

Jisheng Group Holdings Limited 吉盛集團控股有限公司

Formerly known as Solomon Worldwide Holdings Limited
(incorporated in the Cayman Islands with limited liability)
Stock Code: 8133

Third Quarterly Report 2023



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This report, for which the directors (the “Directors”) of Jisheng Group 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 from continuing operations of approximately HK\$47.77 million for the nine months ended 30 September 2023 (nine months ended 30 September 2022: approximately HK\$55.51 million).
- Loss attributable to the equity shareholders of the Company for the nine months ended 30 September 2023 amounted to approximately HK\$1.47 million (nine months ended 30 September 2022: loss of approximately HK\$9.22 million).
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2023 (2022: Nil).

FINANCIAL RESULTS

The board of directors (the “Board”) of Jisheng Group Holdings Limited (formerly known as Solomon Worldwide Holdings Limited) (the “Company”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 30 September 2023 together with the comparative unaudited figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023

	Note	Three months ended 30 September		Nine months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)
Continuing operations					
Revenue	3	13,191	18,412	47,772	55,506
Cost of sales		(10,294)	(12,940)	(37,262)	(43,468)
Gross profit		2,897	5,472	10,510	12,038
Other income		(125)	183	344	229
Selling and distribution expenses		(707)	(1,199)	(2,391)	(2,734)
Administrative expenses		(3,345)	(3,269)	(29,248)	(10,350)
Gain on disposal of subsidiaries	5	–	–	6,882	–
Finance costs		(111)	(209)	(445)	(703)
(Loss) profit before taxation		(1,391)	978	(14,348)	(1,520)
Income tax expense	4	–	–	–	–
(Loss) profit for the period from continuing operations		(1,391)	978	(14,348)	(1,520)
Discontinued operation					
Profit (loss) for the period from discontinued operation	6	–	(3,049)	16,716	(10,270)
(Loss) profit for the period		(1,391)	(2,071)	2,368	(11,790)

