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S.A.S. Dragon Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 1184)

2023 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS			
	For the six months ended 30 June		
	2023 (Unaudited)	2022 (Unaudited)	Change
Revenue (<i>HK\$'000</i>)	9,283,390	14,996,092	-38.1%
Profit attributable to owners of the Company (<i>HK\$'000</i>)	271,351	300,663	-9.7%
Basic earnings per share (<i>HK cents</i>)	43.36	48.04	-9.7%
Interim dividend per share (<i>HK cents</i>)	10.00	10.00	Unchanged

The board of directors (the “**Board**”) of S.A.S. Dragon Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2023, together with comparative figures for the previous period, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	<i>Notes</i>	For the six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	2	9,283,390	14,996,092
Cost of sales		(8,582,934)	(14,272,966)
Gross profit		700,456	723,126
Other income	4(b)	34,627	15,183
Other gains and losses, net	4(c)	(17,801)	(36,741)
Reversal of impairment losses under expected credit loss model, net		(1,448)	824
Distribution and selling expenses		(92,724)	(96,905)
Administrative expenses		(103,693)	(108,304)
Share of profit of associates		3,478	4,426
Share of profit of a joint venture		(93)	479
Finance costs		(39,181)	(21,681)
Loss from derecognition of trade receivables at fair value through other comprehensive income		(24,190)	(17,885)
Profit before tax		459,431	462,522
Income tax expense	3	(75,525)	(70,339)
Profit for the period	4(a)	383,906	392,183

		For the six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
<i>Note</i>		HK\$'000	HK\$'000
	Other comprehensive income (loss):		
	<i>Items that may be reclassified subsequently to profit or loss:</i>		
	Change in fair value on trade receivables at fair value through other comprehensive income	(22,366)	(18,876)
	Reclassification adjustment for cumulative loss included in profit or loss upon disposal of trade receivable measured at fair value through other comprehensive income	24,190	17,885
	Exchange difference arising on translation of foreign operations of subsidiaries	16,134	–
	Share of other comprehensive (expense) income of an associate and a joint venture	1,369	–
	Other comprehensive income (loss) for the period	19,327	(991)
	Total comprehensive income for the period	<u>403,233</u>	<u>391,192</u>
	Profit for the period attributable to:		
	Owners of the Company	271,351	300,663
	Non-controlling interests	112,555	91,520
		<u>383,906</u>	<u>392,183</u>
	Total comprehensive income attributable to:		
	Owners of the Company	291,738	300,362
	Non-controlling interests	111,495	90,830
		<u>403,233</u>	<u>391,192</u>
	Earnings per share (HK cents)		
	– basic and diluted	6 <u>43.36</u>	<u>48.04</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023 (Unaudited) <i>HK\$'000</i>	31 December 2022 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
Non-current Assets			
Investment properties		719,585	706,440
Property, plant and equipment		362,901	381,540
Intangible assets		17,296	14,477
Right-of-use assets		168,157	171,761
Interests in associates		32,256	27,731
Interest in a joint venture		11,208	10,977
Financial assets at fair value through profit or loss		2,998	2,998
Finance lease receivables		1,829	2,941
Deferred tax assets		8,547	9,481
		1,324,777	1,328,346
Current Assets			
Inventories		2,460,210	2,398,330
Trade and other receivables	7(a)	853,280	1,113,014
Trade receivables at fair value through other comprehensive income	7(b)	871,801	1,702,299
Finance lease receivables		6,669	9,499
Amount due from associate		456	345
Derivative financial instruments		–	77
Financial assets at fair value through profit or loss		95,849	109,230
Taxation recoverable		9,140	6,477
Pledged bank deposits		36,928	39,222
Bank balances and cash		4,560,907	1,432,029
		8,895,240	6,810,522

