



S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 1184)

Interim Report 2024



2024



This Interim Report is printed on environmentally friendly paper

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Dr. Yim Yuk Lun, Stanley *SBS BBS JP*
(*Chairman and Managing Director*)

Mr. Wong Sui Chuen

Mr. Yim Tsz Kit, Jacky

Mr. Wong Wai Tai

Mr. Tsui Chi Wing, Eric

Non-Executive Director

Ms. Yim Kei Man, Carmen

Independent Non-Executive Directors

Mr. Wong Tak Yuen, Adrian

Mr. Liu Chun Ning, Wilfred

Mr. Cheung Chi Kwan

Mr. Wong Wai Kin

AUDIT COMMITTEE

Mr. Wong Tak Yuen, Adrian (*Chairman*)

Mr. Cheung Chi Kwan

Mr. Wong Wai Kin

REMUNERATION COMMITTEE

Mr. Wong Tak Yuen, Adrian (*Chairman*)

Mr. Wong Sui Chuen

Mr. Wong Wai Kin

NOMINATION COMMITTEE

Mr. Wong Tak Yuen, Adrian (*Chairman*)

Mr. Wong Sui Chuen

Mr. Cheung Chi Kwan

COMPANY SECRETARY

Mr. Wong Wai Tai

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

PRINCIPAL OFFICE

19th Floor, S.A.S. Tower

55 Lei Muk Road

Kwai Chung, N.T.

Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Secretaries Limited

17th Floor, Far East Finance Centre

16 Harcourt Road

Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

Mizuho Bank Limited

Standard Chartered Bank

(Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

AUDITORS

Deloitte Touche Tohmatsu

STOCK CODE

The Stock Exchange of

Hong Kong Limited: 1184

www.sasdragon.com.hk

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Change
	2024 (Unaudited)	2023 (Unaudited)	
Revenue (HK\$'000)	13,639,486	9,283,390	46.9%
Profit attributable to owners of the Company (HK\$'000)	330,288	271,351	21.7%
Basic earnings per share (HK cents)	52.78	43.36	21.7%
Interim dividend per share (HK cents)	15.00	10.00	50.0%

The board of directors (the “**Board**”) of S.A.S. Dragon Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024, together with comparative figures for the previous period, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		For the six months ended 30 June 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
	Notes		
Revenue	2	13,639,486	9,283,390
Cost of sales		(12,835,243)	(8,582,934)
Gross profit		804,243	700,456
Other income	4(b)	26,086	34,627
Other gains and losses, net	4(c)	(18,213)	(17,801)
Reversal (allowance) of impairment losses under expected credit loss model, net		5,681	(1,448)
Distribution and selling expenses		(91,967)	(92,724)
Administrative expenses		(104,135)	(103,693)
Share of profit of an associate		372	3,478
Share of (loss) of a joint venture		(170)	(93)
Finance costs		(30,144)	(39,181)
Loss from derecognition of trade receivables at fair value through other comprehensive income (“FVTOCI”)		(67,052)	(24,190)
Profit before tax		524,701	459,431
Income tax expense	3	(82,614)	(75,525)
Profit for the period	4(a)	442,087	383,906

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Other comprehensive (expense) income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value on trade receivables at FVTOCI	(69,299)	(22,366)
Reclassification adjustment for cumulative profit included in profit or loss upon disposal of trade receivable measured at FVTOCI	67,052	24,190
Exchange difference arising on translation of foreign operations of subsidiaries	–	16,134
Share of other comprehensive income of an associate and a joint venture	2,880	1,369
Other comprehensive income for the period	633	19,327
Total comprehensive income for the period	442,720	403,233

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2024

	Note	For the six months ended 30 June 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Profit for the period attributable to:			
Owners of the Company		330,288	271,351
Non-controlling interests		111,799	112,555
		<u>442,087</u>	<u>383,906</u>
Total comprehensive income attributable to:			
Owners of the Company		335,162	291,738
Non-controlling interests		107,558	111,495
		<u>442,720</u>	<u>403,233</u>
Basic earnings per share (<i>HK cents</i>)	6	<u>52.78</u>	<u>43.36</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 June 2024*