Note	Three months ended 30 September 2022		Nine months ended 30 September 2022	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)
(Loss) profit for the period attributable to equity shareholders of the Company:				
– from continuing operations	(1,236)	1,740	(14,009)	(1,520)
– from discontinued operation	–	(3,049)	12,537	(7,703)
	(1,236)	(1,309)	(1,472)	(9,223)
(Loss) profit for the period attributable to non-controlling interests:				
– from continuing operations	(155)	–	(339)	–
– from discontinued operation	–	(762)	4,179	(2,567)
	(155)	(762)	3,840	(2,567)
	(1,391)	(2,071)	2,368	(11,790)
(Loss) profit for the period	(1,391)	(2,071)	2,368	(11,790)
Other comprehensive expense for the period				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences on translation of financial statements of a foreign operation, net of tax	(300)	(343)	(889)	(888)
Other comprehensive expense for the period, net of taxation	(300)	(343)	(889)	(888)
Total comprehensive (expense) income for the period	(1,691)	(2,414)	1,479	(12,678)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)
Total comprehensive (expense) income for the period attributable to equity shareholders of the Company:					
– from continuing operations		(1,514)	1,397	(14,876)	(2,408)
– from discontinued operation		–	(3,049)	12,537	(7,703)
		(1,514)	(1,652)	(2,339)	(10,111)
Total comprehensive (expense) income for the period attributable to non-controlling interests:					
– from continuing operations		(177)	–	(361)	–
– from discontinued operation		–	(762)	4,179	(2,567)
		(177)	(762)	3,818	(2,567)
		(1,691)	(2,414)	1,479	(12,678)
(Loss) earnings per share	8	HK cents	HK cents (Restated)	HK cents	HK cents (Restated)
From continuing and discontinued operations:					
Basic		(5.91)	(6.24)	(5.45)	(50.92)
Diluted		(5.91)	(6.24)	(5.45)	(50.92)
From continuing operations:					
Basic		(5.91)	8.30	(51.91)	(8.39)
Diluted		(5.91)	8.30	(51.91)	(8.39)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Exchange reserve	Capital reserve	Special reserve	Other reserve	Accumulated losses	Sub-total	Non-controlling interest	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 2023	16,973	42,499	1,165	(7,065)	2	27,650	(69,083)	12,161	(6,447)	5,714
(Loss) profit for the period	-	-	-	-	-	-	(1,472)	(1,472)	3,840	2,368
Other comprehensive expenses for the period	-	-	(889)	-	-	-	-	(889)	-	(889)
Total comprehensive (expenses) income for the period	-	-	(889)	-	-	-	(1,472)	(2,361)	3,840	1,479
Issue of new shares under the January 2023 subscription (Note 9(b)(i))	880	1,705	-	-	-	-	-	2,585	-	2,585
Issue of new shares under the April 2023 subscription (Note 9(b)(ii))	2,512	942	-	-	-	-	-	3,454	-	3,454
Eliminated on disposal of subsidiaries	-	-	-	-	-	-	-	-	2,268	2,268
Issue of new shares by way of rights issue, net of expenses (Note 9(b)(iv))	10,182	-	-	-	-	-	-	10,182	-	10,182
Expenses for issue of shares	-	(1,257)	-	-	-	-	-	(1,257)	-	(1,257)
Balance as at 30 September 2023	30,547	43,889	276	(7,065)	2	27,650	(70,555)	24,764	(339)	24,425
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	-	-	-	-	-	-	(9,223)	(9,223)	(2,567)	(11,790)
Other comprehensive expenses for the period	-	-	(888)	-	-	-	-	(888)	-	(888)
Total comprehensive expenses for the period	-	-	(888)	-	-	-	(9,223)	(10,111)	(2,567)	(12,678)
Issue of new shares by way of rights issue, net of expenses (Note 9(a)(i))	4,160	5,103	-	-	-	-	-	9,263	-	9,263
Issue of new shares by way of placing, net of expenses (Note 9(a)(ii))	1,664	972	-	-	-	-	-	2,636	-	2,636
Issue of new shares by way of placing, net of expenses (Note 9(a)(iii))	2,829	1,308	-	-	-	-	-	4,137	-	4,137
Balance as at 30 September 2022	16,973	42,499	1,961	(7,045)	9	27,650	(66,169)	15,878	(7,045)	8,833

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 CONDENSED CONSOLIDATED THIRD QUARTERLY 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 have been listed on GEM of the Stock Exchange since 30 April 2015.

The unaudited condensed consolidated financial results of the Group for the nine months ended 30 September 2023 (the "2023 Third Quarterly Financial Results") are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

The 2023 Third Quarterly 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 2023 Third Quarterly Financial Results have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the 2023 Third Quarterly Financial Results are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of the new and revised Hong Kong Financial Reporting Standards.

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 2023. 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 2023 Third Quarterly Financial Results in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The 2023 Third Quarterly Financial Results should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2022.

3. REVENUE

	Continuing operations		Continuing operations	
	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
Sales of cast metal products	13,191	18,412	47,772	55,506

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.

Revenue from discontinued operation of financial printing services income amounted to HK\$528,000 (nine months ended 30 September 2022: HK\$7,022,000) are recognised during the period.

4. INCOME TAX

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

	Continuing operations		Continuing operations	
	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax:				
Hong Kong profits tax	-	-	-	-
PRC Enterprise Income Tax	-	-	-	-
	-	-	-	-

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

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

Accordingly, the provision for Hong Kong Profits Tax for the qualifying corporation for the nine months ended 30 September 2023 is calculated in accordance with the two-tiered profits tax rate regime (30 September 2022: 8.25%) whereas the provision for other Hong Kong incorporated corporations are charged at 16.5% (30 September 2022: 16.5%).

4. INCOME TAX (CONTINUED)

Taxation of a PRC subsidiary is calculated using the applicable income tax rate of 25% (30 September 2022: 25%).

No provision for Hong Kong Profits Tax and PRC Income tax has been made for the nine months ended 30 September 2023 and 2022 as the subsidiaries in Hong Kong and PRC have no assessable profits.