		30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
	<i>Note</i>		
Current Liabilities			
Trade and other payables	8	4,087,273	3,086,560
Contract liabilities		262,930	209,306
Lease liabilities due within one year		237	234
Tax liabilities		65,251	206,991
Bank and other borrowings due within one year		2,304,806	1,383,029
Derivative financial instruments		5,017	–
		<u>6,725,514</u>	<u>4,886,120</u>
Net Current Assets		<u>2,169,726</u>	<u>1,924,402</u>
Total Assets Less Current Liabilities		3,494,503	3,252,748
Non-current Liabilities			
Deferred tax liabilities		25,565	25,130
Lease liabilities due after one year		828	947
Bank and other borrowings due after one year		210,890	216,225
		<u>237,283</u>	<u>242,302</u>
Net Assets		<u><u>3,257,220</u></u>	<u><u>3,010,446</u></u>
Capital and Reserves			
Share capital		62,584	62,584
Share premium and reserves		2,528,829	2,394,633
Equity attributable to owners of the Company		<u>2,591,413</u>	<u>2,457,217</u>
Non-controlling interests		665,807	553,229
Total Equity		<u><u>3,257,220</u></u>	<u><u>3,010,446</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Other than additional/change in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2022.

PRINCIPAL ACCOUNTING POLICIES

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

Other than new accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
	<i>Deferred Tax related to Assets and Liabilities arising from a</i>
Amendments to HKAS 12	<i>Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform-Pillar Two model Rules</i>

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

Except as for the adoption of new and revised HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2023, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the six months ended 30 June 2023 are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements. The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

2 REVENUE

(a) Disaggregation of revenue from contracts with customers

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Types of goods and services		
<i>Sales of goods</i>		
Sales of electronic components and semiconductors	9,207,622	14,919,387
Sales of business equipment and provision of related ancillary services	34,898	32,440
Sales and contract works of LED lighting and display products	30,358	30,855
	<hr/>	<hr/>
Revenue from contracts with customers	9,272,878	14,982,682
<i>Income from leasing activities</i>		
For operating leases — lease payment that are fixed:		
Rental income from investment properties	9,810	12,013
Rental income from LED lighting and display products	702	1,397
	<hr/>	<hr/>
	10,512	13,410
	<hr/>	<hr/>
Total revenue	9,283,390	14,996,092
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Geographical markets

For the six months ended 30 June 2023				
Segments	Sales of electronic components and semiconductors <i>HK\$'000</i>	Sales of business equipment and provision of related ancillary services <i>HK\$'000</i>	Sales and contract works of LED lighting and display products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Hong Kong	6,353,192	33,747	10,497	6,397,436
Mainland China	2,475,202	–	15,484	2,490,686
Taiwan	130,481	–	32	130,513
Others	248,747	1,151	4,345	254,243
Revenue from contracts with customers	9,207,622	34,898	30,358	9,272,878
Rental income from investment properties				9,810
Rental income from LED lighting and display products				702
Total revenue				9,283,390
For the six months ended 30 June 2022				
Segments	Sales of electronic components and semiconductors <i>HK\$'000</i>	Sales of business equipment and provision of related ancillary services <i>HK\$'000</i>	Sales and contract works of LED lighting and display products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Hong Kong	10,112,421	31,707	18,012	10,162,140
Mainland China	3,724,009	–	5,518	3,729,527
Taiwan	723,103	–	19	723,122
Others	359,854	733	7,306	367,893
Revenue from contracts with customers	14,919,387	32,440	30,855	14,982,682
Rental income from investment properties				12,013
Rental income from LED lighting and display products				1,397
Total revenue				14,996,092

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Timing of revenue recognition		
A point in time	9,260,322	14,960,915
Overtime	12,556	21,767
	<hr/>	<hr/>
Revenue from contracts with customers	9,272,878	14,982,682
Rental income from investment properties	9,810	12,013
Rental income from LED lighting and display products	702	1,397
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Total revenue	9,283,390	14,996,092
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(b) Information about major customer

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

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	3,709,691	5,845,034
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3 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	69,374	65,284
Taiwan Corporate Income Tax	4,339	4,533
The People's Republic of China (the "PRC") Enterprise Income Tax	877	499
Deferred tax	935	23
	<u>75,525</u>	<u>70,339</u>

