



S.A.S. Dragon Holdings Limited

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



ANNUAL REPORT 2024






This Annual Report is printed on
environmentally friendly paper

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Established since 1981 and listed on the Hong Kong Stock Exchange in 1994, **S.A.S. GROUP** is a leading ELECTRONIC SUPPLY CHAIN SERVICES PROVIDER in the Greater China region. The Group specialises in design, development, sourcing, quality assurance and logistics management of global proprietary electronic components and semiconductor products including chipset solutions, display panels, memory chips, power supply system solutions, multimedia system solutions, PEMCO, IoT home automation solutions, light-emitting diode (“LED”) lighting solutions and other premier solutions for a wide range of applications for mobile, consumer electronic, computer and networking, telecommunication and LED lighting and display products. S.A.S. Group serves more than 100 famous semiconductor suppliers and over 10,000 customers such as electronics manufacturing services (“EMS”) providers, original equipment manufacturers, original design manufacturers, valued-added resellers, retailers and end customers and has more than 20 sales offices in the Greater China region. According to Gartner’s data, in terms of revenue, the Group is ranked as top 9 global semiconductor distributor in 2021 and 2024.

The Group is also a distributor of innovative environmental-friendly lifestyle enhancement finished products under SHARP  and our owned brands of Light in Motion  and LIM InfraSystems  in the Asia Pacific region.

Corporate Information

DIRECTORS

Executive Directors

Dr. Yim Yuk Lun, Stanley *SBS BBS JP*
(Chairman and Managing Director)
Mr. Yim Tsz Kit, Jacky
Mr. Wong Wai Tai
Mr. Tsui Chi Wing, Eric

Non-Executive Directors

Mr. Wong Sui Chuen
(re-designated on 31 December 2024)
Ms. Yim Kei Man, Carmen

Independent Non-Executive Directors

Mr. Wong Tak Yuen, Adrian
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 HM 11
Bermuda

PRINCIPAL OFFICE

19th Floor, S.A.S. Tower
55 Lei Muk Road
Kwai Chung, N.T.
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services 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

AUDITOR

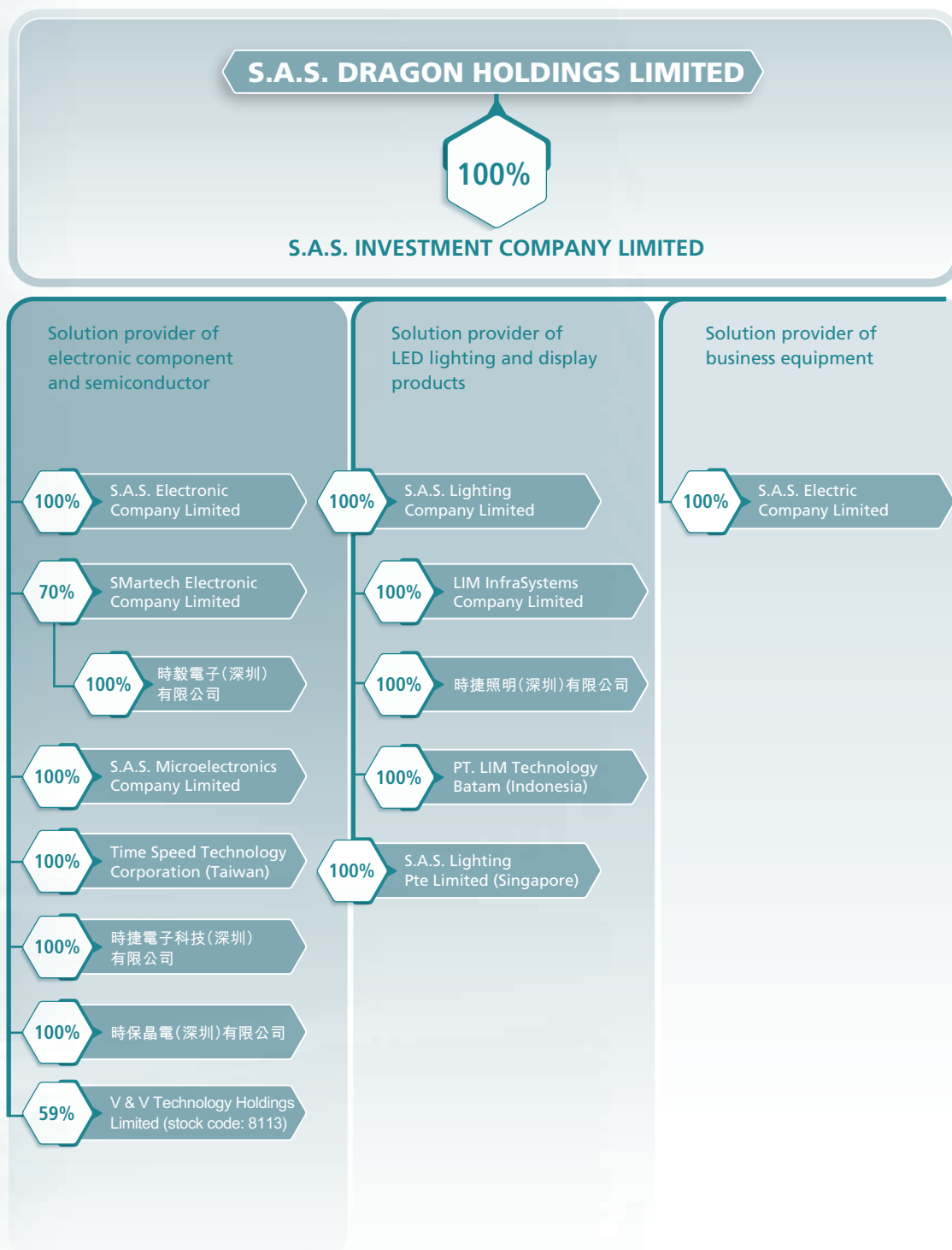
Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor
35/F., One Pacific Place
88 Queensway
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1184

WEBSITE

<http://www.sasdragon.com.hk>

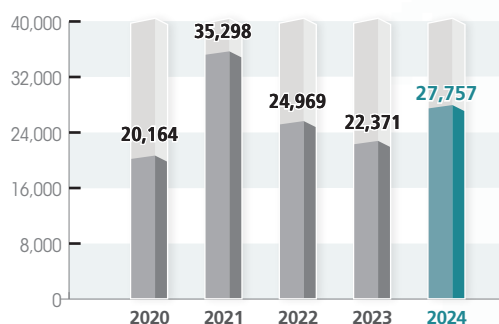


Financial Highlights

	2024	2023	Change
Revenue (HK\$ million)	27,757	22,371	+24.1%
Profit attributable to owners of the Company (HK\$ million)	501.2	403.8	+24.1%
Basic earnings per share (HK cents)	80.09	64.52	+24.1%
Dividend per share (HK cents)			
– Final proposed	25.00	25.00	
– Interim paid	15.00	10.00	
Total	40.00	35.00	+14.3%

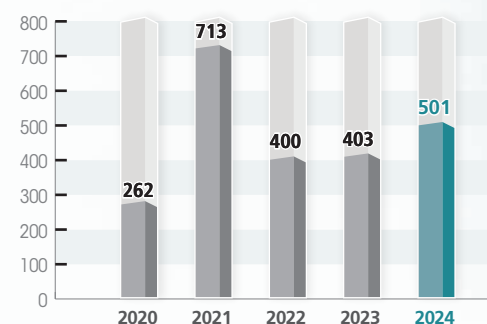
Revenue

(HK\$'million)



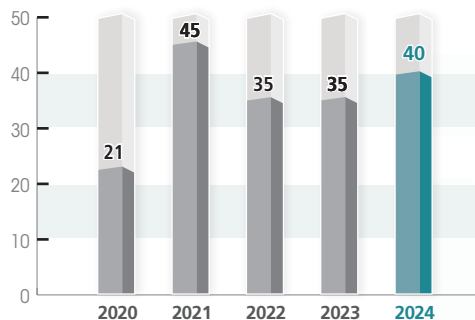
Profit attributable to owners of the Company

(HK\$' million)



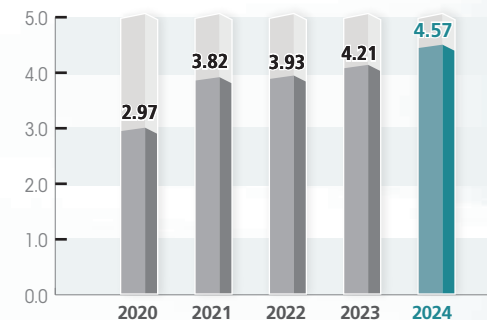
Dividend per share

(HK cents)



Net asset value per share

(HK\$)





Chairman's Statement

On behalf of the Board, I am pleased to present the consolidated results of S.A.S. Dragon Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2024.

FINANCIAL REVIEW

For the year ended 31 December 2024, the Group recorded revenue of HK\$27,756,985,000, increased by 24.1% from HK\$22,370,616,000 recorded last year. The Group's gross profit was HK\$1,430,087,000 increased by 8.6% from HK\$1,316,411,000 recorded last year and gross profit margin was 5.2%, compared with 5.9% recorded last year. Profit attributable to the shareholders of the Company for the year ended 31 December 2024 was HK\$501,237,000, increased by 24.1% compared with HK\$403,801,000 recorded last year. Basic earnings per share was HK80.09 cents (2023: HK 64.52 cents).

DIVIDENDS

The Board has recommended a final dividend of HK25.00 cents per share for the year ended 31 December 2024 subject to approval by the shareholders at the forthcoming annual general meeting. Together with an interim dividend of HK15.00 cents per share already paid, total dividend for the year will amount to HK40.00 cents (2023: HK35.00 cents per share).

BUSINESS REVIEW

Distribution of Electronic Components and Semiconductor

During the year under review, 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\$27.61 billion, increased by 24.3% from HK\$22.21 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 expanding our geographical sales network.

Mobile Phone

Global smartphone shipments rebounded in 2024 after two years of decline, with 6% growth to 1.24 billion units reported by IDC. Growth was driven by emerging markets and aggressive vendor strategies, including promotions, multi-tier pricing, and trade-in programs. Leading manufacturers are intensifying premiumization strategies to drive growth, focusing on advanced features and higher-margin devices to meet evolving consumer demands for innovation and enhanced user experiences.

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



Consumer Electronic

In 2024, the consumer electronics market is poised for transformative growth, driven by accelerating demand for AI-optimized smart home ecosystems, next-generation AI PCs with neural processing capabilities and advanced EV control interfaces tailored for autonomous driving systems. The proliferation of hybrid cloud-edge computing architectures, coupled with energy-efficient hyperscale data centers, will further catalyze innovation.

During the year under review, the Group recorded significant revenue in consumer electronics segment by delivering AI-accelerated 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

Our LED team specializing in providing customized order fulfilments including sales and contract work of

LED lighting and display products under our owned brand of Light in Motion  and LIM InfraSystems  for global market.

During the year under review, our LED project team completed a number of sizeable LED lighting and display projects for The Twins of Sogo Kai Tak, Singapore QT Hotel, Hong Kong and Mainland developers, NGOs and government departments.



Please scan the QR code for more information.

Distribution of home appliances and business equipment and provision of related ancillary services

During the year under review, our SHARP B2B business team achieved business growth by offering competitive business solutions to enterprises compared to 2023.

Properties investment

As of 31 December 2024, the Group carried the 17 units of investment properties (31 December 2023: 18 units) for commercial and industrial uses in Hong Kong and the PRC. During the year under review, one property was transferred to property, plant and equipment from investment property. The aggregate carrying value of investment properties amounted to HK\$508 million (31 December 2023: HK\$663 million). The above investment properties altogether generated rental income of HK\$17.4 million (2023: HK\$19.4 million) with an annualized return of 3.4% (2023: 2.9%).



Chairman's Statement

OUTLOOK

Looking ahead to 2025, semiconductor industry will navigate a complex landscape shaped by persistent geopolitical friction, particularly US – China tensions over advanced technology access and export controls. However, rising demand for next generation AI smartphone, AI PCs and AI humanoid robots offers growth opportunities. The Group will continue to maintain a prudent approach with strong focus on cash flow management.

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 almost 45 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group has always been proactively implementing the concept of sustainable development, taking environmental, social and governance issues as one of the basic consideration of business operation.

APPRECIATION

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

Dr. Yim Yuk Lun, Stanley SBS BBS JP
Chairman

Hong Kong, 27 March 2025

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 December 2024, the Group's current ratio was 128% (31 December 2023: 135%). The Group was in net cash position of approximately HK\$736,368,000 (31 December 2023: HK\$651,780,000), calculated as total cash and bank balances and financial assets at fair value through profit or loss minus total bank and other borrowings.

The Group recorded debtors turnover of approximately 38 days for the year under review (2023: 48 days) based on the amount of trade and bills receivable as at 31 December 2024 divided by sales for the same year and multiplied by 366 days (2023: 365 days).

The Group recorded inventory turnover and average payable period of approximately 43 days and 53 days respectively for the year under review (2023: approximately 31 days and 51 days respectively) based on the amount of inventory and trade and bills payables as at 31 December 2024, divided by cost of sales for the same year and multiplied by 366 days (2023: 365 days).

During the year ended 31 December 2024, the Group recorded net operating cash inflow of HK\$552,809,000 compared with net operating cash inflow of HK\$1,039,637,000 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.

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

EMPLOYEE AND REMUNERATION POLICY

At 31 December 2024, the Group employed approximately 510 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

Executive Directors

Dr. Yim Yuk Lun, Stanley *SBS BBS JP* (“Dr. Yim”), aged 65, is the founder and the Chairman and Managing Director of the Group. He is responsible for the formulation of corporate strategies and the overall direction for the Group. Dr. Yim is appointed as executive director of V & V Technology Holdings Limited (stock code: 8113), a company listed on the GEM Board of the Stock Exchange in 2015 and became a subsidiary of the Group from 1 July 2024 (“V & V Technology”). Dr. Yim is appointed as independent non-executive director of Asia Allied Infrastructure Holdings Limited (stock code: 711), a company listed on the Main Board of the Stock Exchange in 2020 and has been re-designated from independent non-executive director to a non-executive director in 2021 and remain as a member of the audit committee and the nomination committee. Dr. Yim is currently is Member of HKSAR Fight Crime Committee, Member of Independent Police Complaints Council, Chairman of Tsuen Wan District JPC Honorary President Council, Non-Official Member of Correctional Services Department Complaints Appeal Board, Member of Development Bureau Appeal Tribunal Panel, President of Hong Kong Justice of the Peace Association, Honorary Permanent Presidents of Hong Kong Baptist University Foundation, Co-Chairmen of Entrepreneur Committee of Hong Kong Baptist University, Honorary Vice President of the Hong Kong Electronic Industries Association, member of the Advisory Board of Yan Chai Hospital, Vice-President of Federation of Hong Kong-Shanghai Associations. Dr. Yim is the father of Mr. Jacky Yim, Ms. Carmen Yim and Mr. Jeffrey Yim and is the brother-in-law of Mr. Tsui.

Mr. Yim Tsz Kit, Jacky (“Mr. Jacky Yim”), aged 40, is appointed as an Executive Director of the Company in 2013. He is the founder and chief executive officer of S.A.S. Lighting Company Limited. He joins the Group in 2009 and leads a working team to develop the LED lighting business in the Group. He is appointed as chairman and non-executive director of V & V Technology in 2023. He has received the Young Entrepreneur Award of the Guangdong-HK-Macao Greater Bay Area in 2020, the Directors of the Year Awards from The Hong Kong Institute of Directors in 2019 and he has also received the Young Industrialist Awards of Hong Kong from The Federation of Hong Kong Industries in 2017. He holds a Bachelor’s degree from Central Saint Martins in United Kingdom and a Master’s degree in Business Administration from the University of Wales. Before joining the Group, he was working in banking industry. Mr. Jacky Yim is currently a member of the Chinese People’s Political Consultative Conference Shanghai Committee, Committee Member of Shanghai Chinese Overseas Friendship Association, the vice chairman of Shenzhen Association of Enterprises with Foreign Investment (深圳市外商投資企業協會), Commerce member of Shenzhen & HK Youth Chamber, a member of Yau Tsim Mong South Area Committee, Vice-Chairman of Group 5 (Hong Kong Electronics Industry Council), Federation of Hong Kong Industries, a member of the executive committee of Hong Kong Electronic Industries Association, a member of the Hong Kong Trade Development Council (HKTDC) Electronics/Electrical Appliances Industries Advisory Committee, Vice-President of the Hong Kong Electrical Appliance Industries Association, Vice president of Hong Kong Young Industrialists Association Foundation and Committee Member of Hong Kong-Jing’an Association. He is the son of Dr. Yim and the nephew of Mr. Tsui and the sibling of Ms. Carmen Yim and Mr. Jeffrey Yim.