5. GAIN ON DISPOSAL OF SUBSIDIARIES

On 19 May 2023, the Company entered into a disposal agreement with an independent third party (the "Purchaser") in relation to the disposal (the "Disposal"), pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the 75% equity interest in Solomon Holdings Group Limited ("SHG") at a consideration of HK\$75,000. SHG and its subsidiary are principally engaged in the provision of financial printing services in Hong Kong. The Disposal was completed on 19 May 2023. Further details are set out in the announcement (the "Announcement") of the Company dated 19 May 2023.

Gain on disposal of subsidiaries amounted to approximately HK\$6,882,000 was analysed as follows:

	HK\$'000
Consideration received	75
The net liabilities disposed of are as follows:	
Rental deposits	288
Trade and other receivables	2,800
Contract assets	415
Cash and cash equivalents	193
Trade and other payables	(10,774)
Contract liabilities	(803)
Lease liabilities	(494)
Provision for reinstatement	(700)
Net liabilities disposed of	(9,075)
Gain on disposal of subsidiaries:	
Consideration received	75
Net liabilities disposed of	9,075
Non-controlling interests	(2,268)
	6,882
Net cash outflow arising on disposal for the period:	
Consideration received	75
Less: cash and cash equivalents disposed of	(193)
Net cash outflow	(118)

5. GAIN ON DISPOSAL OF SUBSIDIARIES (CONTINUED)

Notes:

(i) *Impairment of amount due to a subsidiary*

The Company acquired 75% equity interest of SHG which pursuant to the sale and purchase agreement dated 9 September 2019 and the acquisition completed on 6 January 2020. Solomon Financial Press Limited (“SFP”) was directly wholly-owned by SHG (collectively the “Disposal Group”) and principally engaged in the provision of financial printing services in Hong Kong. With reference to the Announcement dated 19 May 2023, the Company disposed the 75% equity interest of SHG.

As disclosed in the Announcement, SFP recorded a continuous loss-making position and significant decrease in revenue were mainly attributable to the outbreak of COVID-19 pandemic in 2020 as various restrictions were imposed on the travelling to and from Hong Kong and this directly affected the number of financial printing jobs for IPO projects of the financial printing business, the impact of COVID-19 pandemic gradually was appeared after 2020. Due to the unforeseeable long duration and impact of COVID-19 pandemic, SFP has suffered significant decrease of revenue and loss from operation which urgent needed additional funding for supporting its daily operations, such as rental expenses and staff cost. Although SFP has tried to apply SME Financing Guarantee Scheme to solve the liquidity issue but was failed due to the listed structure of the Company. To avoid the risk on closedown of SFP, the Company has provided temporary operating funding to SFP for supporting its operation which hoped SFP can turnaround after the COVID-19 pandemic and repay the operating funding. The Board based on the financial performance and business prospect of SFP as mentioned in management discussion and analysis of the annual report for the years ended 31 December 2021 and 2022 which has provided partial provision for impairment of approximately HK\$7.48 million and HK\$10.61 million for the amount due from SFP of approximately HK\$10.96 million and HK\$18.13 million for the years ended 31 December 2021 and 2022 respectively, which represented over half of the total balance. The impairment was recorded in the single financial statements of the Company and was fully eliminated in the group consolidated financial statements of the Company.

