carrying amount of trade receivables was approximately HK$13,208,000 (2020: HK$10,257,000) while the carrying amount of other receivables was approximately HK$15,983,000 (2020: HK$7,665,000). Impairment loss of HK$1,436,000 approximately was recognised in consolidated statement of profit or loss and other comprehensive income in respect of the Group's trade and other receivables as at 31 December 2021 (2020: HK$3,257,000).

(d) Inventory provision

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 2021, the carrying amount of inventories was approximately HK$17,445,000 (2020: HK$10,556,000), reversal of write-down of HK$2,958,000 (2020: write-down of HK$4,120,000) was recognised in respect of inventories for the year ended 31 December 2021.

(e) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill at 31 December 2021 was nil (2020: HK$4,305,000), after taking into account the impairment loss of approximately HK$4,305,000 (2020: HK$Nil) recognised for the year.

(Expressed in Hong Kong dollars unless otherwise indicated)

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17 "Insurance Contracts", which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[3]
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 Cycle[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to HKAS 1 and Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective for annual periods beginning on or after 1 April 2021.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them will not have a significant impact on the Group's financial position and performance.

33 CONTINGENT LIABILITIES

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

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

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

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

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

Given that the threatened litigation/litigation 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 threatened litigation/litigation against the Group closely and the Company will continue to keep the shareholders of the Company and potential investors informed of any further material development.

FIVE YEARS FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2017 HKD'000	2018 HKD'000	2019 HKD'000	2020 HKD'000	**2021** **HKD'000**
Revenue					
Continuing operations	47,643	67,438	50,983	85,599	**83,492**
Discontinued operations	—	—	4,138	312	**—**
	47,643	67,438	55,121	85,911	**83,492**
(Loss)/profit for the year attributable to equity shareholders of the Company					
Continuing operations	(4,935)	(9,711)	(4,830)	(23,682)	**(14,002)**
Discontinued operations	—	—	(5,657)	1,012	**—**
	(4,935)	(9,711)	(10,487)	(22,670)	**(14,002)**
Loss for the year attributable to Non-controlling interest					
Continuing operations	—	—	—	(1,559)	**(2,150)**
Discontinued operations	—	—	—	—	**—**
	—	—	—	(1,559)	**(2,150)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2017 HKD'000	2018 HKD'000	2019 HKD'000	2020 HKD'000	**2021** **HKD'000**
Total assets	61,555	50,707	54,034	70,896	**65,485**
Total liabilities	(12,218)	(11,603)	(26,294)	(49,476)	**(60,010)**
Total equity	49,337	39,104	27,740	21,420	**5,475**