Directors and Senior Management Profiles

Mr. Wong Wai Tai, Peter, aged 53, is appointed as Executive Director of the Company in 2016. He joined the Group in 2005 as the Company Secretary and Chief Financial Officer of the Group. He holds a Bachelor's degree of Business Administration from Hong Kong Baptist University and a Master of Laws from Renmin University of China. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. He has over twenty years experience in accounting, auditing, taxation and financial management. Mr. Wong is appointed as non-executive director of V & V Technology in 2016.

Mr. Tsui Chi Wing, aged 61, is appointed as Executive Director of the Company in 2021. He joined the group in 2012 as President of Time Speed Technology Corporation incorporated in Taiwan, a wholly-owned subsidiary of the Company. He has more than thirty years in the operation and management in the electronic industry. He is currently a member of the High Tech Charity Association of Taiwan. He is the brother-in-law of Dr. Yim and is the uncle of Mr. Jacky Yim, Ms. Carmen Yim and Mr. Jeffrey Yim.

Non-Executive Directors

Mr. Wong Sui Chuen, aged 71, is appointed as an Executive Director of the Company since 2003 and has been re-designed from Executive Director to a Non-Executive Director of the Company on 31 Dec 2024. Mr. Wong has over twenty years experience in the PRC business affairs. He is currently appointed as the consultant of the Greater Bay Area Cultural Volunteer group and the consultant of Shenzhen Association for the Promotion of International Economy & Culture.

Ms. Yim Kei Man, Carmen ("Ms. Carmen Yim"), aged 36, is appointed as the Non-Executive Director of the Company in 2022. She is appointed as the Non-Executive Director of V & V Technology on 1 July 2024. She holds a Bachelor's degree in Sociology from the London School of Economics. She has over 9 years' experience in property investment industry. She has been acting as the vice-chairman of Yan Chai Hospital since 2024 and board of directors of Yan Chai Hospital since 2018. She is currently the manager of Yan Chai Hospital Yim Tsui Yuk Shan Kindergarten and Yan Chai Hospital Chan Lu Seng Primary School. She is also the honorary career advisor of Hong Kong Baptist University and a member of Young Entrepreneur Committee of Hong Kong Baptist University Foundation. She is an observer of the Independent Police Complaints Council since 2023. She is the daughter of Dr. Yim, nephew of Mr. Eric Tsui and the sibling of Mr. Jacky Yim and Mr. Jeffrey Yim.

Independent Non-Executive Directors

Mr. Wong Tak Yuen, Adrian, aged 70, is appointed as Independent Non-Executive Director of the Company in 1999. Mr. Wong holds a Bachelor's degree in Economics and Mathematics from the University of Western Ontario, London, Canada. Mr. Wong has over twenty years experience in the financial industry.

Mr. Cheung Chi Kwan, aged 65, is appointed as Independent Non-Executive Director of the Company in 2004. Mr. Cheung has over twenty years of accounting experience. Mr. Cheung holds a Bachelor's Degree in Laws from University of Wolverhampton, United Kingdom. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants.

Mr. Wong Wai Kin, aged 79, is appointed as Independent Non-Executive Director of the Company in 2018. Mr. Wong holds a Honor degree in Geography and Geology from University of Hong Kong. He has extensive experience in the government of the HKSAR and hospital management. He held the directorate posts of Controller and Student Financial Assistant Agency and Secretary General of Independent Police Complaints Committee. He is currently a member of the School Management Committee of Yan Chai Hospital Tung Chi Ying Secondary School and Yan Chai Hospital Chan Lu Sing Primary School.

SENIOR MANAGEMENT

Mr. Wang Yi, Michael, aged 57, joined the Group in 2002 as the Sales Director of SMartech Electronic Company Limited. He graduated from Shanghai University of Technology, with a Bachelor's degree in Electronic engineering. He has several years experience as Field Application Engineer in Philips Semiconductor Shanghai and ten years experience as Sales & Marketing Manager of Samsung Semiconductor in the PRC.

Mr. Yim Tsz Yu, Jeffrey ("Mr. Jeffrey Yim"), aged 31, joined the Group in 2019 as the Business Director of S.A.S. Lighting Company Limited until his departure in 2024. Mr. Jeffrey Yim is appointed as the executive director of V & V Technology on February 2024. He holds a Bachelor's degree from Cass Business School, City University of London in United Kingdom and a Master's degree in China Business Studies from Hong Kong Polytechnic University. He has over 5 years of experience in the display and lighting product industry. Mr. Jeffrey Yim is currently deputy director of Rehabilitation Pioneer Leaders of Hong Kong Correctional Services, committee member of committee on Community Support for Rehabilitated Offenders Correctional Services Department, member of the District Fight Crime Committee (Kwai Tsing), president of Kwai Tsing District JPC Honorary President Council, committee member of Tsuen Wan Lightings Festival Organizing Committee, director of Po Leung Kuk, member of Hong Kong CPPCC Youth Association and member of Hong Kong Electrical Appliance Industries Association. He is a son of Dr. Yim and the nephew of Mr. Tsui, youngest brother of Mr. Jacky Yim and Ms. Carmen Yim.

Mr. Chan Ka Ho, Vincent, aged 42, joined the Group in 2007 and his last position was deputy chief operating officer of the Group before his departure in 2024. He is appointed as the executive director of V & V Technology on July 2024. He holds a Master's degree in Corporate Governance from Hong Kong Metropolitan University. He is also a member of Hong Kong Institute of Certified Public Accountants. He has over 10 years of experience in accounting, tax, financial, treasury, internal control and risk assessment.

Corporate Governance Report

The Group continues to achieve high standards of corporate governance which, it believes, is crucial to the development of the Group and to safeguard the interests of the Company's shareholders.

The Company complied with the applicable code provisions in the Corporate Governance Code (the "Code") as contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2024, except for the deviations from code provisions C.1.8, C.2.1 and B.2.2 which are explained in the relevant paragraphs below.

BOARD OF DIRECTORS

The Board currently consists of 4 executive directors, namely, Dr. Yim Yuk Lun, Stanley *SBS BBS JP* ("Dr. Yim"), Mr. Yim Tsz Kit, Jacky, Mr. Wong Wai Tai and Mr. Tsui Chi Wing, Eric and 2 non-executive directors, namely Mr. Wong Sui Chuen and Ms. Yim Kei Man, Carmen and 3 independent non-executive directors ("INEDs"), namely, Mr. Wong Tak Yuen, Adrian, Mr. Cheung Chi Kwan and Mr. Wong Wai Kin (collectively the "Directors"). Dr. Yim (the Chairman and Managing Director of the Group and a substantial shareholder of the Company) is the father of Mr. Yim Tsz Kit, Jacky and Ms. Yim Kei Man, Carmen and is the brother-in-law of Mr. Tsui Chi Wing, Eric.

Details of remuneration paid to members of key management (including all Directors and senior management) for the year ended 31 December 2024 fell within the following bands:

	Number of individual 2024
Below HK\$1,000,000	7
HK\$1,000,001 – HK\$2,000,000	2
HK\$2,000,001 – HK\$3,000,000	1
HK\$10,000,000 – HK\$12,000,000	1
HK\$24,000,000 – HK\$30,000,000	1

The Board is responsible for the formulation of corporate strategies, the setting of appropriate strategic policies and internal control and the oversight of the operation and financial performance of the Group. The Board are individually and collectively accountable to the shareholders for the success and sustainable development of the Group.

Day-to-day management of the Group is delegated to the executive directors or senior management. Executive Directors and senior management meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

The Company has received annual confirmation of independence from the three INEDs pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent within the definition of the Listing Rules.

During the year, all Directors have received regular updates on the changes and developments in the relevant laws and regulations applicable to the Directors. Additionally, trainings have been attended by all Directors covering the updates on the Companies Ordinance, the Listing Rules and/or accounting reporting standards.

Under the code provision C.1.8 of the Code, 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 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 be 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 acting as both the Chairman and the Managing Director of the Group is acceptable and in the best interest of the Group. Dr. Yim is responsible for the formulation of corporate strategies and the overall direction for the Group's management team. The Company believes that the supervision of the Board and its INEDs of the Company can provide an effective check and balance of power to protect the interest of the Group and its shareholders.

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 directors of the Company 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.

DIRECTORS' SECURITIES TRANSACTIONS

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 year under review.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare financial statements for each half and full financial year which give a true and fair view of the state of affairs of the Group.

AUDIT COMMITTEE

The Audit Committee currently consists of 3 INEDs, namely, Mr. Wong Tak Yuen, Adrian, Mr. Cheung Chi Kwan and Mr. Wong Wai Kin. Mr. Wong Tak Yuen, Adrian is the Chairman of the Audit Committee. In accordance with the terms of reference of the Audit Committee, the Audit Committee held 2 meetings in 2024 to review the interim and final results and reports, financial reporting and compliance procedures and effectiveness of risk management systems and internal controls of the Group for the year ended 31 December 2024. The terms of reference of the Committee are aligned with the recommendations set out in "A Guide For Effective Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Code.

The principal duties of the Audit Committee includes the review and supervision of the Group's financial reporting system, risk management systems and internal controls procedures, review of the Group's financial information and the relationship with the Auditors of the Company.

Corporate Governance Report

During the financial year ended 31 December 2024, the Group has engaged the external auditors, Deloitte Touche Tohmatsu, to provide the following services and their respective fees charged are set out as below:

Type of Services	Amount HK\$'000
Audit fee	2,398
Non-audit and tax related services	305

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises 3 members, namely, Mr. Wong Sui Chuen, Mr. Wong Tak Yuen, Adrian and Mr. Wong Wai Kin, majority of whom are INEDs, and is chaired by Mr. Wong Tak Yuen, Adrian. The remuneration committee held 2 meetings during the year, to review and discuss with the management of the Company, the policy and structure of the remuneration of Directors, the senior management of the Group and the recommendations of salary for the newly appointed director.

The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's policies and structure for all remuneration of Directors and senior management and to review the specific remuneration packages of Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

The emoluments of the directors of the Company are recommended by the Remuneration Committee and are decided by the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

NOMINATION COMMITTEE

The Nomination Committee comprises 3 members, namely, Mr. Wong Sui Chuen, Mr. Wong Tak Yuen, Adrian and Mr. Cheung Chi Kwan, majority of whom are INEDs and is chaired by Mr. Wong Tak Yuen, Adrian.

The nomination committee held 2 meetings during the year to recommend the re-appointment of the Directors standing for re-election at the annual general meeting, to review and discuss the re-designation of director, the composition of the Board of the Company, to assess the independency of INEDs and the recommendations of appointment of newly director.

The principal responsibilities of the Nomination Committee are to determine the policy for the nomination of Directors, to set out the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship, to review the structure, size and composition of the Board and to assess the independence of the independent non-executive directors.

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

- Reputation for integrity
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy

- Commitment in respect of available time and relevant interest
- The number of existing directorships and other commitments that may demand the attention of the candidate
- Requirement for the Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules
- Diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service
- Such other perspectives appropriate to the Company's business

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") on 27 August 2013. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board.

In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this annual report, the Board comprises 9 Directors, including 4 executive directors, 2 non-executive directors and 3 INEDs, thereby promoting critical review and control of the management process. The following tables further illustrate the diversity of the Board members as of the date of this annual report:

Name of Director	Age Group				
	30–39	40–49	50 to 59	60 to 69	70 or above
Dr. Yim Yuk Lun, Stanley <i>SBS BBS JP</i>				✓	
Mr. Yim Tsz Kit, Jacky		✓			
Mr. Wong Wai Tai			✓		
Mr. Tsui Chi Wing, Eric				✓	
Mr. Wong Sui Chuen					✓
Ms. Yim Kei Man, Carmen	✓				
Mr. Wong Tak Yuen, Adrian					✓
Mr. Cheung Chi Kwan				✓	
Mr. Wong Wai Kin					✓

Corporate Governance Report

Name of Director	Electronics	LED lighting and display	Accounting	Finance and banking	Hospital management	Property investment
Dr. Yim Yuk Lun, Stanley <i>SBS BBS JP</i>	✓					
Mr. Yim Tsz Kit, Jacky		✓				
Mr. Wong Wai Tai			✓			
Mr. Tsui Chi Wing, Eric	✓					
Mr. Wong Sui Chuen	✓					
Ms. Yim Kei Man, Carmen						✓
Mr. Wong Tak Yuen, Adrian				✓		
Mr. Cheung Chi Kwan			✓			
Mr. Wong Wai Kin					✓	

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1. at least one-third of the members of the Board shall be INEDs;
2. at least one of the members of the Board shall have obtained accounting or other professional qualifications; and
3. gender diversity of the Board.

The Board has achieved the measurable objectives in the Board Diversity Policy.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with Appendix C1 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

BOARD AND COMMITTEE ATTENDANCE

Details of the attendance of each of the Directors at board meeting, committees meetings, annual general meeting (the “AGM”) and special general meeting (the “SGM”) during the year are set out in the table below:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	AGM	SGM
Number of Meeting(s)	7	2	2	2	1	1
Executive Directors						
Dr. Yim Yuk Lun, Stanley <i>SBS BBS JP</i>	7/7	N/A	N/A	N/A	1/1	1/1
Mr. Yim Tsz Kit, Jacky	7/7	N/A	N/A	N/A	1/1	1/1
Mr. Wong Wai Tai	7/7	N/A	N/A	N/A	1/1	1/1
Mr. Tsui Chi Wing, Eric	7/7	N/A	N/A	N/A	1/1	1/1
Non-Executive Directors						
Mr. Wong Sui Chuen (re-designated on 31 December 2024)	7/7	N/A	2/2	2/2	1/1	1/1
Ms. Yim Kei Man, Carmen	7/7	N/A	N/A	N/A	1/1	1/1
Independent Non-Executive Directors						
Mr. Wong Tak Yuen, Adrian	7/7	2/2	2/2	2/2	1/1	1/1
Mr. Cheung Chi Kwan	7/7	2/2	N/A	2/2	1/1	1/1
Mr. Wong Wai Kin	7/7	2/2	2/2	N/A	1/1	1/1
Mr. Liu Chun Ning, Wilfred (resigned on 31 December 2024)	7/7	N/A	N/A	N/A	0/1	1/1

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibilities for maintaining good and effective risk management and internal controls of the Group.

During the year, the Board, with the assistance of the audit committee, conducted a review of the effectiveness and adequacy of the Group’s risk management and internal control systems, covering financial, operational, compliance control and risk management functions. To assist the audit committee to fulfill its responsibilities, the senior management has to identify, update and report the key risk areas which covered all aspects of corporate strategies, operation and finance to the Board.

The Group risk management and internal control system includes the setting up of a management structure with limits of authority and is designed to help the Group achieve its business objectives, protects its assets against unauthorised use or disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and ensures compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate all risks of failure in the Group’s operational systems and in the achievement of the Group’s business objectives.

