



First Quarterly Report

2022

Solomon

Solomon Worldwide Holdings Limited

所羅門環球控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8133

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$21.87 million for the three months ended 31 March 2022 (three months ended 31 March 2021: approximately HK\$16.01 million).
- Loss attributable to the owners of the Company for the three months ended 31 March 2022 amounted to approximately HK\$3.92 million (three months ended 31 March 2021: loss of approximately HK\$5.73 million).
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2022.

FINANCIAL RESULTS

The board of directors (the "Board") of Solomon Worldwide Holdings Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2022 together with the comparative unaudited figures for the corresponding period in 2021 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2022

	Note	Three months ended 31 March	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	21,873	16,013
Cost of sales		(19,725)	(12,817)
Gross profit		2,148	3,196
Other income		71	246
Selling and distribution expenses		(1,081)	(1,727)
Administrative expenses		(5,939)	(8,789)
Finance costs		(461)	(285)
Loss before tax		(5,262)	(7,359)
Income tax	4	-	-
Loss for the period		(5,262)	(7,359)
Other comprehensive expenses for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		172	50
Total comprehensive expense for the period		(5,090)	(7,309)

		Three months ended 31 March	
		2022	2021
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
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Loss for the period attributable to:			
Owners of the Company		(3,917)	(5,727)
Non-controlling interests		(1,345)	(1,632)
			<hr/>
		(5,262)	(7,359)
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Total comprehensive expenses attributable to:			
Owners of the Company		(3,745)	(5,677)
Non-controlling interests		(1,345)	(1,632)
			<hr/>
		(5,090)	(7,309)
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Loss per share	6	HK cents	HK cents
			(Restated)
Basic		(2.67)	(5.32)
Diluted		(2.67)	(5.32)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	Attributable to equity holders of the Company								Non-controlling interest	Total
	Share capital	Share premium	Exchange reserve	Capital reserve	Special reserve	Other reserve	Accumulated losses	Sub-total		
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Note (a))	HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Note (b))	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Balance at 1 January 2022	8,320	35,116	2,849	(7,045)	9	27,650	(56,946)	9,953	(4,478)	5,475
Loss for the period	-	-	-	-	-	-	(3,917)	(3,917)	(1,345)	(5,262)
Other comprehensive expenses for the period	-	-	172	-	-	-	-	172	-	172
Total comprehensive expenses for the period	-	-	172	-	-	-	(3,917)	(3,745)	(1,345)	(5,090)
Issue of new shares by way of right issue, net of expenses (Note 7(b))	4,160	5,103	-	-	-	-	-	9,263	-	9,263
Balance as at 31 March 2022	12,480	40,219	3,021	(7,045)	9	27,650	(60,863)	15,471	(5,823)	9,648
Balance at 1 January 2021	8,320	35,116	2,651	(7,045)	-	27,650	(42,944)	23,748	(2,328)	21,420
Loss for the period	-	-	-	-	-	-	(5,727)	(5,727)	(1,632)	(7,359)
Other comprehensive expenses for the period	-	-	50	-	-	-	-	50	-	50
Total comprehensive expenses for the period	-	-	50	-	-	-	(5,727)	(5,677)	(1,632)	(7,309)
Balance as at 31 March 2021	8,320	35,116	2,701	(7,045)	-	27,650	(48,671)	18,071	(3,960)	14,111

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

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION

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

The unaudited consolidated financial results of the Group for the three months ended 31 March 2022 (the "Consolidated Financial Results") are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

The Consolidated Financial Results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the GEM Listing Rules. The Consolidated Financial Results have been prepared under the historical cost convention.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the Consolidated Financial Results are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except for the adoption of the new and revised HKFRSs.

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

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

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

3. REVENUE

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of cast metal products	20,784	12,186
Financial printing services income	1,089	3,827
	21,873	16,013

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

4. INCOME TAX EXPENSE

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislations, interpretations and practices in respect thereof.

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

Accordingly, the provision for Hong Kong Profits Tax for the qualifying corporation for the period ended 31 March 2022 is calculated in accordance with the two-tiered profits tax rate regime (31 March 2021: two-tiered profits tax rate regime) whereas the provision for other Hong Kong incorporated corporations are charged at 16.5% (31 March 2021: 16.5%).

The subsidiary of the Group established in the People's Republic of China ("PRC") is subject to PRC Enterprise Income Tax ("EIT"). EIT has been provided at the rate of 25% (three months ended 31 March 2021: 25%) on the estimated assessable profits during the period arising in the PRC. No provision for EIT has been made as the Group did not have assessable profits arising in the PRC during the current and prior periods.

5. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2022 (three months ended 31 March 2021: Nil).

6. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the loss attributable to owners of the Company of HK\$3,917,000 (three months ended 31 March 2021: HK\$5,727,000) and the weighted average number of 146,756,000 (three months ended 31 March 2021: 107,703,000) ordinary shares in issue during the period.

Weighted average number of ordinary shares

	Three months ended 31 March	
	2022 '000	2021 '000 (Restated)
Issued ordinary shares at 1 January	104,000	4,160,000
Effect of share consolidation (Note 7(a))	–	(4,056,000)
Effect of shares issued under right issue (Note 7(b))	42,756	3,703
Weighted average number of ordinary shares at 31 March	146,756	107,703

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

7. SHARE CAPITAL

	Number of shares	Nominal value of ordinary shares
	'000	HK\$'000
Authorised:		
At 1 January 2021	50,000,000	100,000
Share consolidation	(48,750,000)	–
At 31 December 2021 and 31 March 2022	1,250,000	100,000
Issued and fully paid:		
Ordinary shares, issued and fully paid		
At 1 January 2021	4,160,000	8,320
Share consolidation (Note (a))	(4,056,000)	–
At 31 December 2021	104,000	8,320
Issued of new shares (Note (b))	52,000	4,160
At 31 March 2022	156,000	12,480

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

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

8. EVENTS AFTER REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

The Group is principally engaged in trading and manufacturing of metal casting parts and components in the PRC and provision of financial printing services in Hong Kong.

Metal Casting Business

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

During the first quarter of 2022, due to the release of certain lock down measures in overseas, the revenue from metal casting business increased by approximately 70.56% as compared to the first quarter of 2021, this may indicate an economy recovery from Europe and the United States, which are the core markets of our metal casting business. The revenue level of this segment rebounded to that in 2019, i.e. prior to the outbreak of the COVID-19 pandemic. Although the average selling prices of the products were increased, it has almost been offset by the increase in general costs of raw materials.

Financial Printing Business

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

During the first quarter of 2022, the revenue from financial printing service decreased by approximately 71.54% as compared to the first quarter of 2021. During the first quarter of 2022, 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 first quarter of 2022.

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 2022.

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

Financial Review

Revenue

For the three months ended 31 March 2022, total revenue of the Group increased about 36.59% to approximately HK\$21.87 million as compared with the corresponding period in 2021. The increased in total revenue was mainly due to the combine effects of (i) the increase in sales volume of cast metal products as a result of the slow economy recovery; and (ii) the decrease in revenue derived from financial printing business of approximately HK\$2.74 million.

Gross profit

Gross profit of approximately HK\$2.15 million was recorded for the three months ended 31 March 2022, decreased by approximately HK\$1.05 million as compared with the corresponding period in 2021 of approximately HK\$3.20 million.

Selling and distribution expenses

The Group's selling and distribution expenses for the three months ended 31 March 2022 amounted to approximately HK\$1.08 million (three months ended 31 March 2021: approximately HK\$1.73 million). Selling and distribution expenses comprised mainly packaging, delivery, customs, agency cost and insurance cost incurred in relation to the sales. The selling and distribution expenses recorded a decrease during the period.

Administrative expenses

The Group's administrative expenses for the three months ended 31 March 2022 amounted to approximately HK\$5.94 million, representing an approximately 32.43% decrease as compared with the corresponding period in 2021 of approximately HK\$8.79 million. Administrative expenses primarily consist of salaries and benefit payments paid to directors and staff, exchange loss, audit fee and legal and professional fees to ensure on going compliance with relevant rules and regulations.

Finance costs

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

Loss for the period

Loss attributable to owners of the Company for the three months ended 31 March 2022 amounted to approximately HK\$3.92 million (three months ended 31 March 2021: Loss of approximately HK\$5.73 million).

Right 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. 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.

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

As at 31 March 2022, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions in shares of the Company:

Name of Director/ Chief Executive	Capacity	Number of shares held	Percentage of the Company's issued share capital
Ms. Woo Lan Ying	Beneficial owner	15,375,000	9.86%

Save as disclosed above, as at 31 March 2022, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 31 March 2022, other than the Director and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in shares of the Company:

Name	Nature of interests	Number of shares held	Percentage of the Company's issued share capital
Mr. Fang Jinhua	Personal interest	26,611,500	17.06%

SHARE OPTION SCHEME

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the three months ended 31 March 2022 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the three months ended 31 March 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the three months ended 31 March 2022.

COMPETING INTERESTS

As at the date of this report, none of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

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

To the best knowledge of the Directors, the Company had complied with the code provisions in the CG Code throughout the three months ended 31 March 2022.

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

Hong Kong, 13 May 2022