GROUP

S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1184)

2008 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Turnover increased by 6.4% to HK$1,573 million.
- Earnings before interest, tax, depreciation and amortization (EBITDA) decreased by 46.4% to HK$28.4 million.
- Profit attributable to equity holders dropped by 60.9% to HK$8.3 million.
- Basic earnings per share amounted to HK3.19 cents (2007: HK8.73 cents).
- Declared interim dividend of HK1 cent per share (2007: HK3 cents).

INTERIM RESULTS

The board of directors (the "Board") of S.A.S. Dragon Holdings Limited (the "Company") announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2008, together with comparative figures for the previous period, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*2*	**1,572,521**	1,478,070
Cost of sales		**(1,484,641)**	(1,374,475)
Gross profit		**87,880**	103,595
Interest income		**3,454**	5,157
Other income		**2,911**	2,903
Distribution costs		**(13,043)**	(8,508)
Administrative expenses		**(59,567)**	(56,143)
Finance costs		**(11,378)**	(17,467)
Share of results of associates		**(40)**	(3)
Profit before taxation		**10,217**	29,534
Taxation	*3*	**(905)**	(3,402)
Profit for the period	*4*	**9,312**	26,132
Attributable to:			
Equity holders of the Company		**8,290**	21,176
Minority interests		**1,022**	4,956
		9,312	26,132
Dividend paid	*5*	**12,975**	12,127
Earnings per share – Basic *(HK cents)*	*6*	**3.19**	8.73

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

	Notes	**30 June 2008 (Unaudited) *HK$'000***	31 December 2007 (Audited) *HK$'000*
Non-Current Assets			
Investment properties		**103,450**	111,830
Property, plant and equipment		**163,672**	145,628
Prepaid lease payments – non-current portion		**–**	1,243
Intangible assets		**3,304**	3,465
Goodwill		**16,419**	16,419
Interests in associates		**639**	678
Available-for-sale investments		**8,180**	8,180
Deposits paid on acquisition of property, plant and equipment		**–**	20,600
		295,664	308,043
Current Assets			
Inventories		**424,311**	504,601
Trade and other receivables	*7*	**466,249**	443,407
Bills receivable	*7*	**1,833**	25,012
Prepaid lease payments – current portion		**–**	26
Financial assets at fair value through profit or loss		**41,379**	28,178
Available-for-sale investments		**5,099**	5,084
Taxation recoverable		**1,185**	1,878
Pledged bank deposits		**29,295**	62,543
Bank balances and cash		**175,853**	179,501
		1,145,204	1,250,230
Current Liabilities			
Trade and other payables	*8*	**291,361**	316,669
Bills payable	*8*	**67,169**	97,762
Derivative financial instruments		**692**	692
Taxation payable		**6,606**	3,400
Bank borrowings – due within one year		**469,959**	499,291
		835,787	917,814
Net Current Assets		**309,417**	332,416
		605,081	640,459

	Notes	**30 June 2008 (Unaudited)** *HK$'000*	31 December 2007 (Audited) *HK$'000*
Capital and Reserves			
Share capital		**25,949**	25,949
Reserves		**385,452**	387,254
Equity attributable to equity holders of the Company		**411,401**	413,203
Minority interests		**26,990**	30,983
Total Equity		**438,391**	444,186
Non-Current Liabilities			
Bank borrowings – due after one year		**155,502**	184,812
Deferred tax liabilities		**11,188**	11,461
		166,690	196,273
		605,081	640,459

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2007, except as described below.

In the current period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as the "new HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on 1 January 2008.

The adoption of these new HKFRSs has had no material effect on how the results of operations and financial position of the Group are prepared and presented.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Group has commenced considering the potential impact of those new HKFRSs but is not yet in a position to determine whether they would have a significant impact on how its results of operations and financial position are presented. Those new HKFRSs may result in changes in the future as to how the results and financial position are presented.