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

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

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

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

	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
(a) Profit for the period		
Profit for the period has been arrived at after charging (crediting):		
Staff costs, including directors' remunerations		
– salaries and other benefits	54,614	58,624
– performance related incentive payments	23,048	20,442
– retirement benefits scheme contributions	7,128	7,017
	84,790	86,083
Depreciation of property, plant and equipment	19,698	19,216
Depreciation of right-of-use assets	3,603	3,767
Allowance of (reversal of) trade receivables, net	1,448	(824)
Cost of inventories recognized as an expense (including reversal of allowance of inventories of HK\$45,698,000 (2022: allowance of inventories of HK\$72,511,000))	8,578,640	14,263,619
	8,578,640	14,263,619
(b) Other income		
Interest income on bank deposits	25,234	1,334
Dividend income from equity investments	1,981	2,085
Interest income on finance leases	280	832
Others	7,132	10,932
	34,627	15,183
	34,627	15,183
(c) Other gains and losses		
Gain on disposal of property, plant and equipment	1,350	141
(Loss) gain on disposal of available-for-sale investments	(78)	6,228
Loss on disposal of subsidiary	(472)	–
Net (loss) gain on fair value change of derivative financial instruments	(5,094)	(1,516)
Net foreign exchange (losses) gains	(5,416)	(18,406)
Change in fair value of financial assets at fair value through profit or loss	(8,091)	(23,188)
	(17,801)	(36,741)
	(17,801)	(36,741)

5 DIVIDEND PAID

The final dividend of HK25.00 cents per share amounting to HK\$156,459,360 for the financial year ended 31 December 2022 was approved on 22 May 2023 and paid on 7 June 2023.

6 EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 June 2023 is based on the profit for the period attributable to owners of the Company of HK\$271,351,000 (2022: HK\$300,663,000) and on the weighted average number of 625,837,440 (2022: 625,837,440) ordinary shares in issued during the period.

7(a) TRADE AND OTHER RECEIVABLES

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Trade receivables at amortised cost	750,935	1,012,079
Less: allowance for credit losses	(1,448)	(7,576)
	749,487	1,004,503
Other receivables	73,878	82,963
Prepayment and deposits paid	29,915	25,548
Total trade and other receivables	853,280	1,113,014

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

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

	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	531,272	628,088
Within 30 days	81,361	169,910
More than 30 days and within 60 days	28,877	97,359
More than 60 days and within 90 days	11,521	74,504
More than 90 days	96,456	34,642
	<hr/>	<hr/>
Trade receivables	749,487	1,004,503
Other receivables	103,793	108,511
	<hr/>	<hr/>
	853,280	1,113,014
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During the period under review, the Group's five largest customers accounted for 65% (31 December 2022: 60%) of the Group's total revenue. Subsequent settlements after reporting period of the trade receivables from these major customers have been reviewed and are satisfactory requiring no provisions.

7(b) TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables held for collecting contractual cash flows or factoring to banks	871,801	1,702,299
	<hr/> <hr/>	<hr/> <hr/>

8 TRADE AND OTHER PAYABLES

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

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Current	3,368,487	2,333,875
Within 30 days	156,192	198,586
More than 30 days and within 60 days	55,268	40,699
More than 60 days and within 90 days	25,235	30,782
More than 90 days	66,192	91,907
	<hr/>	<hr/>
Trade payables	3,671,374	2,695,849
Other payables	415,899	390,711
	<hr/>	<hr/>
	4,087,273	3,086,560
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INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK10.0 cents (2022: HK10.0 cents) per share payable to the shareholders of the Company whose names appear on the register of members of the Company on 27 September 2023. The dividend warrants are expected to despatch to shareholders on or about 6 October 2023.