		30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
	<i>Note</i>		
Non-current Assets			
Investment properties		662,660	662,660
Property, plant and equipment		335,747	347,062
Intangible assets		16,964	17,105
Right-of-use assets		160,923	164,554
Interests in associates		33,891	31,536
Interest in a joint venture		10,680	10,850
Financial assets at fair value through profit or loss ("FVTPL")		2,998	2,998
Finance lease receivables		–	187
Deferred tax assets		9,158	8,658
		1,233,021	1,245,610
Current Assets			
Inventories		2,052,555	1,780,168
Trade and other receivables	7(a)	849,663	983,047
Trade receivables at FVTOCI	7(b)	2,146,226	2,100,479
Finance lease receivables		3,368	5,343
Amount due from an associate		648	609
Financial assets at FVTPL		106,127	89,366
Taxation recoverable		4,808	5,154
Pledged bank deposits		37,114	35,980
Cash and cash equivalents		1,041,839	1,580,146
		6,242,348	6,580,292

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**As at 30 June 2024*

		30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
	Note		
Current Liabilities			
Trade and other payables	8	2,520,094	3,704,524
Contract liabilities		113,943	90,104
Lease liabilities due within one year		820	240
Amount due to an associate		160	–
Amount due to a joint venture		3,000	3,000
Tax liabilities		91,333	120,269
Bank and other borrowings due within one year		1,692,016	953,909
		<u>4,421,366</u>	<u>4,872,046</u>
Net Current Assets		<u>1,820,982</u>	<u>1,708,246</u>
Total Assets Less Current Liabilities		3,054,003	2,953,856
Non-current Liabilities			
Deferred tax liabilities		21,462	21,462
Lease liabilities due after one year		–	707
Bank and other borrowings due after one year		97,394	102,801
		<u>118,856</u>	<u>124,970</u>
Net Assets		<u>2,935,147</u>	<u>2,828,886</u>
Capital and Reserves			
Share capital		62,584	62,584
Share premium and reserves		2,748,801	2,574,815
Equity attributable to owners of the Company		<u>2,811,385</u>	<u>2,637,399</u>
Non-controlling interests		<u>123,762</u>	<u>191,487</u>
Total Equity		<u>2,935,147</u>	<u>2,828,886</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Contributed surplus HK\$'000	Property		FVTOCI reserve HK\$'000	Retained profit HK\$'000	sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
							revaluation reserve HK\$'000	Translation reserve HK\$'000					
At 31 December 2023 (audited)	62,584	6,521	1,109	11,145	(12,744)	13,519	206,934	(50,662)	(22,114)	2,421,107	2,637,399	191,487	2,828,886
Profit for the period	-	-	-	-	-	-	-	-	-	330,288	330,288	111,799	442,087
Change in fair value on trade receivables at FVTOCI	-	-	-	-	-	-	-	-	(53,937)	-	(53,937)	(15,362)	(69,299)
Reclassification adjustment for cumulative loss included in profit or loss upon disposal of trade receivables measured at FVTOCI	-	-	-	-	-	-	-	-	51,214	-	51,214	15,838	67,052
Share of other comprehensive expense of an associate & a joint venture	-	-	-	-	-	-	-	2,880	-	-	2,880	-	2,880
Total comprehensive income (expense) for the period	-	-	-	-	-	-	-	2,880	2,723	330,288	330,445	112,275	442,720
Dividends paid	-	-	-	-	-	-	-	-	-	(156,459)	(156,459)	-	(156,459)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(180,000)	(180,000)
At 30 June 2024 (unaudited)	62,584	6,521	1,109	11,145	(12,744)	13,519	206,934	(47,782)	(24,837)	2,594,936	2,811,385	123,762	2,935,147

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2024*

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (used in) from operating activities	(898,414)	2,371,858
Net cash (used in) from investing activities	(5,411)	34,840
Net cash from financing activities	365,518	720,686
Net (decrease) increase in cash and cash equivalents	(538,307)	3,127,384
Cash and cash equivalents at 1 January	1,580,146	1,432,029
Effect of foreign exchange rate changes	—	1,494
Cash and cash equivalents at 30 June, represented by bank balances and cash	1,041,839	4,560,907

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than new accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretations 5 (2020)
Amendments to HKAS1	Non-current Liabilities with Covenants
Amendments to HKAS7 and HKFRS 7	Supplier Finance Arrangements

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

2 REVENUE**(a) Disaggregation of revenue from contracts with customers**

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Types of goods and services		
Sales of electronic components and semiconductors	13,569,461	9,207,622
Sales of business equipment and provision of related ancillary services	33,407	34,898
Sales and contract works of LED lighting and display products	27,770	30,358
Revenue from contracts with customers	13,630,638	9,272,878
<i>Income from leasing activities</i>		
For operating leases—lease payment that are fixed:		
Rental income from investment properties	8,765	9,810
Rental income from LED lighting and display products	83	702
	8,848	10,512
Total revenue	13,639,486	9,283,390