Risk management report and internal control report are submitted to the audit committee and the Board at least once a year. After reviewing the Group's risk management and internal control systems, the Board considers that the systems are effective and adequate for the Group as a whole. The Board further considers that (i) there was no material issue relating to the Group's risk management and internal controls, including financial, operational and compliance controls and risk management functions of the Group; and (ii) that there were adequate staff with appropriate and adequate qualifications and experience, resources for accounting, internal audit and financial reporting functions, and adequate training programmes had been provided during the year under review.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with requirements of Securities and Futures Ordinance ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

SHAREHOLDERS' RIGHT

(i) Procedures by which shareholders can convene a Special General Meetings ("SGM")

The Board shall, on the requisition in writing of the shareholders of not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

If within 21 days of such deposit the Board fails to proceed to convene the SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

(ii) Procedures for putting forward proposals at General Meetings ("GM")

Shareholders can submit a written requisition to move a resolution at GM. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the GM, or who are no less than 100 shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the GM. It must also be signed by all of the shareholders concerned and be deposited to the Company Secretary at the Company's office in Hong Kong at 19/F., S.A.S. Tower, 55 Lei Muk Road, Kwai Chung, NT, Hong Kong not less than 6 weeks before the GM in case of a requisition requiring notice of a resolution and not less than one week before the GM in case of any other requisition.

The request will be verified with the Company's Share Registrars and upon its confirmation that the request is proper and in order, the Company Secretary will ask the Board of Directors to include the resolution in the agenda for the meeting provided that the shareholders concerned have deposited a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders.

(iii) Shareholders' Enquiries

Shareholders may at any time send their enquiries and concerns to the Board in writing with contact information of the requisitionists and deposited to the Company Secretary at the Company's office in Hong Kong at 19th Floor, S.A.S. Tower, 55 Lei Muk Road, Kwai Chung, N.T., Hong Kong.

COMMUNICATION WITH SHAREHOLDERS

To foster effective communications with its shareholders, the Company provides extensive information in its annual report and press release. Also the Group disseminates information relating to its business electronically through its website at www.sasdragon.com.hk. The Company regards the annual general meeting as an important event as it provides an important opportunity for direct communications between the Board and the Company's shareholders. All Directors and senior management will make an effort to attend. All shareholders will be given at least 21 days' notice of the annual general meeting and are encouraged to attend the annual general meeting and other shareholders' meetings.

The directors present their annual report and the audited consolidated financial statements of S.A.S. Dragon Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and the activities of its principal subsidiaries are set out in note 37 to the consolidated financial statements. There were no significant changes to the Group's principal activities during the current year.

DIVIDENDS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 35 and 36.

The directors recommend the payment of a final dividend of HK25 cents per share to the shareholders on the register of members on 28 May 2025. Dividend warrants will be dispatched on 4 June 2025.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company gives priority to distributing dividend in cash and shares its profits with its shareholders. According to the dividend policy, subject to compliance with applicable rules and statutory regulations (including Bermuda laws) and the Bye-Laws of the Company, the Company will pay dividend to the shareholders.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia:

- overall business conditions and strategies;
- our financial results;
- our retained earnings and distributable reserves;
- our capital requirements;
- taxation considerations; and
- any other factors our Board may deem relevant.

In addition to cash, dividends may be distributed in the form of shares. The dividend policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

BUSINESS REVIEW

Business review of the Group for the year ended 31 December 2024 has been stated in the Chairman's Statement and Management Discussion and Analysis on pages 6 to 9 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together accounted for 68.6% and 83.1%, respectively, of the Group's total purchases for the year.

The aggregate sales attributable to the Group's largest customer and five largest customers taken together accounted for 50.8% and 63.3%, respectively, of the Group's total sales for the year.

Hon Hai Precision Industry Co., Ltd. ("Hon Hai"), a shareholder holding more than 5% of the Company's share capital, was one of the Group's five largest suppliers. Save for this company, none of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in the Group's five largest suppliers and customers.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2024, calculated in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, is represented by the contributed surplus and the retained profits in the aggregate amount of HK\$337,164,000 (2023: HK\$264,080,000) as disclosed in note 36 to the consolidated financial statements.

ANALYSIS OF KEY FINANCIAL PERFORMANCE INDICATORS

For details of the key financial performance indicators to the performance the Group's business, please refer to "Management Discussion and Analysis" on page 9 of this report.

ENVIRONMENTAL PROTECTION

The Group is committed to acting in an environmentally responsible manner. Using LED lighting and display for offices and warehouse premises, environmentally friendly paper to print annual and interim reports, recycling and use of eco-friendly stationery, plus a series of measures to save paper and energy, resulted in more efficient use of resources, as well as reduction of waste.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A separate ESG report for 2024 will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited in due course in compliance with the ESG Reporting Guide as set out in Appendix C2 to the Listing Rules.

COMPLIANCE WITH REGULATIONS

There was no material breach of or non-compliance with the applicable laws and regulations such as the Hong Kong Companies Ordinance (Cap. 622), the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and other applicable local laws and regulations in various jurisdictions.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Remuneration packages are generally structured with reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Apart from salary payments, there are other staff benefits including mandatory provident fund, medical insurance and performance related bonus.

Relationship is the fundamentals of business. The Group fully understand this principal and thus maintain close relationship with the customers to fulfil their immediate and long-term need.

The Group encompasses working relationships with suppliers to meet our customer's needs in an effective and efficient manner. The Group work closely and well-communicated to suppliers before the commencement of a project.

PRINCIPAL RISK AND UNCERTAINTIES FACING THE COMPANY

The business operation of the Group is subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. Also, the growing tensions over trade and technology between China and United States is a treat to the global economy. The Group closely monitors the above changes as well as conducting studies to assess the impact of such changes.

Save for the above, the Company is exposed to a variety of main risks including currency risk, interest rate risk, credit risk and liquidity risk. Details of the above main risks and measures for risk reduction are set out in note 34(b) to the consolidated financial statements.

DIRECTORS

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

Executive Directors

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

Mr. Yim Tsz Kit, Jacky

Mr. Wong Wai Tai

Mr. Tsui Chi Wing, Eric

Non-Executive Directors

Mr. Wong Sui Chuen *(re-designated on 31 December 2024)*

Ms. Yim Kei Man, Carmen

Independent Non-Executive Directors

Mr. Wong Tak Yuen, Adrian
Mr. Cheung Chi Kwan
Mr. Wong Wai Kin

In accordance with 87 of the Company's Bye-Laws, Dr. Yim Yuk Lun, Stanley SBS BBS JP, Mr. Yim Tsz Kit, Jacky and Ms. Yim Kei Man, Carmen retire and, being eligible, offer themselves for re-election at the coming annual general meeting.

The term of office for all remaining directors is the period up to his retirement by rotation in accordance with the above Bye-Laws.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

At no time during the year and up to the date of this report was any permitted indemnity provision being in force for the benefit of any of the directors of the Company.

MANAGEMENT CONTRACT

There were no contracts concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries or fellow subsidiaries, entered into or existed during the year.

DIRECTORS' INTEREST IN A TRANSACTION, ARRANGEMENT AND CONTRACTS OF SIGNIFICANCE

No transaction, arrangement and contract of significance to which the Company, its holding companies, fellow subsidiaries or subsidiaries was a party and in which a director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 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 (the "Stock Exchange") 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 SBS BBS JP	Beneficial owner	114,800,000	18.34%
	Held by controlled corporation (Note 1)	227,542,800	36.36%
		342,342,800	54.70%
Mr. Wong Sui Chuen	Beneficial owner	1,824,000	0.29%
Mr. Tsui Chi Wing, Eric	Beneficial owner	714,800	0.11%

(b) Ordinary shares of HK\$0.01 each of V & V Technology Holdings Limited ("V & V Technology")

Name of directors	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of V & V Technology
Dr. Yim Yuk Lun, Stanley SBS BBS JP	Beneficial owner (Note 2)	129,368,583	8.90%
	Held by controlled corporation (Note 2)	859,284,474	59.11%
		988,653,057	68.01%
Mr. Wong Wai Tai	Beneficial owner	5,000,000	0.34%
Mr. Tsui Chi Wing, Eric	Beneficial owner	3,233,753	0.22%
Mr. Wong Sui Chuen	Beneficial owner	2,531,328	0.17%
Mr. Yim Tsz Kit, Jacky	Beneficial owner	300,000	0.02%

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 129,368,583 V & V Technology shares and is the controlling shareholder of the Company; he is therefore under the SFO deemed to be interested in 859,284,474 V & V Technology shares held by S.A.S. Investment Company Limited which is a wholly-owned subsidiary of the Company.

Save as disclosed above, 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 position in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31 December 2024.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or their spouses or children under the age of eighteen had right to subscribe for the securities of the Company, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 December 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	Held by controlled corporation (Note)	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 31 December 2024.

TAX RELIEF

The Company is not aware of any relief on taxation available to the shareholders by reason of their holdings of the shares. If the shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the shares, they are advised to consult their professional advisers.

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

During the year ended 31 December 2024, the Group entered into a number of connected transactions and continuing connected transactions with Hon Hai (being the substantial shareholder of the Company) and its subsidiaries (which are regarded as connected persons as defined in the Listing Rules).

The Group carried out the following continuing connected transactions (other than continuing connected transactions that are exempted under Rule 14A.73 of the Listing Rules) during the year ended 31 December 2024:

Pursuant to the conditional master agreement entered into among the Company and Hon Hai on 2 December 2021 which governs the sales and purchases of electronic components to be made for the next 3 financial years during the period between 1 January 2022 and 31 December 2024 (as amended by the respective agreement dated 23 November 2006, 18 November 2009, 9 April 2010, 12 November 2012, 9 November 2015 and 28 December 2018).

The current conditional master agreement (2024 renewal) was entered into on 26 September 2024 which governs the sales and purchases of electronic components and sale of other products by the Group to Hon Hai Group and distribution of other brand products under the Hon Hai Group to be made for the next 3 financial years commencing from 1 January 2025 to 31 December 2027. Further details of the said agreement were set out in the announcement of the Company dated 26 September 2024 and the circular of the Company dated 19 November 2024.

The said agreement and the proposed sale and purchase caps were duly approved by the shareholders of the Company on 19 December 2024.

During the year under review, the value of connected continuing transactions for the year ended 31 December 2024 as below:

Nature of transactions	2024 HK\$'000
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Purchase of electronic products by the Group	2,343,030
Sales of electronic products by the Group	1,890,414

Save as disclosed above:

- (i) no contracts of significance subsisted at any time during the year to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly; and
- (ii) there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

In accordance with the conditions agreed with the Stock Exchange with respect to the connected transactions, the independent non-executive directors have reviewed the connected transactions and, in their opinion, these transactions were entered into by the Group:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, neither the Company nor its subsidiaries purchased, sold or redeemed any of its listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board of Directors on the basis of their merit, qualifications, competence and job nature.

The emoluments of the directors of the Company are recommended by the Remuneration Committee and are decided by the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$2,783,000.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 December 2024.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

Signed on behalf of the Board

Dr. YIM YUK LUN, STANLEY *SBS BBS JP*
CHAIRMAN AND MANAGING DIRECTOR

Hong Kong, 27 March 2025



德勤

TO THE MEMBERS OF S.A.S. DRAGON HOLDINGS LIMITED*(Incorporated in Bermuda with limited liability)***OPINION**

We have audited the consolidated financial statements of S.A.S. Dragon Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 119, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Independent Auditor's Report

KEY AUDIT MATTER (Continued)

Key audit matter

How our audit addressed the key audit matter

Allowance for inventories

We identified the allowance for inventories as a key audit matter due to significant judgement exercised by the management of the Group in estimating the net realisable values of obsolete and slow-moving inventory.

As at 31 December 2024, the carrying value of inventories was HK\$3,061,620,000 (net of allowance of HK\$132,935,000), representing 30% of the Group's total assets.

As disclosed in note 4 to the consolidated financial statements, the management reviews inventories on a product-by-product basis at the end of each reporting period to identify obsolete and slow-moving inventory items based on the inventories aging analysis. Net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The management estimates the net realisable value of inventories based primarily on latest selling prices and expected future market conditions and sales.

Our procedures in relation to the allowance for inventories included:

- Understanding how the management of the Group identifies obsolete and slow-moving inventory items, and estimates the allowance for inventories as at 31 December 2024 and their basis of estimating the net realisable value, in particular, the future selling prices;
- Testing the accuracy of the inventories aging analysis as at 31 December 2024 by checking to the dates of the goods receipt notes, on a sample basis;
- Assessing the reasonableness of the estimated future selling prices, on a sample basis, by comparing them with the actual selling prices achieved subsequent to year end, where available, or during the current year of the respective inventories; and
- Challenging the appropriateness of the key assumptions and estimates made by management in making allowance for inventories by evaluating the historical accuracy of these estimates, on a sample basis, and discussing any significant variances with the management.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matter communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Ka Lai Man.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Revenue	5	27,756,985	22,370,616
Cost of sales		(26,326,898)	(21,054,205)
Gross profit		1,430,087	1,316,411
Other income	8(b)	31,492	62,284
Other gains and losses, net	8(c)	7,220	(56,893)
Impairment losses under expected credit loss model, net of reversal		(2,113)	(9,545)
Distribution and selling expenses		(181,437)	(209,187)
Administrative expenses		(209,375)	(192,729)
Change in fair value of investment properties	13	(76,936)	(51,546)
Share of profit of an associate		372	662
Share of loss of a joint venture		(130)	(222)
Finance costs	6	(68,625)	(86,396)
Loss from derecognition of trade receivables at fair value through other comprehensive income ("FVTOCI")		(125,426)	(56,629)
Profit before tax		805,129	716,210
Income tax expense	7	(132,638)	(130,537)
Profit for the year	8(a)	672,491	585,673
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value on trade receivables at FVTOCI		(120,833)	(71,462)
Reclassification adjustment for cumulative profit included in profit or loss upon disposal of trade receivable measured at FVTOCI		125,426	56,629
Exchange differences arising on translation of foreign operations of subsidiaries		(32,605)	7,894
Share of other comprehensive expense of an associate and a joint venture		(867)	(1,251)
Other comprehensive expense for the year		(28,879)	(8,190)
Total comprehensive income for the year		643,612	577,483



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Profit for the year attributable to:			
Owners of the Company		501,237	403,801
non-controlling interests		171,254	181,872
		672,491	585,673
Total comprehensive income attributable to:			
Owners of the Company		473,167	399,225
Non-controlling interests		170,445	178,258
		643,612	577,483
Basic earnings per share (HK cents)	12	80.09	64.52

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Non-current Assets			
Investment properties	13	507,600	662,660
Property, plant and equipment	14	387,647	347,062
Intangible assets	15	17,004	17,105
Right-of-use assets	16	157,281	164,554
Interest in an associate		–	31,536
Interest in a joint venture	17	10,516	10,850
Financial assets at fair value through profit or loss ("FVTPL")	21	2,998	2,998
Finance lease receivables	20	–	187
Deferred tax assets	28	10,096	8,658
		1,093,142	1,245,610
Current Assets			
Inventories	18	3,061,620	1,780,168
Trade and other receivables	19(a)	1,367,908	983,047
Trade receivables at FVTOCI	19(b)	1,603,691	2,100,479
Finance lease receivables	20	1,607	5,343
Amount due from an associate	35	–	609
Financial assets at FVTPL	21	126,938	89,366
Tax recoverable		634	5,154
Pledged bank deposits	22	64,666	35,980
Cash and cash equivalents	22	2,927,070	1,580,146
		9,154,134	6,580,292
Current Liabilities			
Trade and other payables	23	4,636,086	3,704,524
Contract liabilities	24	74,292	90,104
Lease liabilities due within one year	25	661	240
Amount due to a joint venture	35	3,000	3,000
Tax liabilities		54,760	120,269
Bank and other borrowings due within one year	26	2,385,304	953,909
		7,154,103	4,872,046
Net Current Assets		2,000,031	1,708,246
Total Assets less Current Liabilities		3,093,173	2,953,856



Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Non-current Liabilities			
Deferred tax liabilities	28	9,299	21,462
Lease liabilities due after one year	25	–	707
Bank and other borrowings due after one year	26	–	102,801
		9,299	124,970
Net Assets		3,083,874	2,828,886
Capital and Reserves			
Share capital	27	62,584	62,584
Share premium and reserves		2,800,549	2,574,815
Equity attributable to owners of the Company		2,863,133	2,637,399
Non-controlling interests		220,741	191,487
Total Equity		3,083,874	2,828,886