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations [1]
HKFRS 3 (Revised)	Business Combinations [2]
HKFRS 8	Operating Segments [1]
HK(IFRIC) – Int 13	Customer Loyalty Programmes [3]

[1] *Effective for annual periods beginning on or after 1 January 2009.*

[2] *Effective for annual periods beginning on or after 1 July 2009.*

[3] *Effective for annual periods beginning on or after 1 July 2008.*

2. Segment Information

Business segments

	For the six months ended 30 June			
	Turnover		Results	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Distribution of electronic components and semiconductors products	**1,543,752**	1,459,375	**21,395**	43,849
Design, manufacture and sales of liquid crystal display modules ("LCMs")	**16,154**	5,505	**(555)**	908
Distribution of sports products	**12,615**	13,190	**1,632**	510
	1,572,521	1,478,070	**22,472**	45,267
Interest income			**3,454**	5,157
Unallocated corporate expenses			**(6,455)**	(5,362)
Unallocated corporate income			**2,163**	1,942
Finance costs			**(11,378)**	(17,467)
Share of results of associates			**(39)**	(3)
Profit before taxation			**10,217**	29,534
Taxation			**(905)**	(3,402)
Profit for the period			**9,312**	26,132

Geographical segments

	For the six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
The PRC	**1,028,650**	913,887
Hong Kong	**374,439**	400,807
Taiwan	**140,555**	143,186
Others	**28,877**	20,190
	1,572,521	1,478,070

3. Taxation

	For the six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**1,177**	3,402
Deferred taxation	**(272)**	–
	905	3,402

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for period.

4. Profit for the period

	For the six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**6,641**	5,911
Amortisation of intangible assets	**161**	160
Amortisation of prepaid lease payments	**–**	12

5. Dividend paid

	For the six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, paid during the period, of HK5 cents per share (2007: HK5 cents)	**12,975**	12,127

6. Earnings per Share

The calculation of basic earnings per share for the six months ended 30 June 2008 is based on the profit for the period attributable to equity holders of the Company of approximately HK$8,290,000 (2007: HK$21,176,000) and weighted average number of 259,490,720 shares (2007: 242,540,720 shares) in issue during the period.

No diluted earnings per share has been presented since the exercise price of the Company's share options were higher than the average market price per share during the six months ended 30 June 2008.

No diluted earnings per share has been presented since the Company had no potential ordinary shares outstanding during the six months ended 30 June 2007.

7. Trade and Other Receivables and Bills Receivable

An aged analysis of trade and bills receivables by due dates (net of allowance for doubtful debts) is as follows:

	30 June 2008 *HK$'000*	31 December 2007 *HK$'000*
Current	**265,988**	227,717
0 to 30 days	**107,968**	116,839
31 to 60 days	**31,012**	30,787
61 to 90 days	**10,447**	7,230
Over 90 days	**11,755**	14,044
Trade receivables and bills receivable	**427,170**	396,617
Other receivables	**40,912**	71,802
	468,082	468,419

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

8. Trade and Other Payables and Bills Payable

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

	30 June 2008 *HK$'000*	31 December 2007 *HK$'000*
Current	**185,297**	244,531
0 to 30 days	**67,566**	92,186
31 to 60 days	**61,494**	18,118
61 to 90 days	**2,263**	2,645
Over 90 days	**1,438**	3,068
Trade payables and bills payable	**318,058**	360,548
Other payables	**40,472**	53,883
	358,530	414,431

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK1 cent (2007: HK3.0 cents) per share payable to the shareholders of the Company whose names appear on the Register of Members of the Company on 24 September 2008. The dividend warrants are expected to despatch to shareholders on or about 3 October 2008.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from 23 September 2008 to 24 September 2008, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 pm on 22 September 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Affected by the trouble-stricken financial sector and the global economic slowdown, the electronic industry experienced a marked drop in demands in the first six months of 2008. However, by continuing to diversify its customer base and enhance the quality of value-added services, the Group was able to maintain sales revenue despite the unfavorable market and economic environment.

To maintain competitiveness, the Group put more resources into materials planning and inventory control and as a result decreased the overall level of working capital as compared with that at the end of the last financial year. Also, the Group revaluated all customers' credit lines and dealt only with customers with credit certification or willing to pay cash on delivery.

Distribution of Electronic Components and Semiconductors Products

The overall demand for electronic components and semiconductor products slowed down compared with last year. Distribution of electronic components for consumer electronics and computer products recorded moderate growth, with momentum from the strong demand for set-top-box and Ultra-Mobile PC. Sales lowered for the mobile products sector, largely because of the slow down in demand in the PRC market after years of rapid growth.

Design, Manufacture and Sales of LCMs

With demand for mobile handsets softening and plenty of competition in the PRC, the LCMs production plant operated at a relatively low capacity level during the review period. Although the plant rendered negative contribution during the period under review, the Group is confident of it achieving a rebound when new products and solutions designed by it for local and overseas customers in the pipeline are launched.