2 REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

For the six months ended 30 June 2024				
	Sales of electronic components and semiconductors HK\$'000	Sales of business equipment and provision of related ancillary services HK\$'000	Sales and contract works of LED lighting and display products HK\$'000	Total HK\$'000
Geographical markets				
Hong Kong	9,905,758	31,901	18,470	9,956,129
Mainland China	3,075,030	–	5,958	3,080,988
Taiwan	235,117	–	29	235,146
Others	353,556	1,506	3,313	358,375
Revenue from contracts				
with customers	13,569,461	33,407	27,770	13,630,638
Rental income from investment properties				8,765
Rental income from LED lighting and display products				83
Total revenue				13,639,486

2 REVENUE *(Continued)***(a) Disaggregation of revenue from contracts with customers** *(Continued)*

For the six months ended 30 June 2023				
	Sales of electronic components and semiconductors HK\$'000	Sales of equipment and provision of related ancillary services HK\$'000	Sales and contract works of LED lighting and display products HK\$'000	Total HK\$'000
Geographical markets				
Hong Kong	6,353,192	33,747	10,497	6,397,436
Mainland China	2,475,202	–	15,484	2,490,686
Taiwan	130,481	–	32	130,513
Others	248,747	1,151	4,345	254,243
Revenue from contracts with customers	9,207,622	34,898	30,358	9,272,878
Rental income from investment properties				9,810
Rental income from LED lighting and display products				702
Total revenue				9,283,390

2 REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Timing of revenue recognition		
A point in time	13,613,656	9,260,322
Overtime	16,982	12,556
Revenue from contracts with customers	13,630,638	9,272,878
Rental income from investment properties	8,765	9,810
Rental income from LED lighting and display products	83	702
Total revenue	13,639,486	9,283,390

(b) Information about major customer

Revenue from a customer individually contributing over 10% of the Group's revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Customer A	6,684,525	3,709,691

3 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
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The charge comprises:		
Hong Kong Profits Tax	74,808	69,374
Taiwan Corporate Income Tax	7,087	4,339
The People's Republic of China (the "PRC")		
Enterprise Income Tax	831	877
Deferred tax	(112)	935
	<hr/>	
	82,614	75,525
	<hr/>	

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Corporate Income Tax in Taiwan is charged at 20% for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

4 PROFIT FOR THE PERIOD/OTHER INCOME/OTHER GAINS AND LOSSES

For the six months ended 30 June

	2024	2023
	HK\$'000	HK\$'000
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(a) Profit for the period		
Profit for the period has been arrived at after charging (crediting):		
Staff costs, including directors' and chief executives remunerations		
–salaries and other benefits	52,259	54,614
–performance related incentive payments	29,977	23,048
–retirement benefits scheme contributions	6,321	7,128
	<hr/>	<hr/>
	88,557	84,790
Depreciation of property, plant and equipment	14,243	19,698
Depreciation of right-of-use assets	3,610	3,603
(Reversal of) allowance of trade receivables, net	(5,681)	1,448
Cost of inventories recognized as an expense (including reversal of allowance of inventories of HK\$38,605,000 (2023: allowance of inventories of HK\$45,698,000))	12,826,444	8,578,640
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4 PROFIT FOR THE PERIOD/OTHER INCOME/OTHER GAINS AND LOSSES (Continued)

		For the six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
<hr/>			
(b)	Other income		
	Interest income on bank deposits	8,142	25,234
	Dividend income from equity investments	1,696	1,981
	Interest income on finance leases	183	280
	Others	16,065	7,132
		<hr/>	
		26,086	34,627
		<hr/>	
(c)	Other gains and losses, net		
	Change in fair value of financial assets at FVTPL	2,280	(8,091)
	Gain on disposal of property, plant and equipment, net	269	1,350
	Gain (loss) on disposal of financial assets at FVTPL	37	(78)
	Loss on disposal of subsidiary	–	(472)
	Change in fair value of derivative financial instruments	–	(5,094)
	Net foreign exchange losses	(20,799)	(5,416)
		<hr/>	
		(18,213)	(17,801)
		<hr/>	

5 DIVIDEND PAID

The final dividend of HK25.00 cents per share amounting to HK\$156,459,360 for the financial year ended 31 December 2023 was approved on 22 May 2024 and paid on 6 June 2024.