The consolidated financial statements on pages 35 to 119 were approved and authorised for issue by the board of directors on 27 March 2025 and are signed on its behalf by:

Dr. Yim Yuk Lun, Stanley SBS BBS JP
DIRECTOR

Mr. Yim Tsz Kit, Jacky
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company											Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000 (note i)	Other reserve HK\$'000 (note iv)	Contributed surplus HK\$'000 (note ii)	Property revaluation reserve HK\$'000 (note iii)	Translation reserve HK\$'000	FVTOCI reserve HK\$'000	Retained profits HK\$'000	Subtotal HK\$'000		
At 1 January 2023	62,584	6,521	1,109	11,145	(12,744)	13,519	206,934	(57,284)	(10,916)	2,236,349	2,457,217	553,229	3,010,446
Profit for the year	-	-	-	-	-	-	-	-	-	403,801	403,801	181,872	585,673
Change in fair value on trade receivables at FVTOCI	-	-	-	-	-	-	-	-	(58,509)	-	(58,509)	(12,953)	(71,462)
Reclassification adjustment for cumulative loss included in profit or loss upon disposal of trade receivables measured at FVTOCI	-	-	-	-	-	-	-	-	47,311	-	47,311	9,318	56,629
Exchange differences arising on translation of foreign operations of subsidiaries	-	-	-	-	-	-	-	7,873	-	-	7,873	21	7,894
Share of other comprehensive expense of an associate and a joint venture	-	-	-	-	-	-	-	(1,251)	-	-	(1,251)	-	(1,251)
Total comprehensive income (expense) for the year	-	-	-	-	-	-	-	6,622	(11,198)	403,801	399,225	178,258	577,483
Dividends paid (note 11)	-	-	-	-	-	-	-	-	-	(219,043)	(219,043)	-	(219,043)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(540,000)	(540,000)
At 31 December 2023	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 year	-	-	-	-	-	-	-	-	-	501,237	501,237	171,254	672,491
Change in fair value on trade receivables at FVTOCI	-	-	-	-	-	-	-	-	(93,467)	-	(93,467)	(27,366)	(120,833)
Reclassification adjustment for cumulative loss included in profit or loss upon disposal of trade receivables measured at FVTOCI	-	-	-	-	-	-	-	-	97,138	-	97,138	28,288	125,426
Exchange differences arising on translation of foreign operations of subsidiaries	-	-	-	-	-	-	-	(30,874)	-	-	(30,874)	(1,731)	(32,605)
Share of other comprehensive expense of an associate and a joint venture	-	-	-	-	-	-	-	(867)	-	-	(867)	-	(867)
Total comprehensive income (expense) income for the year	-	-	-	-	-	-	-	(31,741)	3,671	501,237	473,167	170,445	643,612
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	38,005	38,005
Capital injection from non-controlling interest	-	-	-	-	2,902	-	-	-	-	-	2,902	804	3,706
Dividends paid (note 11)	-	-	-	-	-	-	-	-	-	(250,335)	(250,335)	-	(250,335)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(180,000)	(180,000)
At 31 December 2024	62,584	6,521	1,109	11,145	(9,842)	13,519	206,934	(82,403)	(18,443)	2,672,009	2,863,133	220,741	3,083,874



Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Notes:

- (i) The capital reserve of the Group represents the aggregate of:
 - (a) the reserve of HK\$10,445,000 arising on the acquisition of shares in subsidiaries from non-controlling shareholders pursuant to a previous group reorganisation; and
 - (b) the differences between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to a previous group reorganisation, and the nominal value of the Company's shares issued in exchange of HK\$700,000.
- (ii) The contributed surplus of the Group represents the net aggregate of:
 - (a) the credit arising from the reduction of the nominal value of the consolidated shares from HK\$1.00 each to HK\$0.10 each by cancelling HK\$0.90 paid up on each issued share, after a transfer of HK\$10,565,000 towards the elimination of the accumulated losses of the Company as at 31 December 1997, of HK\$70,510,000;
 - (b) the credit arising from cancellation of the share premium account of HK\$237,881,000, after a transfer of HK\$180,003,000 towards the elimination of the accumulated losses of the Company as at 31 December 2002, of HK\$57,878,000; and
 - (c) the distribution to shareholders from 2003 to 2010 of HK\$114,869,000.
- (iii) The property revaluation reserve includes an amount of HK\$193,367,000 relating to properties previously held as property, plant and equipment and reclassified as investment properties in 2020. The remaining balance of HK\$13,567,000 represents revaluation surplus arising from certain of the Group's land and building carried at revalued amount prior to 30 September 1995. On the disposal or retirement of the asset, the revaluation reserve will be transferred directly to retained profits.
- (iv) The other reserve of the Group represents the net aggregate of:
 - (a) the difference of HK\$19,238,000 between the fair value of acquisition cost and the attributable additional interest in the carrying amount of net assets acquired in acquisition of additional interests in subsidiaries;
 - (b) the difference of HK\$9,002,000 between the fair value of net assets acquired from a substantial shareholder and consideration paid which was deemed as contribution from a substantial shareholder and credited to equity of the Company;
 - (c) the difference of HK\$1,520,000 between the fair value of acquisition cost and the attributable additional interest in the carrying amount of net assets acquired in acquisition of additional interests in subsidiaries in 2019;
 - (d) the increase of non-controlling interests of HK\$988,000 upon partial disposal of a subsidiary without loss of control in 2021; and
 - (e) the decrease of non-controlling interests of HK\$2,902,000 upon acquire additional equity interest of a subsidiary in 2024.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
OPERATING ACTIVITIES		
Profit before tax	805,129	716,210
Adjustments for:		
Reversal of allowance of inventories	(36,632)	(27,143)
Impairment losses recognised under expected credit loss model, net	2,113	9,545
Change in fair value of financial assets at FVTPL	(1,811)	14,654
Amortisation of intangible assets	279	190
Depreciation of property, plant and equipment	28,892	37,876
Deprecation of right-of-use assets	7,215	7,206
Dividend income from equity investments	(6,761)	(7,709)
Exchange (gains) losses, net	(2,811)	20,338
Finance costs	68,625	86,396
Gain on disposal of property, plant and equipment, net	(281)	(1,325)
Interest income on bank deposits	(18,032)	(48,193)
Interest income on finance leases	(423)	(514)
Changes in fair value of derivative financial instruments	–	77
Changes in fair value of investment properties	76,936	51,546
Share of profit of an associate	(372)	(662)
Share of loss of a joint venture	130	222
Impairment loss on interest in an associate	–	22,442
Operating cash flows before movements in working capital	922,196	881,156
(Increase) decrease in inventories	(1,147,153)	648,746
(Increase) decrease in trade and other receivables	(232,265)	120,463
Decrease (increase) in trade receivables at FVTOCI	528,370	(413,013)
Decrease (increase) in amount due from an associate	609	(266)
Increase (decrease) in trade and other payables	705,968	137,828
Decrease in amount due to an associate	(416)	–
Increase in amount due to a joint venture	–	3,000
Decrease in contract liabilities	(18,483)	(119,202)
Cash generated from operation	758,826	1,258,712
Hong Kong Profits Tax paid	(194,326)	(207,223)
The People's Republic of China Enterprise Income Tax ("EIT") paid	(4,054)	(2,460)
Taiwan Corporate Income Tax paid	(7,637)	(9,392)
NET CASH FROM OPERATING ACTIVITIES	552,809	1,039,637



Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
INVESTING ACTIVITIES		
Placement of pledged bank deposits	(64,666)	(35,980)
Payment for additions to financial assets at FVTPL	(41,068)	–
Payment for additions to intangible assets	–	(3,021)
Payment for additions to property, plant and equipment	(3,477)	(3,067)
Payment for additions to investment properties	–	(1,906)
Acquisition of additional in interest in an associate	–	(26,931)
Proceeds on disposal of financial assets at FVTPL	5,307	5,210
Proceeds on disposal of property, plant and equipment	454	1,370
Interest received on bank deposits	18,455	48,707
Repayment in finance lease receivables	3,923	6,910
Dividend received from equity investments	6,761	7,709
Net cash inflow from acquisition of a subsidiary	21,418	–
Release of pledged bank deposits	65,800	39,222
NET CASH FROM INVESTING ACTIVITIES	12,907	38,223
FINANCING ACTIVITIES		
Repayment of bank and other borrowings	(27,789,644)	(24,657,538)
Dividends paid	(250,335)	(219,043)
Dividend paid to non-controlling shareholders	(60,000)	(59,903)
Interest paid	(68,625)	(86,396)
Repayment of lease liabilities	(286)	(234)
Bank and other borrowings raised	28,946,926	24,094,656
Capital contribution of non-controlling interests	3,706	–
NET CASH FROM (USED) IN FINANCING ACTIVITIES	781,742	(928,458)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,347,458	149,402
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,580,146	1,432,029
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(534)	(1,285)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	2,927,070	1,580,146

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

S.A.S. Dragon Holding Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited. The ultimate controlling shareholder of the Company is Dr. Yim Yuk Lun, Stanley SBS BBS JP. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The Company acts as an investment holding company and the activities of its principal subsidiaries are set out in note 37.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES

New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES *(Continued)*

New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year *(Continued)*

2.1 ***Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")***

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants. In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively.

The application of the 2020 and 2022 Amendments has no material impact on the classification of the Group's other liabilities. The change in accounting policy does not have impact to the Group's profit or loss or earnings per share for the current and prior years presented.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES *(Continued)*

New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year *(Continued)*

2.2 **Impacts on application of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements**

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to HKAS 7 Statement of Cash Flows stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

In addition, HKFRS 7 Financial Instruments: Disclosures was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early applied the following amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES *(Continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information

Basis of consolidation

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

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

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

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

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

Changes in the Group's interests in existing subsidiaries

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Business combinations

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

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

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below); and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Business combinations *(Continued)*

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

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

Investments in an associate and a joint venture

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associate and a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate and a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Investments in an associate and a joint venture *(Continued)*

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

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

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

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in notes 5 and 24.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 Leases at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Rental income which is derived from the Group's ordinary course of business is presented as revenue.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

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

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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

Current and deferred tax are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Certain of the Group's leasehold land and buildings were revalued at 31 December 1994. The surplus arising on revaluation of these properties was credited to the property revaluation reserve. Advantage has been taken of the transitional relief provided by paragraph 80A of HKAS 16 *Property, Plant and Equipment* from the requirement to make regular revaluations of the Group's land and buildings which had been carried at revalued amounts prior to 30 September 1995, and accordingly no further revaluation of land and buildings is carried out. Prior to 30 September 1995, the revaluation increase arising on the revaluation of these assets was credited to the property revaluation reserve. Any future decreases in value of these assets will be dealt with as an expense to the extent that they exceed the balance, if any, on the revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued asset, the corresponding revaluation surplus is transferred to retained profits.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Cash and cash equivalents

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

- (a) cash, which comprises of cash on hand and demand deposits.
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Inventories

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

Financial instruments

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

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

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

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Trade receivables classified as at FVTOCI

Subsequent fair value changes in the carrying amounts for trade receivables arising from contracts with customers without a significant financing component classified as at FVTOCI are recognised in other comprehensive income ("OCI") and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these trade receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these trade receivables had been measured at amortised cost. When these trade receivables are derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and finance lease receivables subject to impairment assessment under HKFRS 9

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

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

The Group always recognises lifetime ECL for trade receivables, trade receivables at FVTOCI and finance lease receivables.

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

(i) Significant increase in credit risk

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and finance lease receivables subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk *(Continued)*

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and finance lease receivables subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, finance lease receivables and contract assets, when the amounts are over 2 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and finance lease receivables subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

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

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

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

Except for trade receivables at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables measured at amortised cost and finance lease receivables, where the corresponding adjustment is recognised through a loss allowance account. For trade receivables at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amounts of these trade receivables.

Derecognition of financial assets

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

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

On derecognition of trade receivables FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies

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

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that:

- (i) the Group's investment properties in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties in Hong Kong, the directors of the Company have determined the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred tax on changes in fair value of investment properties in Hong Kong as the Group is not subject to any income taxes on the fair value changes of the investment properties in Hong Kong upon disposal.
- (ii) the Group's investment properties in Mainland China are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group is subject to income taxes on the rental income of its investment properties in the PRC and deferred taxes are recognised based on the expected future rental income, which is estimated to be the changes in fair value of the investment properties.

Key sources of estimation uncertainty

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

Allowance for inventories

The management of the Group reviews the inventories on a product-by-product basis at the end of each reporting period to identify obsolete and slow-moving inventory items based on the inventories ageing analysis and determines allowance for inventories by reference to net realisable value of the inventories. Net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Management estimates the net realisable value of inventories based primarily on latest selling prices and expected future market conditions and sales. As at 31 December 2024, the carrying values of inventories were HK\$3,061,620,000 (2023: HK\$1,780,168,000) (net of allowance for inventories of approximately HK\$132,935,000 (2023: HK\$163,568,000)).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Fair values of investment properties

As at 31 December 2024, the carrying amount of the Group's investment properties was HK\$507,600,000 (2023: HK\$662,660,000). The valuation of investment properties was based on valuation on these properties conducted by an independent professional valuer using property valuation techniques which involve certain assumptions of market conditions as disclosed in note 13. Favourable or unfavourable changes to these assumptions would result in changes in the valuation of the Group's investment properties and corresponding adjustments to the fair value changes reported in the consolidated statement of profit or loss and other comprehensive income.

5. REVENUE AND SEGMENT INFORMATION

Revenue

(i) **Disaggregation of revenue from contracts with customers**

	For the year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Type of goods or services		
Sales of electronic components and semiconductors	27,610,087	22,206,540
Sales of business equipment		
and provision of related ancillary services	70,953	70,709
Sales of LED lighting and display products	29,689	42,516
Contract works of LED lighting and display products	28,815	29,991
Revenue from contracts with customers	27,739,544	22,349,756
<u>Income from leasing activities</u>		
For operating leases – lease payments that are fixed:		
– Rental income from investment properties	17,441	19,370
– Rental income from LED lighting and display products	–	1,490
	17,441	20,860
Total revenue	27,756,985	22,370,616

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue (Continued)

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

	For the year ended 31 December 2024				
	Sales of electronic components and semiconductors HK\$'000	Sales of business equipment and provision of related ancillary services HK\$'000	Contract works of LED lighting and display products HK\$'000	Sales of LED lighting and display products HK\$'000	Total HK\$'000
Geographical markets					
Hong Kong	19,429,159	67,860	28,815	9,525	19,535,359
Mainland China	6,980,580	–	–	10,536	6,991,116
Taiwan	524,179	–	–	50	524,229
Singapore	260,438	–	–	3,941	264,379
Vietnam	164,598	–	–	–	164,598
United States of America	101,007	–	–	–	101,007
Macao Special Administrative Region of the PRC	1,212	2,874	–	415	4,501
Others	148,914	218	–	5,223	154,355
Revenue from contracts with customers	27,610,087	70,952	28,815	29,690	27,739,544
Rental income from investment properties					17,441
Rental income from LED lighting and display products					–
Total revenue					27,756,985

5. REVENUE AND SEGMENT INFORMATION (Continued)**Revenue (Continued)****(i) Disaggregation of revenue from contracts with customers (Continued)**

	For the year ended 31 December 2023				
	Sales of electronic components and semiconductors HK\$'000	Sales of business equipment and provision of related ancillary services HK\$'000	Contract works of LED lighting and display products HK\$'000	Sales of LED lighting and display products HK\$'000	Total HK\$'000
Geographical markets					
Hong Kong	15,386,318	68,279	27,276	6,124	15,487,997
Mainland China	5,959,429	–	–	31,163	5,990,592
Taiwan	292,773	–	–	207	292,980
United States of America	119,453	–	–	–	119,453
Singapore	111,646	–	2,600	217	114,463
Vietnam	119,038	–	–	–	119,038
Macao Special Administrative Region of the PRC	41,601	2,375	115	1,063	45,154
Others	176,282	55	–	3,742	180,079
Revenue from contracts with customers	22,206,540	70,709	29,991	42,516	22,349,756
Rental income from investment properties					19,370
Rental income from LED lighting and display products					1,490
Total revenue					22,370,616

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue (Continued)

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

	For the year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Timing of revenue recognition		
A point in time	27,705,824	22,312,106
Overtime (Note)	33,720	37,650
Revenue from contracts with customers	27,739,544	22,349,756
Rental income from investment properties	17,441	19,370
Rental income from LED lighting and display products	–	1,490
Total revenue	27,756,985	22,370,616

Note: The amounts include repair and maintenance services to business equipment and contract works of LED lighting and display products.