CLOSURE OF REGISTERS OF MEMBERS

The register of members of the Company will be closed from 25 September 2023 to 27 September 2023, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 22 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Distribution of Electronic Components and Semiconductor

During the period under review, slower-than-expected recovery of the global economy and ongoing macroeconomic challenges have lowered consumer demand for mobile phones and other consumer electronic products across the world. However, facing above mentioned challenges, we managed to control our inventory level, operating costs and improve our cash and working capital management.

For the six months period ended 30 June 2023, the Group's component team recorded sales revenue of HK\$9.21 billion, decreased by 38.3% from HK\$14.92 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

According to IDC, worldwide smartphone shipments in 2023 are expected to further decrease to 1.17 billion units from 1.21 billion units recorded in 2022, the lowest in a decade. The smartphone upgrade demand is weak and real market recovery is not expected to occur until 2024. During the period under review, the Group recorded significant revenue in mobile phone segment by delivering broader range of competitive products such as larger storage DRAM and NAND flash memory chips, full screen high resolution display panels, large megapixel camera CMOS sensors, auto focus actuators, mobile payment security ICs, fingerprint, force touch, multi-function motion sensors, high-speed and wireless charging solutions to those branded handset manufacturers, design houses and camera module factories in the Greater China region.

Consumer Electronic

During the period under review, weak end market demand for TV and PC is partially compensated by rising demand for EV control displays, cloud and edge computing, enterprise datacenters and 5G infrastructure contributing the Group to record significant revenue in consumer electronics segment by delivering competitive system on chips, displays with high resolution and dynamic refresh rate, radio frequency modules, Bluetooth low energy solutions, larger storage memory chips, distance measurement and proximity sensors, optical couplers, frequency conversion ICs to our branded manufacturers.

LED technology solution provider

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

Distribution of business equipment and provision of related ancillary services

During the period under review, our SHARP B2B team achieved small revenue growth by offering competitive business solutions to enterprises after local commercial sector spending gradually improved compared to the same period of last year.

Properties investment

As of 30 June 2023, the Group carried the 18 units of investment properties (31 December 2022: 18 units) for commercial and industrial uses in Hong Kong and the PRC. The aggregate carrying value of investment properties amounted to HK\$720 million (31 December 2022: HK\$706 million). Such investment properties altogether generated rental income of HK\$9.8 million (2022: HK\$12.0 million) with an annualized return of 2.7% (2022: 3.0%).

OUTLOOK

Looking forward, the Group will continue to face severe headwinds such as slow economic momentum, low demand visibility, high inflation and high interest cost. However, the development trend of the global semiconductor industry towards digital economy and green economy will not change, setting the stage for growth in 2024.

We believe we are in a much better position than before against challenges and have confidence that the Group will maintain competitive in the Greater China region by virtue of our economies of scales, solid long-term customer relations supported by our strong financial strength, localized sales and engineers, competent inventory management and other value added services. By leveraging on our over 42 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.

During the period under review, the Group donated HK\$3,100,000 to charitable organisations in Hong Kong.

FINANCIAL REVIEW

Results

For the six month period ended 30 June 2023, the Group recorded revenue of HK\$9,283,390,000, decreased by 38.1% from HK\$14,996,092,000 recorded in the same period last year. The Group's gross profit was HK\$700,456,000 decreased by 3.1% from HK\$723,126,000 recorded in the same period last year and gross profit margin was 7.6%, compared with 4.8% recorded in the same period last year. Profit attributable to the shareholders of the Company for the period ended 30 June 2023 was HK\$271,351,000 decreased by 9.7% compared with HK\$300,663,000 recorded in the same period last year. Basic earnings per share was HK43.36 cents (2022: HK48.04 cents).

Liquidity, Financial Resources and Capital Structure

The Group's primary sources of funding included cash generated from operating activities and the credit facilities provided by the Group principal banks in Hong Kong.

As of 30 June 2023, the Group's current ratio was 132% (31 December 2022: 139%) and the Group is in net cash position (31 December 2022: net debt with gearing ratio of 1%), defined as the Group's net borrowings (calculated as total bank and other borrowings minus total cash and bank balances minus financial assets at fair value through profit or loss) of approximately HK\$-2,180,986,000 (31 December 2022: HK\$15,775,000) over total equity of HK\$3,257,220,000 (31 December 2022: HK\$3,010,446,000).