Distribution of Sports Products

Sales of sports products declined slightly after the Group changed to strategically focus on promoting those products under the first-tier brand names of "Wilson" and "Babolat". The move has successfully brought more profit contribution to the Group during the period under review.

PROSPECTS

Looking forward, although the current unfavorable economic climate expected to last in the short to medium term, we see a tremendous opportunity to grow our business. Demands for electronic products will provide massive business opportunities to the Group.

The Group will continue to strengthen its partnership with vendors as well as diversify its customer base. More resources will be allocated to Shanghai and it vicinity area to expand market coverage of the Group in Eastern China. At the same time, with staff support, we will continue to strictly control administrative expenses to defend our margins.

FINANCIAL REVIEW

For the six months period ended 30 June 2008, the Group's turnover increased 6.4% to HK$1,572,521,000 (2007: HK$1,478,070,000), gross profit decreased by 15.2% to HK$87,880,000 (2007: HK$103,595,000) and EBITDA (represented gross profit plus interest and other income minus distribution costs and administrative expenses plus depreciation and amortization) declined 46.4% to HK$28,437,000 (2007: HK$53,087,000).

Profit attributable to equity holders of the Company declined by 60.9% to HK$8,290,000 (2007: HK$21,176,000), which resulted in a basic earnings per share of HK3.19 cents (2007: HK8.73 cents).

Liquidity and Financial Resources

On 30 June 2008, the Group's current ratio was 137.0% (31 December 2007: 136.2%), net gearing ratio was 95.9% (31 December 2007: 99.5%), which is calculated based on the Group's net borrowings (calculated as total interest-bearing borrowings minus total cash and bank balances) of approximately HK$420,313,000 (31 December 2007: HK$442,059,000) and total equity of HK$438,391,000 (31 December 2007: HK$444,186,000).

The Group recorded debtors turnover of approximately 49 days for the period under review (2007: 41 days) based on the amount of trade and bills receivable as at 30 June 2008 divided by sales of the same period multiplied by 182 days for the six months ended 30 June 2008 (365 days for the year ended 31 December 2007).

The Group recorded inventory turnover and average payable period of approximately 52 days and 39 days respectively for the six months ended 30 June 2008 (2007: approximately 56 days and 40 days respectively) based on the amount of inventory and trade and bills payables as at 30 June 2008 divided by cost of sales of the same period multiplied by 182 days for the six months ended 30 June 2008 (365 days for the year ended 31 December 2007).

The Group generated net operating cash inflow of HK$57,037,000 and used in net repayment of bank borrowings of HK$58,644,000 for the period under review, compared with net operating cash outflow of HK$67,897,000 and net bank borrowings raised of HK$58,155,000 recorded in the last corresponding period.

Foreign Exchange Risk Management

Most sales and purchases and business transactions conducted by the Group are either in Hong Kong Dollars, United States Dollars or Renminbi. The Group utilized foreign currency forward contracts to hedge the exposure to foreign currencies.

Employee and Remuneration Policy

At 30 June 2008, the Group employed approximately 400 employees in the PRC and Hong Kong. They were remunerated according to their merit, qualification, competence and job nature. Other staff benefits include share option scheme, provident fund schemes and medical insurance. Also, discretionary bonus may be 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 securities.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months period ended 30 June 2008, except for the following deviations:

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 Mr. Yim Yuk Lun, Stanley *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 and the unaudited interim financial statements for the six months ended 30 June 2008.

MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct adopted by the Company regarding securities transactions by directors.

INTERIM REPORT

The 2008 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.

APPRECIATION

On behalf of the Board, I would like to thank all staff members for their contribution and effort. I wish to extend my sincere gratitude to our shareholders and business partners for their continuous and valuable support.

On behalf of the Board
Yim Yuk Lun, Stanley *JP*
Chairman and Managing Director

Hong Kong, 5 September 2008

As at the date of this announcement, the executive directors of the Company are Mr. Yim Yuk Lun, Stanley JP, Mr. Wong Sui Chuen and Mr. Lau Ping Cheung. The non-executive director is Dr. Chang Chu Cheng. The independent non-executive directors are Mr. Cheung Chi Kwan, Mr. Liu Chun Ning, Wilfred, Dr. Lui Ming Wah SBS JP and Mr. Wong Tak Yuen, Adrian.