(ii) Performance obligations for contracts with customers

Sales of electronic components and semiconductors and LED lighting and display products (revenue recognised at a point in time)

Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific location (delivery). The normal credit term is 30 to 120 days upon delivery.

Under the Group's standard contract terms, customers have a right to exchange defective products for similar products within 7 days.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue *(Continued)*

(ii) Performance obligations for contracts with customers *(Continued)*

Sales of business equipment and provision of related ancillary services

For sales of business equipment, revenue is recognised at a point in time when control of the goods has transferred, being when the goods have been delivered to the customers' specific location (delivery). The normal credit term is 7 to 30 days upon delivery.

Under the Group's standard contract terms, customers have a right to exchange defective products for similar products within 7 to 30 days. A contract liability is recognised for sales in which revenue has yet been recognised.

Sales-related warranties associated with business equipment cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its previous accounting treatment.

For provision of related ancillary services, the Group provides repair and maintenance services over the contract period, in which the revenue is recognised when the customer simultaneously received the services and consumed the benefits using output method, i.e. to recognise revenue using a time-based method over the period of service resulting in straight-line revenue recognition. The Group normally bills monthly to the customers and the customers are required to settle the bills before commencement of the contract period.

Certain sales of business equipment is under finance lease arrangements in which the contracts contain three performance obligations including sales of business equipment, replacement of consumables and repair and maintenance services. Under these arrangements, the Group acts as dealer lessors and corresponding revenue of the sales of business equipment is recognised at a point in time at the commencement date of the finance leases and is measured at the present value of the lease payments discounted using a market rate of interest. During the lease terms, the Group provides ancillary services to customers including replacement of consumables and repair and maintenance services. Under these finance lease arrangements, the Group receives monthly fixed lease payments and allocates the transaction prices to each performance obligation of sales of business equipment, replacement of consumables and repair and maintenance services on a relative stand-alone selling price basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue (Continued)

(ii) **Performance obligations for contracts with customers** (Continued)

Contract works of LED lighting and display products (revenue recognised over time)

The Group provides construction of LED lighting and display products services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion to date by using output method.

The payment of the Group's construction contracts is based on the stage of completion certified by qualified surveyors or estimated by the Group's project managers. In some circumstances, the Group would require for down payments from customers.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from 12 months to 18 months from the date of the practical completion of the construction.

(iii) **Transaction price allocated to the remaining performance obligation for contracts with customers**

All the revenue from contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the relevant transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

The Group is engaged in the distribution of electronic components and semiconductor products that can be used in mobile phone products, consumer electronic products, computer and networking products, telecommunication products, sales of LED lighting and display products, distribution of business equipment and provision of related ancillary services, contract works of LED lighting and display products and properties investments.

Information reported to chairman and managing director of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses only on revenue analysis by geographical location of customers. As no other discrete financial information is available for the assessment of different business activities, no segment information is presented other than entity-wide disclosures.

Geographical information

The Group's operations are located in different places of domicile, including the Mainland China, Hong Kong and Taiwan.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Geographical information (Continued)

The following is an analysis of the Group's revenue by the geographical locations of customers based on billing address of products or services, or location of properties or products for rental income for the year:

	Sales revenue by geographical market	
	2024 HK\$'000	2023 HK\$'000
Hong Kong	19,543,150	15,498,560
Mainland China	7,000,767	6,000,890
Taiwan	524,229	292,980
Singapore	264,379	114,462
Vietnam	164,598	119,038
United States of America	101,007	119,453
Macao Special Administrative Region of the PRC	4,501	45,155
Others	154,354	180,078
	27,756,985	22,370,616

The following is an analysis of the carrying amount of non-current assets excluding financial assets at FVTPL, finance lease receivables and deferred tax assets by geographical area in which the assets are located:

	Carrying amount of non-current assets	
	2024 HK\$'000	2023 HK\$'000
Hong Kong	743,055	838,564
Mainland China	322,667	379,400
Taiwan	13,397	14,873
Others	929	930
	1,080,048	1,233,767

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Information about major customers

Revenue from a customer of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	14,111,275	9,076,879
Customer B	N/A*	2,502,201
	14,111,275	11,579,080

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expenses on:		
Bank borrowings	68,363	85,956
Lease liabilities	60	24
Other borrowings	202	416
	68,625	86,396

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For the year ended 31 December 2024

7. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
– current year	128,538	120,975
– overprovision in prior years	(1,474)	–
PRC EIT		
– current year	4,882	2,709
– underprovision in prior years	139	249
Taiwan corporate income tax		
– current year	13,051	7,616
– underprovision in prior years	512	2,051
	145,648	133,600
Deferred tax credit (note 28)	(13,010)	(3,063)
	132,638	130,537

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of EIT (the “EIT Law”) and Implementation Regulation of the EIT Law in the PRC, the applicable tax rate of the PRC subsidiaries is 25% for both years.

Corporate income tax in Taiwan is charged at 20% for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

7. INCOME TAX EXPENSE (Continued)

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

	2024 HK\$'000	2023 HK\$'000
Profit before tax	805,129	716,210
Tax at Hong Kong Profits Tax rate of 16.5%	132,846	118,175
Tax effect of expenses not deductible for tax purpose	17,600	17,700
Tax effect of income not taxable for tax purpose	(5,025)	(10,317)
(Over)underprovision in prior years	(823)	2,300
Tax effect of share of result of an associate	(61)	(109)
Tax effect of share of result of a joint venture	21	37
Tax effect of tax losses/deductible temporary differences not recognised	(4,853)	4,015
Utilisation of tax losses/deductible temporary differences previously not recognised	(4,398)	(1,422)
Others	(2,669)	158
Tax charge for the year	132,638	130,537

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

8. PROFIT FOR THE YEAR/OTHER INCOME/OTHER GAINS AND LOSSES

(a) Profit for the year

	2024 HK\$'000	2023 HK\$'000
Profit for the year has been arrived at after charging:		
Staff costs, including directors' and chief executives' remuneration (<i>note 9</i>)		
– salaries and other benefits	108,684	108,263
– performance related incentive payments (<i>note</i>)	48,196	59,455
– retirement benefits scheme contributions	13,255	13,638
	170,135	181,356
Auditor's remuneration		
– Audit services	2,398	2,408
– Non-audit services	305	217
Amortisation of intangible assets	279	190
Depreciation of property, plant and equipment	28,892	37,876
Depreciation of right-of-use assets	7,215	7,206
Cost of inventories recognised as an expense (including reversal of allowance for inventories of HK\$36,632,000 (2023: reversal of allowance for inventories of HK\$27,143,000))	26,306,345	21,040,321

Note: Performance related incentive payments were determined with reference to the Group's operating results and individual performance.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

8. PROFIT FOR THE YEAR/OTHER INCOME/OTHER GAINS AND LOSSES *(Continued)*

(b) Other income

	2024 HK\$'000	2023 HK\$'000
Interest income on bank deposits	18,032	48,193
Dividend income from equity investments	6,761	7,709
Interest income on finance leases	423	514
Others	6,276	5,868
	31,492	62,284

(c) Other gains and losses, net

	2024 HK\$'000	2023 HK\$'000
Net foreign exchange gains (losses)	2,811	(20,558)
Change in fair value of financial assets at FVTPL	1,811	(14,654)
Gain on disposal of property, plant and equipment, net	281	1,325
Change in fair value of derivative financial instruments	–	(77)
Impairment loss on investment in an associate	–	(22,442)
Others	2,317	(487)
	7,220	(56,893)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

2024

	Executive Directors					Independent Non-Executive Directors				Non-Executive Director	
	Dr. Yim Yuk Lun, Stanley SBS BBS JP	Yim Tsz Kit, Jackie	Wong Sui Chuen	Wong Wai Tai	Tsui Chi Wing, Eric	Wong Tak Yuen, Adrian	Liu Chun Ning, Wilfred	Cheung Chi Kwan	Wong Wai Kin	Yim Kei Man, Carmen	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fees	-	-	-	-	-	150	-	150	150	240	690
Other emoluments											
Salaries and other benefits	4,560	1,500	1,092	1,824	888	-	-	-	-	-	9,864
Retirement benefits scheme contributions	228	18	-	18	22	-	-	-	-	-	286
Performance related incentive payments (note)	25,000	250	455	760	-	-	-	-	-	-	26,465
Total emoluments	29,788	1,768	1,547	2,602	910	150	-	150	150	240	37,305

2023

	Executive Directors					Independent Non-Executive Directors				Non-Executive Director	
	Dr. Yim Yuk Lun, Stanley SBS BBS JP	Yim Tsz Kit, Jackie	Wong Sui Chuen	Wong Wai Tai	Tsui Chi Wing, Eric	Wong Tak Yuen, Adrian	Liu Chun Ning, Wilfred	Cheung Chi Kwan	Wong Wai Kin	Yim Kei Man, Carmen	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fees	-	-	-	-	-	150	-	150	150	240	690
Other emoluments											
Salaries and other benefits	4,560	1,500	1,092	1,824	1,065	-	-	-	-	-	10,041
Retirement benefits scheme contributions	228	18	-	18	27	-	-	-	-	-	291
Performance related incentive payments (note)	20,000	250	455	760	-	-	-	-	-	-	21,465
Total emoluments	24,788	1,768	1,547	2,602	1,092	150	-	150	150	240	32,487

Note:

Performance related incentive payments were determined with reference to the Group's operating results and individual performance.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's and the independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Dr. Yim Yuk Lun, Stanley *SBS BBS JP* is also the Chief Executive Officer of the Company and his emoluments disclosed above included those for services rendered by him as Chief Executive Officer.

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. Mr. Liu Chun Ning, Wilfred suspended his fee voluntarily with effect from August 2001. Mr. Liu had not drawn any remuneration since then and for the years ended 31 December 2024 and 2023. During the years ended 31 December 2024 and 2023, no other directors waived or agreed to waive any emoluments.

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For the year ended 31 December 2024

10. EMPLOYEES' REMUNERATIONS

Of the five highest paid individuals in the Group, three (2023: three) were directors of the Company whose remunerations are set out in note 9 above. The remuneration of two (2023: two) individuals is as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits	2,792	2,847
Performance related incentive payments (<i>note</i>)	10,455	26,055
Retirement benefits scheme contributions	112	181
	13,359	29,083

Note: Performance related incentive payments were determined with reference to the Group's operating results and individual performance.

Their remunerations were within the following band:

	2024 No. of employees	2023 No. of employees
HK\$27,500,001 to HK\$28,000,000	–	1
HK\$11,500,001 to HK\$12,000,000	1	–
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$1,000,001 to HK\$1,500,000	–	1

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to these individuals as an inducement to join or upon joining the Group.

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For the year ended 31 December 2024

11. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Dividends recognised as distribution during the year:		
2024 interim dividend of HK15 cents (2023: 2023 interim dividend of HK10 cents) per share	93,876	62,584
2023 final dividend of HK25 cents (2022: 2022 final dividend of HK25 cents) per share	156,459	156,459
	250,335	219,043

Subsequent to the end of the reporting period, a final dividend of HK25 cents per share in respect of the year ended 31 December 2024 (2023: final dividend of HK25 cents per share in respect of the year ended 31 December 2023), in an aggregated amount of HK\$156,459,000 (2023: HK\$156,459,000) has been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

12. BASIC EARNINGS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
Earnings:		
Profit for the year attributable to owners of the Company, for the purpose of basic earnings per share	501,237	403,801
	2024 '000	2023 '000
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	625,837	625,837

No diluted earnings per share for both 2024 and 2023 were presented as there were no potential ordinary shares in issue for both 2024 and 2023.

13. INVESTMENT PROPERTIES

	Completed investment properties HK\$'000
FAIR VALUE	
At 1 January 2023	706,440
Additions	1,906
Decrease in fair value recognised in profit or loss	(51,546)
Exchange realignment	5,860
At 31 December 2023	662,660
Transfers to property, plant and equipment	(66,900)
Decrease in fair value recognised in profit or loss	(76,936)
Exchange realignment	(11,224)
At 31 December 2024	507,600

The Group leases out various offices and warehouses in Hong Kong and Mainland China under operating leases with rentals payable monthly. The leases typically run for an initial period of 2 to 5 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee or lessee's option to purchase the property.

All of the Group's property interests held to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties as at 31 December 2024 and 2023 have been arrived at on the basis of a valuation carried out by B.I. Appraisals Limited ("B.I."), an independent qualified professional valuer not connected to the Group. B.I. is a member of the Institute of Valuers. In respect of the completed investment properties as at 31 December 2024 and 2023, the valuation assessed by B.I. was arrived at using the results calculated by the income capitalisation method by adopting appropriate capitalisation rates after the current rental and the market rents potential of tenancies.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

13. INVESTMENT PROPERTIES (Continued)

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2024 and 2023 are as follows:

Categories	Fair value hierarchy	Unrealised loss on property revaluation included in profit or loss for the year ended				Valuation techniques	Key unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
		Fair value							
		31.12.2024 HK\$'000	31.12.2023 HK\$'000	31.12.2024 HK\$'000	31.12.2023 HK\$'000				
Completed investment properties									
Commercial properties in Hong Kong	Level 3	253,200	277,000	(23,800)	(34,400)	Income capitalisation method	Reversionary rate	2.40% – 4.60% (2023: 2.20% – 5.30%)	The higher the reversionary yield, the lower the fair value
							Market rent	HK\$14– HK\$25 (2023: HK\$15 – HK\$38) per square feet per month	The higher the market rent, the higher the fair value
Commercial properties in the PRC	Level 3	90,100	112,200	(18,020)	(12,400)	Income capitalisation method	Reversionary rate	1.9% – 4.1% (2023: 2.20% – 3.80%)	The higher the reversionary yield, the lower the fair value
							Market rent	RMB75 – RMB114 (2023: RMB95 – RMB130) per square meter per month	The higher the market rent, the higher the fair value
Industrial properties in Hong Kong	Level 3	N/A	77,000	(10,100)	(1,600)	Income capitalisation method	Reversionary rate	N/A (2023: 2.30% – 3.70%)	The higher the reversionary yield, the lower the fair value
							Market rent	N/A (2023: HK\$13 – HK\$15) per square feet per month	The higher the market rent, the higher the fair value
Industrial properties in the PRC	Level 3	164,300	196,460	(25,016)	(3,146)	Income capitalisation method	Reversionary rate	3.3% – 10.9% (2023: 3.60% – 5.30%)	The higher the reversionary yield, the lower the fair value
							Market rent	RMB15 – RMB23 (2023: RMB17 – RMB23) per square meter per month	The higher the market rent, the higher the fair value
		507,600	662,660	(76,936)	(51,546)				

There were no transfers into or out of Level 3 during the years ended 31 December 2024 and 2023.

During the year, the industrial properties in Hong Kong was transferred to Property, Plant and Equipment as it is occupied for the own use. The fair value loss of HK\$10,100,000 was recognised upon the change of use.