Although the COVID-19 pandemic started relief in Hong Kong and Mainland China in February 2023, various restrictions were imposed on the travelling to and from Hong Kong were relieved but still affected the market of financial printing business due to the aftermath of COVID-19 pandemic on the macroeconomic environment. The Company expected that such unfavorable and uncertain market conditions in the financial printing business shall persist for a period of time. In the second quarter of 2023, the Board considered to discontinue and dispose the Financial Printing Business. Given, (i) the continuous loss-making position of SFP; (ii) the significant decrease in revenue and loss from operation of SFP; (iii) the net liabilities of the Disposal Group amounted to approximately HK\$26.64 million (before the waiver of balance of amount due to the Company from SFP of approximately HK\$17.56 million as at the date of Disposal); and (iv) the unfavorable and uncertain market conditions in the financial printing business faced by SFP although the COVID-19 pandemic started relief in Hong Kong and Mainland China in February 2023, the Board considered that SFP was not likely to change the loss-making position and the recovery of amount due to the Company from SFP of approximately HK\$17.56 million was remote. Therefore, the Board has made full provision on the balance of amount due from SFP to the Company of approximately HK\$17.56 million and the balance was waiver by the Company on the date of Disposal, the impairment and waiver amount was classified as (i) “Gain on impairment from amount due to ultimate holdings Company” included in other income of the Disposal Group under the disclosure of discontinued operation, and (ii) “Impairment loss on discontinued operation” included in administrative expenses under the disclosure of the continued operations of the remaining group for the nine months ended 30 September 2023 in accordingly to its nature.

5. GAIN ON DISPOSAL OF SUBSIDIARIES (CONTINUED)

Notes: (Continued)

(ii) *Gain on disposal of subsidiaries*

After taking into account the consideration of the Disposal, carrying amount of net liabilities of approximately HK\$9.08 million of the Disposal Group after the waiver of amount due from SFP to the Company of approximately HK\$17.56 million as at the date of the Disposal, the related transaction costs, the financial effect of the Disposal is a gain of approximately HK\$6.88 million attributable to the equity shareholders of the Company was recorded by the Group for the nine months ended 30 September 2023.

6. PROFIT (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATION

For the nine months ended 30 September 2023, the Disposal is completed as set out in note 5 of these financial statements. Comparative figures in the unaudited condensed consolidated statement of profit or loss and other comprehensive income have been restated to disclose separately the profit or loss from discontinued operation.

The profit (loss) for the period from discontinued operation is set out below:

	Nine months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue	528	7,022
Cost of sales	(486)	(6,797)
Gross profit	42	225
Other income	17,564	975
Selling and distribution expenses	-	(1,116)
Administrative expenses	(890)	(9,917)
Finance costs	-	(437)
Profit (loss) before taxation from discontinued operation	16,716	(10,270)
Income tax expense	-	-
Profit (loss) for the period from discontinued operation	16,716	(10,270)

Note: Excluding the non-recurring the gain on impairment from amount due to ultimate holding company of approximately HK\$17.56 million in other income in note 5, the discontinued operation incurred a loss for the period of approximately HK\$0.84 million.

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2023 (2022: Nil).

8. (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share is calculated by dividing the (loss) profit attributable to the owners of the Company by the weighted average number of ordinary shares deemed to be in issue during the three months and nine months ended 30 September 2023 and 2022.

Three months ended 30 September 2023		2022		Nine months ended 30 September 2023		2022	
'000		'000		'000		'000	

Weighted average number of
ordinary shares in issue
at 30 September

20,929	20,963	26,988	18,113
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Three months ended 30 September 2023		2022		Nine months ended 30 September 2023		2022	
HK\$'000		HK\$'000		HK\$'000		HK\$'000	
(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
		(Restated)				(Restated)	

(Loss) profit for the period
attributable to equity shareholders
of the Company:

- from continuing operations	(1,236)	1,740	(14,009)	(1,520)
- from discontinued operation	-	(3,049)	12,537	(7,703)

Total loss for the period attributable
to equity shareholders of the
Company

(1,236)	(1,309)	(1,472)	(9,223)
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No adjustment has been made to the basic (loss) earnings per share for the three months and nine months ended 30 September 2023 and 2022 as the Group had no potential dilutive ordinary shares in issue during these periods.