6 BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 June 2024 is based on the profit for the period attributable to owners of the Company of HK\$330,288,000 (2023: HK\$271,351,000) and on the weighted average number of 625,837,440 (2023: 625,837,440) ordinary shares in issued during the period.

7(a) TRADE AND OTHER RECEIVABLES/TRADE RECEIVABLES AT FVTOCI

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Trade receivables at amortised cost	761,113	853,665
Less: allowance for credit losses	(8,605)	(14,286)
	752,508	839,379
Other receivables	58,119	78,418
Prepayment and deposits paid	39,036	65,250
Total trade and other receivables	849,663	983,047

The Group allows credit period ranging from 30 days to 120 days to its trade customers.

7(a) TRADE AND OTHER RECEIVABLES/TRADE RECEIVABLES AT FVTOCI (Continued)

An aged analysis of trade receivables by due dates (net of allowance for credit losses) is as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Not past due	526,433	595,525
Over due by:		
1-30 days	116,094	160,660
31-60 days	12,641	28,130
61-90 days	62,792	15,108
Over 90 days	34,548	39,956
Trade receivables	752,508	839,379
Other receivables	97,155	143,668
	849,663	983,047

During the period under review, the Group's five largest customers accounted for 66.1% (31 December 2023: 61.5%) of the Group's total revenue. Subsequent settlements after reporting period of the trade receivables from these major customers have been reviewed and are satisfactory requiring no provisions.

7(b) TRADE RECEIVABLES AT FVTOCI

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Trade receivables held for collecting contractual cash flows or factoring to banks	2,146,226	2,100,479

8 TRADE AND OTHER PAYABLES

An aged analysis of trade payables by due date is as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Not past due	1,261,322	2,583,267
Over due by:		
1-30 days	160,804	202,363
31-60 days	42,840	50,679
61-90 days	41,535	42,957
Over 90 days	77,287	61,963
Trade payables	1,583,788	2,941,229
Other payables	936,306	763,295
	2,520,094	3,704,524

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK15.0 cents (2023: HK10.0 cents) per share payable to the shareholders of the Company whose names appear on the register of members of the Company on 30 September 2024. The dividend warrants are expected to despatch to shareholders on or about 9 October 2024.

CLOSURE OF REGISTERS OF MEMBERS

The register of members of the Company will be closed from 26 September 2024 to 30 September 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 25 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Distribution of Electronic Components and Semiconductor

For the six months period ended 30 June 2024, demand of smartphone and consumer electronic products showed signs of recovery, together with the growing demand of AI solutions for smartphone, PCs and GPU servers, the Group's component team recorded sales revenue of HK\$13.57 billion, increased by 47.3% from HK\$9.21 billion recorded in the same period last year.

We keep focusing on our strategy to provide comprehensive portfolio of design and supply chain services to our target customers in the Greater China region by broadening our world's leading semiconductor supplier base as well as expending our geographical sales network.

Mobile Phone

According to IDC, worldwide smartphone shipments in 2024 are expected to increase to 1.21 billion units, rebound by 4% from 1.16 billion units, the lowest in a decade, recorded in 2023. Top global smartphone brands are implementing their smartphone premiumization strategy and enhancing product capacities to achieve business growth.

During the period under review, the Group recorded significant revenue in mobile phone segment by delivering broader range of competitive products such as larger storage DRAM and NAND flash memory chips, full screen high resolution display panels, large megapixel camera CMOS sensors, auto focus actuators, mobile payment security ICs, fingerprint, force touch, multi-function motion sensors, high-speed and wireless charging solutions to those branded handset manufacturers, design houses and camera module factories in the Greater China region.

Consumer Electronic

During the period under review, rising demand for smart home appliances, AI PC/notebook, wearables, earbuds, EV control displays, cloud/edge computing and enterprise datacenters contributing the Group to record significant revenue in consumer electronics segment by delivering competitive system on chips, displays with high resolution and dynamic refresh rate, radio frequency modules, Bluetooth low energy solutions, larger storage memory chips, distance measurement and proximity sensors, optical couplers, frequency conversion ICs to our branded manufacturers.

LED technology solution provider

During the period under review, our LED lighting team benefitted from the business recovery in Asia Pacific and local markets and completed a number of medium size LED lighting and display projects with property developers, hotels and local government departments.

Distribution of business equipment and provision of related ancillary services

During the period under review, our SHARP B2B team recorded satisfactory sales amount by offering competitive business and IT solutions to local enterprises compared to the same period of 2023.