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14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles and vessels HK\$'000	Total HK\$'000
COST OR VALUATION							
At 1 January 2023	364,946	53,855	4,806	59,559	69,410	97,206	649,782
Exchange realignment	437	91	–	22	38	25	613
Additions	–	1,380	79	268	173	1,167	3,067
Disposals	–	(318)	–	–	–	(4,399)	(4,717)
At 31 December 2023	365,383	55,008	4,885	59,849	69,621	93,999	648,745
Exchange realignment	(1,472)	(261)	–	(55)	(106)	(113)	(2,007)
Additions	–	–	–	760	49	2,668	3,477
Transfers from investment property	66,900	–	–	–	–	–	66,900
Acquired on acquisition of a subsidiary	–	502	–	556	4,544	514	6,116
Disposal	–	–	–	–	(250)	(1,153)	(1,403)
At 31 December 2024	430,811	55,249	4,885	61,110	73,858	95,915	721,828
Comprising:							
At cost	385,461	55,249	4,885	61,110	73,858	95,915	676,478
At valuation – 1994	45,350	–	–	–	–	–	45,350
At valuation – 2024	–	–	–	–	–	–	–
	430,811	55,249	4,885	61,110	73,858	95,915	721,828
DEPRECIATION							
At 1 January 2023	84,438	44,585	3,881	49,134	34,903	51,301	268,242
Exchange realignment	103	91	–	17	29	(3)	237
Provided for the year	10,774	7,696	708	4,381	4,731	9,586	37,876
Eliminated on disposals	–	(318)	–	–	–	(4,354)	(4,672)
At 31 December 2023	95,315	52,054	4,589	53,532	39,663	56,530	301,683
Exchange realignment	(274)	(226)	–	(39)	(89)	(67)	(695)
Provided for the year	11,428	2,064	196	1,827	4,148	9,229	28,892
Acquired on acquisition of a subsidiary	–	160	–	547	4,233	340	5,280
Eliminated on disposals	–	–	–	–	–	(979)	(979)
At 31 December 2024	106,469	54,052	4,785	55,867	47,955	65,053	334,181
CARRYING VALUES							
At 31 December 2024	324,342	1,197	100	5,243	25,903	30,862	387,647
At 31 December 2023	270,068	2,954	296	6,317	29,958	37,469	347,062

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For the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	2% or over the term of the relevant lease, whichever is shorter
Leasehold improvements	Over the term of the relevant lease
Motor vehicles and vessels	10% – 20%
Others	4% – 20%

Certain owner-occupied leasehold land is included in property, plant and equipment, as in the opinion of the directors, allocations between the land and buildings elements could not be made reliably for some of the properties. For the properties which allocation between the land and buildings elements could be made reliably, the leasehold land element is presented as right-of-use assets.

15. INTANGIBLE ASSETS

	Club memberships HK\$'000 (Note)	Customer relationship HK\$'000	Total HK\$'000
COST			
At 1 January 2023	14,477	5,628	20,105
Addition	3,021	–	3,021
Exchange realignment	(205)	–	(205)
At 31 December 2023	17,293	5,628	22,921
Acquired on acquisition of a subsidiary	266	–	266
Exchange realignment	(102)	–	(102)
At 31 December 2024	17,457	5,628	23,085
AMORTISATION			
At 1 January 2023	–	5,628	5,628
Provided for the year	190	–	190
Exchange realignment	(2)	–	(2)
At 31 December 2023	188	5,628	5,816
Provided for the year	279	–	279
Exchange realignment	(14)	–	(14)
At 31 December 2024	453	5,628	6,081
CARRYING VALUES			
At 31 December 2024	17,004	–	17,004
At 31 December 2023	17,105	–	17,105

The customer relationship is amortised over its estimated useful lives, using the straight-line method, at the rate of 20% per annum.

Note: As at 31 December 2024 and 2023, the club memberships have indefinite useful lives were tested for impairment by comparing their carrying amounts with their recoverable amounts. The directors of the Company determined that no impairment loss was necessary and were of the opinion that the club memberships are worth at least their carrying amounts.

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16. RIGHT-OF-USE ASSETS

	Leasehold land HK\$'000	Leased properties HK\$'000	Total HK\$'000
As at 31 December 2024			
Carrying amount	156,656	625	157,281
As at 31 December 2023			
Carrying amount	163,619	935	164,554
For the year ended 31 December 2024			
Depreciation charge	6,963	252	7,215
For the year ended 31 December 2023			
Depreciation charge	6,963	243	7,206
		31.12.2024	31.12.2023
		HK\$'000	HK\$'000
Expense relating to short-term leases		1,909	664
Total cash outflow for leases		2,517	922
Additions to right-of-use assets		—	—
Termination of lease arrangement		—	—

For the years ended 31 December 2024 and 2023, the Group leases various offices, warehouses and office equipment. Lease contracts are entered into for fixed term of 1 year to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns an office building. The Group is the registered owner of the property interest, including the underlying leasehold land. Lump sum payments were made upfront to acquire the property interest. The leasehold land components of the owned property is presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for office equipment. As at 31 December 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

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17. INTEREST IN A JOINT VENTURE

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Cost of unlisted investment in a joint venture	17,300	17,300
Share of post-acquisition losses and other comprehensive expenses	(6,784)	(6,450)
	10,516	10,850

As at 31 December 2024 and 2023, the Group had interest in the following joint venture:

Name of joint venture	Form of business structure	Place of incorporation/ operations	Proportion of issued Class of shares held	Proportion of share capital held by the Group		voting rights held by the Group		Principal activity
				31.12.2024 %	31.12.2023 %	31.12.2024 %	31.12.2023 %	
Kitronix Limited ("Kitronix")	Incorporated	Hong Kong	Ordinary	50 (note)	50 (note)	40 (note)	40 (note)	Manufacturing of liquid crystal display modules

note: The Group is able to exercise joint control over the financing and operating decision of Kitronix as major decision regarding the relevant activities of Kitronix requires unanimous consent of all the directors of Kitronix according to the shareholders' agreement.

18. INVENTORIES

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Trading goods	3,061,620	1,780,168

19. TRADE AND OTHER RECEIVABLES/TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**(a) Trade and other receivables**

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Trade receivables at amortised cost	1,267,244	853,665
Less: allowance for credit losses	(10,383)	(14,286)
	1,256,861	839,379
Other receivables	83,488	78,418
Prepayment and deposits paid	27,559	65,250
Total trade and other receivables	1,367,908	983,047

As at 1 January 2023, trade receivables from contracts with customers measured at amortised cost amounted to HK\$1,004,503,000.

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

The following is an aging analysis of trade receivables measured at amortised cost net of allowance for credit losses presented based on the due date at the end of the reporting year:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Not past due	943,715	595,525
Overdue by:		
1 – 30 days	64,652	160,660
31 – 60 days	95,431	28,130
61 – 90 days	78,337	15,108
Over 90 days	74,726	39,956
	1,256,861	839,379

Before accepting a new customer, the Group assesses the potential customer's credit quality by investigating their historical credit record and then sets a credit limit for that customer. Limits attributed to customers are reviewed periodically. The majority of the trade receivables that are neither past due nor impaired have no history of defaults on payments.

Other than value added tax recoverable of HK\$15,991,000 (2023: HK\$17,353,000), other receivables are unsecured, interest-free, repayable on demand and expected to be settled within twelve months from the reporting date.

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19. TRADE AND OTHER RECEIVABLES/TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

(a) Trade and other receivables *(Continued)*

As at 31 December 2024, included in the Group's trade receivables at amortised cost are debtors with aggregate carrying amount of HK\$313,146,000 (2023: HK\$243,854,000) which are past due as at the reporting date. Out of the past due balances, HK\$74,726,000 (2023: HK\$39,956,000) has been past due 90 days or more and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The following is an analysis of other receivables at the end of the reporting year:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Other receivable	89,625	78,418
Less: allowance for credit losses	(6,137)	–
	83,488	78,418

The Group's trade and other receivables that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
United States Dollar ("US\$")	379,909	232,981
Renminbi ("RMB")	142	306
	380,051	233,287

Details of impairment assessment of trade and other receivables are set out in note 34.

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19. TRADE AND OTHER RECEIVABLES/TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

(b) Trade receivables at FVTOCI

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Trade receivables held for collecting contractual cash flows or factoring to banks	1,603,691	2,100,479

As at 1 January 2023, trade receivables at FVTOCI from contracts with customers amounted to HK\$1,702,299,000.

These trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and factoring trade receivables to the banks without recourse and hence these trade receivables are measured at FVTOCI.

In the opinion of the directors, when the trade receivables are factored to banks, the Group transfers substantially all the risks and rewards of ownership to banks, and accordingly the related trade receivables are derecognised. During the year ended 31 December 2024, the loss from derecognition of trade receivables at FVTOCI was HK\$125,426,000 (2023: HK\$56,629,000).

The following is an aging analysis of trade receivables at FVTOCI presented based on the due date at the end of the reporting year:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Not past due	1,525,027	1,940,162
Overdue by:		
1 – 30 days	69,982	125,469
31 – 60 days	5,653	9,979
61 – 90 days	407	4,529
Over 90 days	2,622	20,340
	1,603,691	2,100,479

As at 31 December 2024, included in the Group's trade receivables at FVTOCI are debtors with aggregate carrying amount of HK\$78,664,000 (2023: HK\$160,317,000) which are past due as at the reporting date. Out of the past due balances, HK\$2,622,000 (2023: HK\$20,340,000) has been past due 90 days or more and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade receivables at FVTOCI are set out in note 34.

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20. FINANCE LEASE RECEIVABLES

The Group entered into finance lease arrangements as a lessor for (a) business equipment, and (b) LED display boards. Details of each type of finance lease arrangements are set out below.

The risk arising from unguaranteed residual value on the assets under lease is not significant, because of the existence of a secondary market of these assets.

For the year ended 31 December 2024, the finance lease receivables decreased mainly because of the expiry of finance leases in respect of business equipment.

	Minimum lease payments 31.12.2024 HK\$'000	Present value of minimum lease payments 31.12.2024 HK\$'000	Minimum lease payments 31.12.2023 HK\$'000	Present value of minimum lease payments 31.12.2023 HK\$'000
Finance lease receivables comprise:				
Within one year	1,649	1,607	5,578	5,343
In the second year	–	–	213	187
	1,649	1,607	5,791	5,530
Less: Unearned finance income	(42)	N/A	(261)	N/A
Present value of minimum lease payment receivables	1,607	1,607	5,530	5,530
Analysed as:				
Current		1,607		5,343
Non-current		–		187
		1,607		5,530
LED display boards (note a)		1,607		–
Business equipment (note b)		–		5,530
		1,607		5,530

Note:

- (a) During the year ended 31 December 2024, the Group has entered into lease arrangements of LED display boards. The carrying amount of the related finance lease receivables was HK\$1,607,000 as at 31 December 2024.

The discount rate used for the finance lease receivable of the LED display boards approximated 4.28% for the year ended 31 December 2024.

- (b) The Group has entered into sales contracts with its customers pursuant to which legal ownership is transferred to the customers upon full payment of the contract sum (the "Contracts") plus a nominal amount of HK\$500 for each business equipment at the option of customers. The payment of contract sum under the Contracts depends on the utilisation of the business equipment by the customers during the contract period, subject to monthly minimum instalment payments during the terms of the Contracts. As the feature of these contracts is such that substantially all the risks and rewards incidental to the ownership of the business equipment have been transferred to the customers upon the inception of the contract, notwithstanding that the titles to the equipment may only be transferred to the customers upon full payment of the contract sum plus a nominal amount of HK\$500 for each equipment which occur at the end of the contract period, the sales of the business equipment under such Contracts have been accounted for as finance lease under HKFRS 16 and finance lease receivables have been recognised accordingly. Distributor profit was also recognised in the profit or loss resulting from an outright sale of the business equipment being leased, at normal selling prices, under the Contracts.

The discount rate used for the finance lease receivables of the business equipment approximated 9% (2023: 9%) for the year ended 31 December 2024.

Details of impairment assessment of finance lease receivables are set out in note 34.

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21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Investments held-for-trading:		
Unlisted bond fund (note)	6,184	6,373
Equity securities listed in Hong Kong	120,754	82,993
Other investments	2,998	2,998
	129,936	92,364

Analysed for reporting purpose as:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Current assets	126,938	89,366
Non-current assets	2,998	2,998
	129,936	92,364

Note: The amount represents an unlisted bond fund which is quoted in an active market. The fair value of the investment is determined by reference to the quoted prices as at 31 December 2024 and 2023. The amount is denominated in US\$.

22. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

At 31 December 2024, the pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of the relevant bank borrowings.

The bank balances and pledged bank deposits carry fixed interest at rates which range from 0.01% to 5.0% (2023: from 0.01% to 4.0%) per annum and variable interest at rates which range from 0.01% to 5.2% (2023: from 0.7% to 4.2%) per annum, respectively.

The Group's bank balances and cash and pledged bank deposits that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
US\$	2,804,531	82,886
RMB	105,189	5,069
	2,909,720	87,955

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23. TRADE AND OTHER PAYABLES

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Trade payables (note i)	3,837,230	2,941,229
Other payables (note ii)	106,750	189,259
Dividend payable to non-controlling shareholders	600,097	480,097
Accruals and deposits received	92,009	93,939
Total trade and other payables	4,636,086	3,704,524

Notes:

- (i) As at 31 December 2024, the balance of trade payables included bills presented by the Group of HK\$20,736,000 (2023: HK\$22,094,000), which the Group issued letter of credit to suppliers but the related facilities were not drawn.
- (ii) As at 31 December 2024, no retrospective sales discount was included in other payable (2023: HK\$116,067,000).

The credit period on purchase of goods ranged from 30 days to 120 days.

Included in the Group's trade and other payables with aggregate amount of approximately HK\$218,753,000 (2023: HK\$130,769,000) are denominated in US\$ which is other than the functional currency of the relevant group entities.

The following is an aging analysis of trade payables presented based on the due date at the end of the reporting period:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Current	3,347,912	2,583,267
Within 30 days	302,691	202,363
More than 30 days and within 60 days	45,028	50,679
More than 60 days and within 90 days	43,062	42,957
More than 90 days	98,537	61,963
	3,837,230	2,941,229

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24. CONTRACT LIABILITIES

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Sales of goods	74,292	88,824
Contract works	–	1,280
	74,292	90,104

At 1 January 2023, contract liabilities amounted to HK\$209,306,000. The significant decrease (2023: decrease) in contract liabilities in the current year was mainly due to the significant amount of advances received from customers utilised during the year ended 31 December 2024, which resulting a decrease in contract liabilities.

The entire contract liabilities balances at the beginning of the year were recognised as revenue in respective years.

25. LEASE LIABILITIES

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Lease liabilities payable:		
Within one year	661	240
Within a period of more than one year but not more than two years	–	707
Within a period of more than two years but not more than five years	–	–
	661	947
Less: Amount due for settlement within 12 months and shown under current liabilities	(661)	(240)
Amount due for settlement after 12 months and shown under non-current liabilities	–	707

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26. BANK AND OTHER BORROWINGS

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Invoice financing and import loans	2,135,997	816,329
Other bank loans	249,307	236,730
Total bank borrowings	2,385,304	1,053,059
Other borrowings	–	3,651
	2,385,304	1,056,710
Analysed as:		
Current	2,385,304	953,909
Non-current	–	102,801
	2,385,304	1,056,710
Secured	572,178	115,384
Unsecured	1,813,126	941,326
	2,385,304	1,056,710
	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Carrying amount of bank borrowings contain a repayment on demand clause are repayable as follows:		
– within one year	2,136,024	839,659
Carrying amount of bank borrowings not contain a repayment on demand clause are repayable* as follows:		
– within one year	249,280	110,670
– within a period of more than one year but not exceeding two years	–	102,730
	249,280	213,400

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26. BANK AND OTHER BORROWINGS (Continued)

Carrying amounts of other borrowings are repayable*:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Within one year	–	3,580
Within a period of more than one year but not exceeding two years	–	71
	–	3,651

* The amounts due are based on scheduled repayment dates (which does not contain repayment on demand clause) as set out in the agreements.

At 31 December 2024, all of the bank borrowings bear interest at SOFR plus a margin per annum or HIBOR or CNH HIBOR plus a margin per annum with the average effective interest rate of 4.74% (2023: 4.82%).

Included in the Group's bank and other borrowings with aggregate amount of HK\$213,781,000 (2023: HK\$18,879,000) denominated in US\$ which is other than the functional currency of the relevant group entities.