The Group recorded debtors turnover of approximately 32 days for the period under review (2022: 33 days) based on the amount of trade and bills receivable as at 30 June 2023 divided by sales for the same period and multiplied by 181 days (2022: 181 days).

The Group recorded inventory turnover and average payable period of approximately 52 days and 77 days respectively for the period under review (2022: approximately 37 days and 20 days respectively) based on the amount of inventory and trade and bills payables as at 30 June 2023, divided by cost of sales for the same period and multiplied by 181 days (2022: 181 days).

During the six months period ended 30 June 2023, the Group recorded net operating cash inflow of HK\$2,371,858,000 compared with net operating cash outflow of HK\$1,169,795,000 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 entered into foreign currency forward contracts to hedge the currency risk related to its payable denominated in foreign currencies.

Pledge of Assets

As at 30 June 2023, certain of the Group's assets (including land and building, bank deposits and factored trade receivables) with the carrying value of totaling approximately HK\$583 million were pledged to banks to secure general banking facilities granted to the Group.

Employee and Remuneration Policy

At 30 June 2023, the Group employed approximately 450 employees in the Greater China region. The Group ensures that their employees are offered competitive remuneration packages. Other staff benefits include provident fund schemes and medical insurance. Also, discretionary bonus was granted to eligible employees based on the Group's financial results and individual performance.

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

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

CORPORATE GOVERNANCE

The Group has complied with the applicable code provisions in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the "Code") throughout the six months ended 30 June 2023, except for the following deviations:

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

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

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. The non-executive directors have not been appointed for a specific term. However, according to the Bye-laws of the Company, one-third of the directors for the time being shall retire from office by rotation at each annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those in the Code.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and policies adopted by the Group, internal control, risk management and the unaudited interim financial statements for the six months ended 30 June 2023.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 of the Listing Rules (the “**Model Code**”) as the code of conduct regarding directors’ securities transactions.

Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2023.

INTERIM REPORT

The 2023 Interim Report will be dispatched to shareholders and published on the website of the Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the website of the Company (www.sasdragon.com.hk) in due course.

EVENTS AFTER THE REPORTING PERIOD

As at 30 June 2023, the Group was indirectly interested in 224,423,000 shares of Hi-Level Technology Holdings Limited (the “**Hi-Level Holdings**”), representing approximately 34.4% equity interest of the issued share capital of Hi-Level Holdings. On 8 June 2023, Hi-Level Holdings announced, among others, a proposed rights issue on the basis of one (1) rights share for every one (1) shares (the “**Rights Issue**”). Pursuant to an extraordinary general meeting on 25 July 2023, the independent shareholders of Hi-Level Holdings approved the proposed Rights Issue.

The Group, through S.A.S Investment Company Limited (“**S.A.S Investment**”), had irrevocably undertaken to accept in full the 224,423,000 rights shares proposed to be provisionally allotted to S.A.S. Investment at the subscription price of HK\$0.12 per right share and expect to invest approximately HK\$26.9 million in subscribing all of its rights shares entitled, subject to the terms and conditions under its undertaking. As at the date of this announcement, the proposed Rights Issue were not yet completed.

APPRECIATION

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

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

Hong Kong, 25 August 2023

As at the date of this announcement, the Board comprises five executive directors, namely Dr. Yim Yuk Lun, Stanley BBS JP, Mr. Wong Sui Chuen, Mr. Yim Tsz Kit, Jacky, Mr. Wong Wai Tai and Mr. Tsui Chi Wing, Eric, one non-executive director namely Ms. Yim Kei Man, Carmen and four independent non-executive directors, namely Mr. Wong Tak Yuen, Adrian, Mr. Liu Chun Ning, Wilfred, Mr. Cheung Chi Kwan and Mr. Wong Wai Kin.