Properties investment

As of 30 June 2024, the Group carried the 18 units of investment properties (31 December 2023: 18 units) for commercial and industrial uses in Hong Kong and the PRC. The aggregate carrying value of investment properties amounted to HK\$663 million (31 December 2023: HK\$663 million). Such investment properties altogether generated rental income of HK\$8.8 million (2023: HK\$9.8 million) with an annualized return of 2.7% (1H 2023: 2.7%).

OUTLOOK

Looking forward, the ongoing tensions over trade and technology between two biggest economies, the United States and China, is a threat to global economy and trade. Also, the Group will continue to face severe headwinds such as low demand visibility, currency volatility and high interest rates. The Group will continue to maintain a prudent approach with strong focus on cash flow management and capital expenditures.

We believe we are in a much better position than before against challenges and have confidence that the Group will maintain competitive in the Greater China region by virtue of our economies of scales, solid long-term customer relations supported by our strong financial strength, localized sales and engineers, competent inventory management and other value added services. By leveraging on our over 43 years of experience, industry expertise and market recognition, we are confident to pursue a healthy and sustainable business growth and generate more returns to our shareholders.

FINANCIAL REVIEW

Results

For the six month period ended 30 June 2024, the Group recorded revenue of HK\$13,639,486,000, increased by 46.9% from HK\$9,283,390,000 recorded in the same period last year. The Group's gross profit was HK\$804,243,000, increased by 14.8% from HK\$700,456,000 recorded in the same period last year and gross profit margin was 5.9%, compared with 7.5% recorded in the same period last year. Profit attributable to the shareholders of the Company for the period ended 30 June 2024 was HK\$330,288,000, increased by 21.7% compared with HK\$271,351,000 recorded in the same period last year. Basic earnings per share was HK52.78 cents (2023: HK43.36 cents).

Liquidity, Financial Resources and Capital Structure

As of 30 June 2024, the Group's current ratio was 141% (31 December 2023: 135%) and the Group's net gearing ratio was 20.5% (31 December 2023: net cash position), defined as the Group's net borrowings (calculated as total bank and other borrowings minus total cash and bank balances minus financial assets at fair value through profit or loss) of approximately HK\$601,332,000 (31 December 2023: HK\$-651,780,000) over total equity of HK\$2,935,147,000 (31 December 2023: HK\$2,828,886,000).

The Group recorded debtors turnover of approximately 39 days for the period under review (2023: 32 days) based on the amount of trade and bills receivable as at 30 June 2024 divided by sales for the same period and multiplied by 182 days (2023: 181 days).

The Group recorded inventory turnover and average payable period of approximately 29 days and 22 days respectively for the period under review (2023: approximately 52 days and 77 days respectively) based on the amount of inventory and trade and bills payables as at 30 June 2024, divided by cost of sales for the same period and multiplied by 182 days (2023: 181 days).

During the six months period ended 30 June 2024, the Group recorded net operating cash outflow of HK\$898,414,000 compared with net operating cash inflow of HK\$2,371,858,000 in same period last year.

Foreign Exchange Risk Management

The Group has foreign currency sales and purchases, bank deposits and borrowings primary in United States dollars and Renminbi which expose the Group to foreign currency risk.

If necessary, the Group will consider to enter into foreign currency forward contracts to hedge the currency risk related to its payable denominated in foreign currencies.

Pledge of Assets

As at 30 June 2024, certain of the Group's assets (including land and building, bank deposits and factored trade receivables) with the carrying value of totaling approximately HK\$593 million were pledged to banks to secure general banking facilities granted to the Group.

Employee and Remuneration Policy

At 30 June 2024, the Group employed approximately 450 employees in the Greater China region. The Group ensures that their employees are offered competitive remuneration packages. Other staff benefits include provident fund schemes and medical insurance. Also, discretionary bonus was granted to eligible employees based on the Group's financial results and individual performance.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2024, the interests of the directors of the Company in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Future Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions

(a) Ordinary shares of HK\$0.10 each of the Company

Name of directors	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Dr. Yim Yuk Lun, Stanley <i>SBS BBS JP</i>	Beneficial owner	114,800,000	18.34%
	Held by controlled corporation (<i>Note 1</i>)	227,542,800	36.36%
		<u>342,342,800</u>	<u>54.70%</u>
Wong Sui Chuen	Beneficial owner	1,824,000	0.29%
Tsui Chi Wing, Eric	Beneficial owner	714,800	0.11%

DIRECTORS’ INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

Long positions (Continued)