9. SHARE CAPITAL

	Number of shares '000	Nominal value of ordinary shares HK\$'000
Authorised:		
At 1 January 2022 and 31 December 2022	1,250,000	100,000
Share consolidation (Note (b)(iii))	(1,125,000)	–
At 30 September 2023	125,000	100,000
Issued and fully paid:		
Ordinary shares, issued and fully paid		
At 1 January 2022	104,000	8,320
Shares issued under the rights issue (Note (a)(i))	52,000	4,160
Shares issued under the April 2022 placing (Note (a)(ii))	20,800	1,664
Shares issued under the July 2022 placing (Note (a)(iii))	35,360	2,829
At 31 December 2022	212,160	16,973
Shares issued under the January 2023 subscription (Note (b)(i))	11,000	880
Shares issued under the April 2023 subscription (Note (b)(ii))	31,400	2,512
Share consolidation (Note (b)(iii))	(229,104)	–
Shares issued under the rights issue (Note (b)(iv))	12,728	10,182
At 30 September 2023	38,184	30,547

Note (a):

- (i) 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.
- (ii) On 8 April 2022, the Company entered into a placing agreement with Solomon Securities Limited ("Solomon Securities") as placing agent where Solomon Securities agreed to place on a best effort basis a maximum of 20,800,000 new shares of the Company ("Placing Share I") of HK\$0.08 each at HK\$0.13 per Placing Share I to at least six places. The placing transaction was completed on 27 April 2022 and a total of 20,800,000 Placing Shares I were issued.

9. SHARE CAPITAL (CONTINUED)

Note (a): (Continued)

- (iii) On 8 July 2022, the Company entered into a placing agreement with Solomon Securities as placing agent where Solomon Securities agreed to place on a best effort basis a maximum of 35,360,000 new shares of the Company ("Placing Share II") of HK\$0.08 each at HK\$0.12 per Placing Share II to at least six places. The placing transaction was completed on 2 August 2022 and a total of 35,360,000 Placing Shares II were issued.

Note (b):

- (i) On 13 January 2023, a subscriber entered into the subscription agreement with the Company, pursuant to which the subscriber has conditionally agreed to subscribe and the Company has conditionally agreed to issue 11,000,000 subscription shares at the subscription price of HK\$0.235 per subscription shares. The subscription transaction was completed on 20 January 2023 and a total of 11,000,000 subscription shares were issued. Further details are set out in the Company's announcement dated 20 January 2023.
- (ii) On 29 March 2023, two subscribers entered into the subscription agreements with the Company, pursuant to which the two subscribers have conditionally agreed to subscribe and the Company has conditionally agreed to issue 25,000,000 subscription shares and 6,400,000 subscription shares to the subscribers at the subscription price of HK\$0.11 per subscription share, respectively. The subscription transaction was completed on 13 April 2023 and a total of 31,400,000 subscription shares were issued. Further details are set out in the Company's announcement dated 13 April 2023.
- (iii) On 12 July 2023, the Company held an extraordinary general meeting and an ordinary resolution was passed, approving the consolidation of every ten issued and unissued ordinary shares of HK\$0.08 each in the share of the Company into one consolidated share of HK\$0.8 each in the share capital of the Company effective on 14 July 2023.
- (iv) On 24 August 2023, the Company raised net proceeds of approximately HK\$9,000,000 on the basis of one rights share for every two shares held on 26 July 2023 at a subscription price of HK\$0.8 per share, resulting in an increase in number of issued ordinary share from 25,456,000 to 38,184,000. The net proceeds were used as capital contribution to the joint venture companies, investments in other business opportunities and general working capital of the Group. Further details are set out in the Company's announcement dated 23 August 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

During the nine months ended 30 September 2023 (the “Period”), the Group was principally engaged in trading and manufacturing of metal casting parts and components in the PRC from continuing operations.

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 the PRC and the United States.