Effective interest rates per annum of other borrowings for the year are fixed at respective contract dates as follows:

	31.12.2024	31.12.2023
Effective interest rates	8% to 10%	8% to 10%

27. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2023, 31 December 2023 and 2024	1,454,000,000	145,400
Issued and fully paid:		
At 1 January 2023, 31 December 2023 and 2024	625,837,440	62,584

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27. SHARE CAPITAL (Continued)

	Number of non-redeemable convertible preference shares	Amount HK\$'000
Non-redeemable convertible preference shares of HK\$0.10 each		
Authorised:		
At 1 January 2023, 31 December 2023 and 2024	46,000,000	4,600
Issued and fully paid:		
At 1 January 2023, 31 December 2023 and 2024	–	–

28. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Revaluation of investment properties HK\$'000	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2023	17,834	6,226	(3,493)	(4,918)	15,649
(Credit) charge to profit or loss	(8,773)	2,217	3,493	–	(3,063)
Exchange realignment	(385)	455	–	148	218
At 31 December 2023	8,676	8,898	–	(4,770)	12,804
(Credit) charge to profit or loss	(10,759)	(2,251)	–	–	(13,010)
Exchange realignment	(591)	–	–	–	(591)
At 31 December 2024	(2,674)	6,647	–	(4,770)	(797)

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28. DEFERRED TAXATION (Continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Deferred tax assets	10,096	8,658
Deferred tax liabilities	(9,299)	(21,462)
	797	(12,804)

At the end of the reporting period, the Group has unused tax losses of approximately HK\$33,738,000 (2023: HK\$63,148,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$84,388,000 of such losses as at 31 December 2024. No deferred tax asset has been recognised in respect of approximately HK\$33,738,000 (2023: HK\$63,148,000) due to the unpredictability of future profit streams. All losses may be carried forward indefinitely.

At 31 December 2024, a deferred tax liability of investment properties has been reversed in respect of the reversal of fair value gain previously recognised of HK\$76,936,000 (2023: HK\$51,546,000).

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements for the profits amounting to approximately RMB122,255,000 (2023: RMB100,826,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Under the Law of the Taiwan Corporate income tax, withholding tax is imposed on dividends declared in respect of profits earned by the Taiwan subsidiaries from 25 January 2012 onwards. Deferred taxation has not been provided for in the consolidated financial statements for the profits amounting to approximately HK\$249,957,900 (2023: HK\$201,805,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

29. ACQUISITION OF A SUBSIDIARY

V & V Technology Holdings Limited ("VVT") became a subsidiary of the Group from 1 July 2024 as per the announcement dated 2 July 2024 after considering the overall circumstances including the shareholding interest in VVT held by the Group and the new composition of the board of directors of VVT including the number of common directors of the Company and VVT upon the appointment of Ms. Carmen Yim, the Group in totality has control over VVT.

VVT engaged in the sale of electronic components (mainly integrated circuit and panels) for consumer electronic products such as mobile internet devices, network communication system, multi-media player (car infotainment system), smartphone panel modules, set-top boxes, and video image device together with the provision of IDH services to original brand manufacturers and original design manufacturers. The acquisition has been accounted for using the purchase method of accounting. There is no gain or loss as a result of this acquisition.

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For the year ended 31 December 2024

29. ACQUISITION OF A SUBSIDIARY (Continued)

The assets acquired and liabilities recognised at the date of transaction

	Acquiree's fair value HK\$'000
Net assets acquired:	
Plant and equipment	835
Club membership	266
Inventories	98,998
Trade and other receivables	155,140
Debt instruments at fair value through other comprehensive income	26,989
Taxation recoverable	140
Fixed bank deposits	29,820
Bank balances and cash	21,418
Trade and other payables	(105,589)
Contract liabilities	(2,671)
Amount due to a related party	(416)
Bank borrowings	(154,157)
	70,773
Total consideration transferred	
Interest in an associate	32,768

Non-controlling interests

The non-controlling interests (53.7%) in VVT recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of VVT and amounted to HK\$38,005,000.

Net cash inflow arising on acquisition:	21,418
------------------------------------------------	--------

The deemed acquisition is a non-cash transaction and does not affect the business and usual daily operation of the Group. On the other hand, it is expected that the consolidation of the financial results of VVT will increase the total assets and the revenue of the Group.

The subsidiary acquired during the year contributed approximately HK\$478 million and HK\$4 million to the Group's turnover and loss for the period.

30. RETIREMENT BENEFITS SCHEME

The Group participates in both a defined contribution retirement benefits scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme, or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

Under the MPF Scheme, no forfeited contributions are available to reduce the contributions payable in future years.

The employees employed by the Group's Mainland China subsidiaries are members of the state-managed retirement benefits schemes operated by the Mainland China government. The Group's Mainland China subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

The total expense recognised in profit or loss of HK\$12,968,000 (2023: HK\$13,638,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

31. PLEDGE OF ASSETS

At the end of reporting period, the following assets of the Group were pledged to banks in order to secure general banking facilities granted by these banks to the Group:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Investment properties	–	77,000
Leasehold land and building	271,635	214,748
Right-of-use assets	156,656	163,619
Trade receivables	102,941	130,863
Bank deposits	64,666	35,980
	595,898	622,210

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32. OPERATING LEASES ARRANGEMENTS

The Group as lessor

During the year ended 31 December 2024, property rental income earned during the year was HK\$17,247,000 (2023: HK\$19,358,000, net of outgoings of HK\$12,000). The properties held have committed tenants for the next three (2023: four) years.

Minimum lease payment receivables on leases are as follows:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Within one year	16,314	21,645
In the second year	7,567	14,793
In the third year	2,004	5,032
In the fourth year	–	520
	25,885	41,990

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net cash, which includes bank borrowings and other borrowings, and lease liabilities, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

34. FINANCIAL INSTRUMENTS**(a) Categories of financial instruments**

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Financial assets		
Financial assets at amortised cost	4,316,095	2,534,246
Trade receivables at FVTOCI	1,603,691	2,100,479
Financial assets at FVTPL	129,936	92,364
Financial liabilities		
Amortised cost	6,933,042	4,729,335

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, trade and other receivables, trade receivables at FVTOCI, financial lease receivables amount due from an associate, pledged bank deposits, bank balances, trade and other payables, bank borrowings and other borrowings, amount due to a joint venture and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk**(i) Currency risk**

Several subsidiaries of the Company have foreign currency sales and purchases and foreign currency trade and other receivables, financial assets at FVTPL, pledged bank deposits, bank balances, trade and other payables and bank borrowings, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary liabilities (including intercompany balances within the Group) and monetary assets at the end of reporting period are as follows:

	Liabilities		Assets	
	31.12.2024 HK\$'000	31.12.2023 HK\$'000	31.12.2024 HK\$'000	31.12.2023 HK\$'000
US\$	431,899	196,924	600,491	366,190
RMB	1,237,996	762,540	24,625	5,375

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For the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Included in above are the Group's foreign currency denominated monetary assets at FVTPL at the reporting date which are as follows:

	Assets	
	31.12.2024 HK\$'000	31.12.2023 HK\$'000
US\$	6,184	6,373

The Group currently does not have a foreign currency hedging policy. However, management will monitor foreign exchange exposure closely and consider for further usage of hedging instruments when the need arise.

No sensitivity analysis is presented for US\$ denominated financial assets and liabilities in which the functional currency of the respective group entities is HK\$ as HK\$ is currently pegged to US\$. Management considers that the exposure to exchange fluctuation in respect of US\$ is limited.

The Group is mainly exposed to the fluctuation in HK\$ against RMB.

The following table details the Group's sensitivity to a 10% increase and decrease in RMB against HK\$ (excluding financial assets at FVTPL). 10% (2023: 10%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding RMBdenominated monetary items and adjusts their translation at the year end for a 10% (2023: 10%) change in foreign currency rates. The sensitivity analysis includes mainly foreign currency trade and other receivables, bank balances and cash and trade and other payables (including intercompany balances within the Group) 10% (2023: 10%) strengthening of RMB against HK\$ will increase the Group's profit for the year by the following amount. For 10% (2023: 10%) weakening of RMB against HK\$, there would be an equal and opposite impact on the profit and the balance below would be negative.

	RMB impact	
	2024 HK\$'000	2023 HK\$'000
Decrease in profit	101,316	63,222

34. FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk management objectives and policies** *(Continued)***Market risk** *(Continued)**(ii) Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see notes 22 and 26 for details). Management will monitor interest rate risk exposure closely. By management's discretion, the Group keeps its borrowings at floating rates and may enter into interest rate swaps to balance the fair value interest rate risk and cash flow interest rate risk exposure of the Group.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of SOFR and HIBOR (2023: SOFR and HIBOR) arising from the Group's variable-rate bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable-rate bank balances and bank borrowings. The analysis is prepared assuming the variable-rate bank balances and bank borrowings at the end of reporting period were outstanding for the whole year. For variable-rate bank balances, 5 basis points increase and 5 basis points decrease (2023: 5 basis points increase and 5 basis points decrease) are used. For variable-rate bank borrowings, 20 basis points (2023: 20 basis points) increase or decrease is used.

If interest rates had been 5 basis points higher for variable-rate bank balances and 20 basis point higher for variable-rate bank borrowings/5 basis points lower for variable-rate bank balances and 20 basis points lower for variable-rate bank borrowings and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would decrease by approximately HK\$10,930,000 if interest rate is higher; would increase by approximately HK\$10,930,000 if interest rate is lower (2023: decrease by approximately HK\$1,090,000 if interest rate is higher; would increase by approximately HK\$1,090,000 if interest rate is lower).

(iii) Other price risk

The Group is exposed to other price risk through its investments in listed equity securities, unlisted bond fund and other investments classified as FVTPL investments. The management manages the other price risk exposure in relation to listed equity securities by maintaining a portfolio of investments with different risks.

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For the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk (Continued)

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the reporting date.

If the market prices of the respective listed equity instruments and the quoted price of the equity funds had been 5% (2023: 5%) higher/lower and all other variables were held constant: post-tax profit for the year would increase/decrease by approximately HK\$5,425,000 (2023: HK\$3,856,000) as a result of the changes in fair value of financial assets through profit or loss.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, other receivables, amount due from an associate, pledged bank deposits, bank balances and finance lease receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and other items.

The Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model under application of HKFRS 9 on trade debtors by assigning each of them to the Group's internal credit rating scale individually. Except for those which had been determined as credit-impaired under HKFRS 9 the ECL of which are assigned individually, trade receivables and contract assets are grouped by an internal credit ratings and the ECL on these assets with the same internal credit rating are assessed in a collective basis.

The management of the Group considers the amounts of trade receivables at FVTOCI within lifetime ECL as at 31 December 2024 and 2023 was insignificant and accordingly no allowance for credit losses is provided.

The Group has concentration of credit risk as 40% (2023: 46%) and 42% (2023: 52%) of the total trade receivables and trade receivables at FVTOCI was due from the Group's largest customer and the five largest customers, respectively.

34. FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk management objectives and policies** *(Continued)***Credit risk and impairment assessment** *(Continued)**Other receivables/amount due from an associate*

The Group assessed the impairment for its other receivables and amount due from an associate individually. In the opinion of the directors of the Company, there has been no significant increase in credit risk since initial recognition of these balances. ECL is estimated based on historical observed default rates over the expected life of debtors and is adjusted for forward-looking information that is available without undue cost or effort. Based on the impairment assessment performed by the Group, the management of the Group considers the loss allowance for amount due from an associate within 12-month ECL as at 31 December 2024 and 2023 was insignificant and accordingly no allowance for credit losses is provided. As at 31 December 2024, the Group recognised allowance for credit losses for other receivables of HK\$6,137,000 (2023: nil).

Pledged bank deposits/bank balances

The credit risks on pledged bank deposits and bank balances are limited because the counterparties are banks with good reputation. Based on the impairment assessment performed by the Group, the management of the Group considers the loss allowance for pledged bank deposits and bank balances within 12-month ECL as at 31 December 2024 and 2023 was insignificant and accordingly no allowance for credit losses is provided.

Finance lease receivables

For the finance lease receivables of business equipment, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. The Group performs impairment assessment under ECL model under application of HKFRS 9 by assigning each of them to the Group's internal credit rating scale individually, giving an internal credit rating and the ECL on these assets with the same internal credit rating are assessed in a collective basis.

The management of the Group considers the loss allowance for these finance lease receivables within lifetime ECL as at 31 December 2024 and 2023 was insignificant and accordingly no allowance for credit losses is provided.

For the finance lease receivables of the leased business equipment and LED display boards, the management of the Group considers the credit risk is limited because the counterparty is an industry leader with good financial background.

As finance lease receivables consists of a large number of customers, spread across diverse industries, the Group does not have significant concentration of credit risk on finance lease receivables.

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34. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Descriptions	Trade receivables/ finance lease receivables	Other financial assets
Performing	The counterparty has a low risk of default	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

34. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies** (Continued)**Credit risk and impairment assessment** (Continued)

The tables below detail the credit risk exposures of the Group's trade and other receivables, amount due from an associate, pledged bank deposits, bank balances, finance lease receivables and contract assets which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
				31.12.2024 HK\$'000	31.12.2023 HK\$'000
Trade receivables at FVTOCI	19(b)	Performing	Lifetime ECL – not credit-impaired	1,603,691	2,100,479
Financial assets at amortised costs					
Trade receivables at amortised cost	19(a)	Performing	Lifetime ECL – not credit-impaired	1,186,511	807,227
		Watch list	Lifetime ECL – not credit-impaired	74,726	39,956
		Loss	Lifetime ECL – credit-impaired	6,007	6,482
				1,267,244	853,665
Other receivables	19(a)	Performing	12-month ECL	83,488	78,418
		Loss	Lifetime ECL – credit-impaired	6,137	–
				89,625	78,418
Amount due from an associate	35	Performing	12-month ECL	–	609
Pledged bank deposits	22	Performing	12-month ECL	64,666	35,980
Bank balances	22	Performing	12-month ECL	2,927,070	1,580,146
Other items					
Finance lease receivables	20	Performing	Lifetime ECL – not credit-impaired	1,607	5,530

As part of the Group's credit risk management, the Group applies internal credit rating for its customers individually. The following table provides information about the exposure to credit risk for trade receivables at amortised costs as at 31 December 2024 and 2023 within lifetime ECL (not credit impaired).

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34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount

Internal credit rating	Average loss rate		Trade receivables	
	31.12.2024	31.12.2023	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Performing	0.5%	0.8%	1,186,511	807,227
Watch list	4.2%	3.4%	74,726	39,956
			1,261,237	847,183

The following table shows the movement in lifetime ECL that has been recognised for trade receivables at amortised cost under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2023	4,680	2,896	7,576
Changes due to financial instruments recognised as at 1 January:			
– Impairment losses reversed	(4,531)	–	(4,531)
– Transfer to credit-impaired	(149)	149	–
– Impairment losses recognised	–	6,313	6,313
– Write-offs	–	(2,896)	(2,896)
New financial assets originated	7,763	–	7,763
Exchange realignment	41	20	61
As at 31 December 2023	7,804	6,482	14,286
Changes due to financial instruments recognised as at 1 January:			
– Impairment losses reversed	(7,804)	(475)	(8,279)
– Transfer to credit-impaired	–	–	–
– Impairment losses recognised	–	–	–
Acquisition of a subsidiary	354	–	354
New financial assets originated	4,022	–	4,022
As at 31 December 2024	4,376	6,007	10,383

The ECL on credit-impaired trade receivables are provided for in full.

34. FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk management objectives and policies** *(Continued)***Credit risk and impairment assessment** *(Continued)**Gross carrying amount (Continued)*

Changes in the loss allowance for trade receivables at amortised cost are mainly due to:

	31.12.2024		31.12.2023	
	Increase/(decrease) in lifetime ECL		Increase/(decrease) in lifetime ECL	
	Not credit impaired HK\$'000	Credit impaired HK\$'000	Not credit impaired HK\$'000	Credit impaired HK\$'000
Non-credit impaired ECL recognised for trade receivables originated during the year ended 31 December 2024 with a gross amount of HK\$1,261,237,000 (2023: HK\$847,183,000)	4,022	–	7,763	–
Non-credit impaired ECL recognised for trade receivables from the acquisition of a subsidiary	354	–	–	–
Transfer to credit-impaired upon reaching default and increase in allowance of trade receivables with gross amount of HK\$6,007,000 (2023: HK\$6,482,000)	–	–	(149)	149
Credit impaired ECL recognised for trade receivables transferred from non-credit impaired ECL with gross amount of HK\$nil (2023: HK\$6,482,000)	–	–	–	6,313
Written off in trade receivables with gross amount of HK\$nil (2023: HK\$2,896,000)	–	–	–	(2,896)
Settlement in full of trade receivables with a gross carrying amount of HK\$847,726,000 (2023: HK\$1,005,597,000)	(7,804)	(475)	(4,531)	–

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

Notes to the Consolidated Financial Statements

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34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

In addition, the liquidity analysis for the Group's financial instruments is prepared based on the expected settlement date as the management considers that such basis is essential for an understanding of the timing of the expected cash flows of the contracts.

Liquidity tables

	Weighted average effective interest rate %	On demand or less than 1 month HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2024 HK\$'000
31.12.2024							
Trade and other payables	-	4,544,077	-	-	-	4,544,077	4,544,077
Amount due to a joint venture	-	3,000	-	-	-	3,000	3,000
Bank and other borrowings	4.74*	2,168,226	64,514	167,117	-	2,399,857	2,385,304
Lease liabilities	5.63	20	40	625	-	685	661
		6,715,323	64,554	167,742	-	6,947,619	6,933,042

* Weighted average effective interest rate determined based on the variable interest rate of outstanding bank borrowings at the end of the reporting period.

	Weighted average effective interest rate %	On demand or less than 1 month HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2023 HK\$'000
31.12.2023							
Trade and other payables	-	3,669,625	-	-	-	3,669,625	3,669,625
Amount due to a joint venture	-	3,000	-	-	-	3,000	3,000
Bank and other borrowings	5.35*	846,980	65,736	47,316	111,083	1,071,115	1,056,710
Lease liabilities	5.63	20	40	187	765	1,012	947
		4,519,625	65,776	47,503	111,848	4,744,752	4,730,282

* Weighted average effective interest rate determined based on the variable interest rate of outstanding bank borrowings at the end of the reporting period.

34. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies (Continued)****Liquidity risk (Continued)***Liquidity tables (Continued)*

Bank loans with a repayment on demand clause are included in the “on demand or less than 1 month” time band in the above maturity analysis. As at 31 December 2024, the aggregate carrying amounts of these bank loans amounted to approximately HK\$2,159,874,000 (2023: HK\$839,659,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. However, in accordance with Hong Kong Interpretation 5 Presentation of Financial Statements Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause, all such bank loans have been classified as current liabilities.

	Weighted average effective interest rate %	Less than 1 month HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
31.12.2024						
Bank borrowings						
– variable rate	4.74*	715,751	1,245,825	451,476	2,413,052	2,385,304
31.12.2023						
Bank borrowings						
– variable rate	5.35*	429,276	212,291	209,832	851,399	839,659

* Weighted average effective interest rate determined based on the variable interest rate of outstanding bank borrowings at the end of the reporting period.

The amount included above for variable interest rate non-derivative financial liabilities is subject to change if changes in variable interest rate differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Some of the Group’s financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

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34. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key input	Significant unobservable input
	31.12.2024	31.12.2023			
	HK\$'000	HK\$'000			
Financial assets at fair value through profit or loss					
Listed equity securities	120,754	82,993	Level 1	Quoted bid prices in an active market	N/A
Unlisted bond funds	6,184	6,373	Level 2	By quoted prices in market at the end of the reporting period	N/A
Other investments	2,998	2,998	Level 2	By quoted prices in market at the end of the reporting period from different sources	N/A
Debt instruments at FVTOCI					
Trade receivables held for collecting contractual cash flows or factoring to banks	1,603,691	2,100,479	Level 3	Discounted cash flow – with reference to the discount rate quoted by the bank. The management considers the fluctuation in the discount rate would not result in a significant change in the fair value.	Discount rate and collection or factoring period

There were no transfers between Levels 1, 2 and 3 in both years.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost, using the discounted cash flows analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties, recognised in the consolidated financial statements approximate their fair values.

35. RELATED PARTY TRANSACTIONS AND BALANCES

The significant transactions with related parties during the year, and significant balances with them at the end of the reporting period, are as follows:

(a) Compensation of key management personnel

The directors are the key management personnel of the Company and their compensation for both years is set out in note 9.

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36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of financial position of the Company at 31 December 2024 and 31 December 2023 are as follows:

	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Non-current assets		
Amounts due from subsidiaries	1,441,518	914,166
Investment in subsidiaries	73,179	73,179
Intangible assets	10,000	10,000
	1,524,697	997,345
Current assets		
Amount due from a subsidiary	–	240,000
Prepayment and other receivables	533	331
Bank balances	1,210	1,405
	1,743	241,736
Current liabilities		
Other payables	1,091	974
Amounts due to subsidiaries	1,040,379	828,408
Tax payable	2,592	405
Bank borrowings	75,000	75,000
	1,119,062	904,787
Net current liabilities	(1,117,319)	(663,051)
Net assets	407,378	334,294
Capital and reserves		
Share capital	62,584	62,584
Share premium and reserves (Note)	344,794	271,710
Total equity	407,378	334,294

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36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2023	6,521	1,109	105,796	124,155	237,581
Profit and total comprehensive income for the year	–	–	–	253,172	253,172
Dividend paid	–	–	–	(219,043)	(219,043)
At 31 December 2023	6,521	1,109	105,796	158,284	271,710
Profit and total comprehensive income for the year	–	–	–	323,419	323,419
Dividend paid	–	–	–	(250,335)	(250,335)
At 31 December 2024	6,521	1,109	105,796	231,368	344,794

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2024 and 31 December 2023 are as follows:

Name of subsidiaries	Place of incorporation/ establishment/ operations	Nominal value of issued and paid up share capital/ registered capital	Proportion of issued share/ registered capital held by the Company		Principal activities
			31.12.2024 %	31.12.2023 %	
Dragon Trading Limited	British Virgin Islands/ Hong Kong	Ordinary US\$40,000	100	100	Investment holding
S.A.S. Microelectronics Company Limited	Hong Kong	Ordinary HK\$500,000	100	100	Distribution of electronic products
S.A.S. Electric Company Limited	Hong Kong	Ordinary HK\$1,000,000	100	100	Distribution of business equipment and provision of related ancillary services
S.A.S. Electronic Company Limited	Hong Kong	Ordinary HK\$1,000,000	100	100	Distribution of electronic products

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37. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment/ operations	Nominal value of issued and paid up share capital/ registered capital	Proportion of issued share/ registered capital held by the Company		Principal activities
			31.12.2024 %	31.12.2023 %	
S.A.S. Enterprises Company Limited	Hong Kong	Ordinary HK\$100	100	100	Distribution of electronic products
		Non-voting deferred* HK\$1,000,000	100	100	
S.A.S. Investment Company Limited	Hong Kong	Ordinary HK\$100	100	100	Property and investment holding
		Non-voting deferred* HK\$1,000,000	100	100	
S.A.S. Lighting Company Limited	Hong Kong	Ordinary HK\$2	100	100	Sales and contract work of LED lighting products
LIM InfraSystems Company Limited	Hong Kong	Ordinary HK\$1	100	100	Sales and contract work of LED display products
SMartech Electronic Company Limited	Hong Kong	Ordinary HK\$1,000,000	70	70	Distribution of electronic products
時捷電子科技(深圳)有限公司**	The PRC	Registered capital HK\$200,000,000	100	100	Distribution of electronic products
時捷照明(深圳)有限公司**	The PRC	Registered capital HK\$5,000,000	100	100	Sales and contract work of LED lighting products
Time Speed Technology Corporation 時曄科技股份有限公司	Taiwan	Registered capital TWD50,000,000	100	100	Distribution of electronic products
V & V Technology Holdings Limited	Cayman	Ordinary HK\$14,536,230	59	N/A	Investment holding

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37. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment/ operations	Nominal value of issued and paid up share capital/ registered capital	Proportion of issued share/ registered capital held by the Company		Principal activities
			31.12.2024 %	31.12.2023 %	
V & V Technology (BVI) Limited	British Virgin Islands	US\$1	59	N/A	Investment holding
V & V Technology Limited	Hong Kong	HK\$25,000,000	59	N/A	Sales of electronic products with the provision of independent design house services
V & V Microelectronics Company Limited	Hong Kong	HK\$500,000	59	N/A	Sales of electronic products with the provision of independent design house services
深圳時騰科技開發有限公司**	The PRC	HK\$80,000,000	59	N/A	Sales of electronic products with the provision of independent design house services

* The non-voting deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any general meetings of the company or to participate in any distribution on winding up.

** Foreign wholly-owned enterprise.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

With the exception of Dragon Trading Limited and S.A.S. Investment Company Limited, all the subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

At the end of the reporting period, the Company had other subsidiaries that were not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		31.12.2024	31.12.2023
Distribution of electronic components/ LED lighting and display products	Hong Kong	13	11
	Mainland China	5	4
	Taiwan	1	1
Investment holding	Hong Kong	2	2
	British Virgin Islands	7	6
	Cayman Islands	2	1
Others	Hong Kong	13	13
	Mainland China	2	2
	Others	3	3

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37. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiaries	Place of incorporation/ establishment/ operations	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		31.12.2024	31.12.2023	2024	2023	31.12.2024	31.12.2023
		%	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000
SMartech Electronic Company Limited	Hong Kong	30	30	171,953	187,301	189,370	197,418
Individually immaterial subsidiaries with non-controlling interests				(699)	(5,429)	31,371	(5,931)
				171,254	181,872	220,741	191,487

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	SMartech Electronic Company Limited	
	31.12.2024 HK\$'000	31.12.2023 HK\$'000
Current assets	7,014,690	4,754,435
Non-current assets	5,807	5,512
Current liabilities	6,389,263	4,101,888
Non-current liabilities	—	—
Equity attributable to owners of the Company	441,864	460,641
Non-controlling interests	189,370	197,418

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37. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	2024 HK\$'000	2023 HK\$'000
Revenue	19,773,160	15,649,383
Profit for the year	573,176	624,336
Profit attributable to owners of the Company	401,223	437,035
Profit attributable to the non-controlling interests	171,953	187,301
Profit for the year	573,176	624,336
Other comprehensive (expense) income attributable to owners of the Company	(8,855)	2,527
Other comprehensive (expense) income attributable to the non-controlling interests	(3,795)	1,083
Other comprehensive (expense) income for the year	(12,650)	3,610
Total comprehensive income attributable to owners of the Company	392,368	439,562
Total comprehensive income attributable to the non-controlling interests	168,158	188,384
Total comprehensive income for the year	560,526	627,946
Dividends paid to non-controlling interests	180,000	540,000
Net cash (outflow) inflow from operating activities	(382,789)	1,856,587
Net cash inflow from investing activities	12,296	33,532
Net cash inflow (outflow) from financing activities	1,036,109	(1,601,316)
Net cash inflow	665,616	288,803

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38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease Liabilities <i>HK\$'000</i>	Dividend payable <i>HK\$'000</i>	Bank and other borrowings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2023	1,181	–	1,599,254	1,600,435
Financing cash flows (<i>note</i>)	(258)	(278,946)	(628,916)	(908,120)
Dividend declared	–	759,043	–	759,043
Interest expenses	24	–	86,372	86,396
At 31 December 2023	947	480,097	1,056,710	1,537,754
Financing cash flows (<i>note</i>)	(346)	(310,335)	1,105,872	795,191
Addition from acquisition of a subsidiary	–	–	154,157	154,157
Dividend declared	–	430,335	–	430,335
Interest expenses	60	–	68,565	68,625
At 31 December 2024	661	600,097	2,385,304	2,986,062

Note: The cash flows represent the proceeds from and repayment of bank and other borrowings, dividend paid, lease payment and the interests paid in the consolidated statement of cash flows.

RESULTS

	For the year ended 31 December				2024
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	HK\$'000
Revenue	20,164,341	35,297,778	24,968,652	22,370,616	27,756,985
Profit before tax	419,454	1,109,018	678,865	716,210	805,129
Income tax expense	(69,571)	(183,884)	(114,958)	(130,537)	(132,638)
Profit for the year	349,883	925,134	563,907	585,673	672,491
Profit for the year attributable to:					
Owners of the Company	261,897	713,191	400,337	403,801	501,237
Non-controlling interests	87,986	211,943	163,570	181,872	171,254
	349,883	925,134	563,907	585,673	672,491

ASSETS AND LIABILITIES

	At 31 December				2024
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	HK\$'000
Total Assets	7,282,482	9,333,949	8,138,868	7,825,902	10,247,276
Total Liabilities	(5,158,258)	(6,490,662)	(5,128,422)	(4,997,016)	(7,163,402)
Net Assets	2,124,224	2,843,287	3,010,446	2,828,886	3,083,874
Equity attributable to:					
Owners of the Company	1,855,757	2,390,346	2,457,217	2,637,399	2,863,133
Non-controlling interests	268,467	452,941	553,229	191,487	220,741
Total Equity	2,124,224	2,843,287	3,010,446	2,828,886	3,083,874

Note: The Group has retrospectively applied HKFRS 9 and HKFRS 15 at 1 January 2018 and HKFRS 16 at 1 January 2019 without restatement of comparative figures.

Particulars of Investment Properties

Location	Lot No.	Use
Units 1 and 2 on Ground Floor and Carparking spaces Nos. B20, B21 and B22 on Basement Floor, Peninsula Square, Sung On Street, Hunghom, Kowloon, Hong Kong	11743/588444 share of Kowloon Inland Lot No. 10985	Commercial
Unit No. 1 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	30/12841 share of the remaining portion of section O of Kowloon Marine Lot No.40	Commercial
Unit No. 2 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	29/12841 share of the remaining portion of section O of Kowloon Marine Lot No.40	Commercial
Unit No. 3 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	29/12841 share of the remaining portion of section O of Kowloon Marine Lot No.40	Commercial
Unit No. 4 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	29/12841 share of the remaining portion of section O of Kowloon Marine Lot No.40	Commercial
Unit No. 5 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	21/12841 share of the remaining portion of section O of Kowloon Marine Lot No. 40	Commercial
Unit No. 6 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	14/12841 share of the remaining portion of section O of Kowloon Marine Lot No. 40	Commercial
Unit No. 7 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	14/12841 share of the remaining portion of section O of Kowloon Marine Lot No. 40	Commercial
Unit No. 12 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	14/12841 share of the remaining portion of section O of Kowloon Marine Lot No. 40	Commercial



Particulars of Investment Properties

Location	Lot No.	Use
Unit No. 13 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	13/12841 share of the remaining portion of section O of Kowloon Marine Lot No. 40	Commercial
Unit No.14 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	26/12841 share of the remaining position of section O of Kowloon Marine Lot No. 40	Commercial
Unit No.15 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	20/12841 share of the remaining position of section O of Kowloon Marine Lot No. 40	Commercial
Unit No.9-10 on 11th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	36/12841 share of the remaining position of section O of Kowloon Marine Lot No. 40	Commercial
Unit No.8 on 11th Floor of Tower A, Hunghom Commercial Centre, No. 39 Ma Tau Wai Road, Kowloon, Hong Kong	25/12841 share of the remaining portion of section O of Kowloon Marine Lot No. 40	Commercial
Unit 1212 on 12th Floor, Harbour Crystal Centre, No. 100 Granville Road, Kowloon, Hong Kong	12/3100 share of Kowloon Inland Lot No. 10600	Commercial
Yuquan Industrial Estate, Xingye Road, Fenggang Town, Dongguan, the PRC	Dong Fu Guo Yung (2010) De Te No. 361	Industrial
Unit No.1, 2, 3, 5, 6 and 7 on 29th Floor of Tower 1, Phase 2 of KK One North, Binhe Road, Futian Shenzhen, the PRC	Yue (2022) Shenzhen Real Estate Right No. 0132937	Commercial

The Group has 100% interest in the above properties.