(b) Ordinary shares of HK\$0.01 each of V & V Technology Holdings Limited (“V & V Technology”) formerly known as Hi-level Technology Holdings Limited

Name of directors	Capacity	Percentage of	
		Number of issued ordinary shares held	issued share capital of V & V Technology
Dr. Yim Yuk Lun, Stanley <i>SBS BBS JP</i>	Beneficial owner (Note 2)	86,245,722	8.91%
	Held by controlled corporation (Note 2)	448,846,000	46.31%
		<u>535,091,722</u>	<u>55.22%</u>
Wong Wai Tai	Beneficial owner	5,000,000	0.52%
Tsui Chi Wing, Eric	Beneficial owner	3,233,753	0.33%
Wong Sui Chuen	Beneficial owner	2,531,328	0.26%
Yim Tsz Kit, Jacky	Beneficial owner	300,000	0.03%

Notes:

- These shares are held by Unimicro Limited, a company incorporated in the British Virgin Islands, which is beneficially owned by Dr. Yim Yuk Lun, Stanley *SBS BBS JP*.
- Dr. Yim Yuk Lun, Stanley *SBS BBS JP* beneficially owns 86,245,722 V & V Technology shares and is the controlling shareholder of the Company; he is therefore under the SFO deemed to be interested in 448,846,000 V & V Technology shares held by S.A.S. Investment Company Limited (“S.A.S. Investment”) which is a wholly-owned subsidiary of the Company.

Save as disclosed above and other than certain nominee shares in subsidiaries held by certain directors in trust for the Company, none of the directors or chief executives or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 30 June 2024.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2024, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name of shareholders	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Hon Hai Precision Industry Co. Ltd (" Hon Hai ")	Held by controlled corporation (<i>Note</i>)	124,000,000	19.81%
Foxconn Holding Limited (" Foxconn ")	Beneficial owner	124,000,000	19.81%

Note: Hon Hai owns 100% interest in Foxconn and is accordingly deemed to be interested in those ordinary shares of the Company beneficially owned by Foxconn.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company at 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Group has complied with the applicable code provisions in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules (the “**Code**”) throughout the six months ended 30 June 2024, except for the following deviations:

Under the code provision C.1.8 of the Code, provides that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. With regular and timely communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual litigation against the Directors is very low. The Company will consider to make such an arrangement as and when it thinks necessary.

Under the code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not performed by the same individual. Having considered the current business operation and the size of the Group, the Board is of the view that Dr. Yim Yuk Lun, Stanley *SBS BBS JP* acting as both the Chairman and the Managing Director of the Group is acceptable and in the best interest of the Group.

Under the code provision B.2.2 of the Code, every director should be appointed for a specific term and subject to re-election. The executive directors and non-executive director have not been appointed for a specific term. However, according to the Bye-laws of the Company, one-third of the directors for the time being shall retire from office by rotation at each annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are similar to those in the Code.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and policies adopted by the Group, internal control, risk management and the unaudited interim financial statements for the six months ended 30 June 2024.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix C3 of the Listing Rules (the “**Model Code**”) as the code of conduct regarding directors’ securities transactions.

Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2024.

EVENTS AFTER THE REPORTING PERIOD

Reference was made to the announcement of the Company and V & V Technology dated 2 July 2024 in relation to, among others, the appointment of Ms. Carmen Yim Kei Man (“**Ms. Carmen Yim**”) as a non-executive director of V & V Technology, which is held as to 46.3% by S.A.S. Investment, a wholly-owned subsidiary of the Company. Considering the overall circumstances including the shareholding interest in V & V Technology held by S. A.S. Investment and the new composition of the board of directors of V & V Technology including the number of common directors of the Company and V & V Technology upon the appointment of Ms. Carmen Yim as a non-executive director of V & V Technology, the Group in totality has control over V & V Technology having regard to the relevant accounting standards. As a result, the financial results of V & V Technology is consolidated into the financial statements of the Company and V & V Technology becomes a subsidiary of the Company from 1 July 2024.

APPRECIATION

On behalf of the Board of Directors, I would like to thank all our employees for their contribution and commitments during such complicated period. I also wish to extend my sincere gratitude to our shareholders, customers, suppliers and business partners for their long-term supports and dedication.

On behalf of the Board
S.A.S. Dragon Holdings Limited
Dr. Yim Yuk Lun, Stanley *SBS BBS JP*
Chairman and Managing Director

Hong Kong, 23 August 2024