During the Period, the global economic environment remains challenging due to the impact of interest rate hikes and inflation. Although the release of certain lock down measure in overseas, the revenue from metal casting business decreased by approximately 13.93% as compared to the nine months ended 30 September 2022. 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 continuous loss-making position and significant decrease in revenue of the Financial Printing Business were mainly attributable to the outbreak of COVID-19 pandemic as various restrictions were imposed on the travelling to and from Hong Kong and this directly affected the number of financial printing jobs for IPO projects of the Financial Printing Business. During the year ended 31 December 2022, in light of the weak performance of the Financial Printing Business, the Group has devoted tremendous management time and efforts on the Financial Printing Business with the hope to turnaround its performance. Despite various cost control measures and strategies have been implemented, no significant improvements were noted in 2022 and the first quarter of 2023. Although the COVID-19 pandemic started relief in Hong Kong and Mainland China in February 2023, various restrictions were imposed on the travelling to and from Hong Kong were relieved but still affected the market of Financial Printing Business due to the aftermath of COVID-19 pandemic on the macroeconomic environment. The Group expected that such unfavorable and uncertain market conditions in the Financial Printing Business shall persist for a period of time.

On 19 May 2023, the Group has discontinued the 75% equity interest of Financial Printing Business through the disposal of subsidiaries in order to prevent the Group from suffering further losses and cash outflow for the non-performing Financial Printing Business. The details of gain on disposal of subsidiaries, impairment of amount due to a subsidiary and profit (loss) for the period from discontinued operation are set out in note 5 and note 6 of unaudited condensed consolidated third quarterly financial results, respectively.

Looking ahead, the Group will continue to strengthen its cost control and resources management by executing flexible strategies to face the challenges in order to maintain its competitiveness in the market. Pursuant to the ordinary resolution passed by the shareholders at the extraordinary general meeting (“EGM”) of the Company held on 12 July 2023, approving the capital increase in the joint venture companies (the “JV Companies”). The JV Companies are preliminary expected to focus in offering Chinese cultural peripheral products and catering service with cultural characteristics. Meanwhile, the Group will closely monitor the business environment and explore other potential investment opportunities and value-added business from time to time such as in Mainland China, Hong Kong and overseas in order to diversify the Group’s business and create new source of revenue to the Group.

Financial Review

Revenue

For the Period, revenue of the Group from continuing operations decreased around 13.93% to approximately HK\$7.73 million as compared with the corresponding period in 2022. The decreased in revenue was mainly due to the impact of the global economic environment facing the challenges.

Gross profit

Gross profit from continuing operations of approximately HK\$10.51 million was recorded for the Period, decreased by approximately HK\$1.53 million as compared with the corresponding period in 2022 of approximately HK\$12.04 million.

Selling and distribution expenses

The Group’s selling and distribution expenses from continuing operations for the Period amounted to approximately HK\$2.39 million (nine months ended 30 September 2022: approximately HK\$2.73 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 from continuing operations for the Period amounted to approximately HK\$29.25 million, representing an approximately 182.61% increase as compared with the corresponding period in 2022 of approximately HK\$10.35 million. For the Period, excluding the non-recurring impairment loss from discontinued operation of approximately HK\$17.56 million in administrative expenses, the administrative expenses for the Period represented approximately HK\$11.69 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 during the Period.

Loss for the Period

Loss attributable to equity shareholders of the Company for the Period amounted to approximately HK\$1.47 million (nine months ended 30 September 2022: loss of approximately HK\$9.22 million).

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 EGM held on 12 July 2023, approving the consolidation of every ten (10) issued and unissued ordinary shares of HK\$0.08 each in the share of the Company into one (1) consolidated share of HK\$0.8 each in the share capital of the Company (the “Share Consolidation”). The Share Consolidation took effect on 14 July 2023. Save for the Share Consolidation, there has been no change in the capital structure of the Company during the nine months ended 30 September 2023.

As at 30 September 2023, the Company’s total number of issued shares was 38,184,000 of HK\$0.8 each (31 December 2022: 212,160,000 of HK\$0.08 each). The Group did not have any debt securities or other capital instruments as at 30 September 2023.

Share subscriptions

On 13 January 2023, a subscriber entered into the subscription agreement with the Company, pursuant to which the subscriber has conditionally agreed to subscribe and the Company has conditionally agreed to issue 11,000,000 subscription shares at the subscription price of HK\$0.235 per subscription shares. The subscription transaction was completed on 20 January 2023 and a total of 11,000,000 subscription shares were issued. Further details are set out in the Company’s announcement dated 20 January 2023.

On 29 March 2023, two subscribers entered into the subscription agreements with the Company, pursuant to which the two subscribers have conditionally agreed to subscribe and the Company has conditionally agreed to issue 25,000,000 subscription shares and 6,400,000 subscription shares to the subscribers at the subscription price of HK\$0.11 per subscription share, respectively. The subscription transaction was completed on 13 April 2023 and a total of 31,400,000 subscription shares were issued. Further details are set out in the Company’s announcement dated 13 April 2023.

Rights Issue

On 5 June 2023, the Company announced among other things, the proposed Share Consolidation and the rights issue (the “Rights Issue”) on the basis of one (1) rights share for every two (2) shares held on 26 July 2023, at the subscription price of HK\$0.8 per rights share. The Rights Issue was completed on 24 August 2023, and a total of 12,728,000 shares of the Company of HK\$0.8 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 net proceeds of approximately HK\$9.0 million from the Rights Issue of (i) approximately HK\$2.25 million for capital contribution to the JV Companies which are expected to be utilised by 31 December 2025; (ii) approximately HK\$2.25 million for investments in other business opportunities to be identified by the Group from time to time which are expected to be utilised by 31 December 2024; and (iii) approximately HK\$4.5 million for general working capital of the Group which are expected to be utilised by 31 December 2024. For details of the Rights Issue, please make reference to the announcement of the Company dated 5 June 2023 and the Rights Issue prospectus issued and published by the Company on 26 July 2023.

Establishment of joint ventures

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

The Company further announced on 5 June 2023, the Company entered into the supplemental joint venture agreement with the JV Partner in relation to increasing the aggregate capital contribution to the JV Companies from HK\$2,000,000 to HK\$30,000,000. The Company and JV Partner agreed to contribute HK\$15,300,000 and HK\$14,700,000 to the JV Companies, respectively.

Further details are set out in the Company's announcement dated 20 January 2023, 5 June 2023 and 12 July 2023, the circular of the Company on 27 June 2023.

Change of Company Name

Pursuant to the special resolution passed by the shareholders at the EGM of the Company held on 12 July 2023, the name of the Company in English was changed from "Solomon Worldwide Holdings Limited" to "Jisheng Group Holdings Limited" and the dual foreign name of the Company in Chinese from "所羅門環球控股有限公司" to "吉盛集團控股有限公司". 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 7 August 2023 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).

Dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2023 (2022: Nil).

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

As at 30 September 2023, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long position in shares of the Company:

Name	Nature of interests	Number of shares held	Percentage of the Company's issued share capital
Ms. Woo Lan Ying	Beneficial owner	5,453,852	14.28%

Save as disclosed above, as at 30 September 2023, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 30 September 2023, 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. Cheung Siu Wo	Personal interest	2,862,600	7.50%
Mr. Fang Jinhua	Personal interest	2,661,150	6.97%

SHARE OPTION SCHEME

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

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

COMPETING INTERESTS

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

AUDIT COMMITTEE

The Company has established an audit committee with the written terms of reference in compliance with the GEM Listing Rules. The audit committee consists of 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. Au Sui Keung, Albert. 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.

Except for above, to the best knowledge of the Directors, the Company had complied with the code provisions in the CG Code throughout the nine months ended 30 September 2023.

DISCLOSURE OF INFORMATION OF DIRECTORS UNDER RULES 17.50(2) AND 17.50A(1) OF THE GEM LISTING RULES

Save as disclosed below, there is no other change in the information of each director that is required to be disclosed under Rule 17.50(2) and 17.50A(1) of the GEM Listing Rules during the Period.

Ms. Yuen Wai Man has been resigned as an independent non-executive Director of China Eco Farming Limited (stock code: 8166) since 19 July 2023.

By Order of the Board
Jisheng Group Holdings Limited
Woo Lan Ying
Chairman

Hong Kong, 13 November 2023