S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1184)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

The Board of Directors (the "Board") of S.A.S. Dragon Holdings Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 together with last year's comparative figures are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Turnover	3	**3,015,277**	3,499,789
Cost of sales		**(2,865,060)**	(3,298,111)
Gross profit		**150,217**	201,678
Other income		**19,968**	32,286
Distribution and selling expenses		**(27,690)**	(18,131)
Administrative and other expenses		**(141,796)**	(127,657)
Increase in fair value of investment properties		**1,109**	11,421
Share of results of associates		**(76)**	(21)
Finance costs		**(20,753)**	(36,603)
(Loss) profit before taxation		**(19,021)**	62,973
Taxation	4	**2,272**	(9,884)
(Loss) profit for the year	5	**(16,749)**	53,089

	Notes	**2008** **HK$'000**	2007 HK$'000
Attributable to:			
Equity holders of the Company		**(18,159)**	45,282
Minority interests		**1,410**	7,807
		(16,749)	53,089
Dividends paid	*6*	**15,570**	19,911
(Loss) earnings per share – basic	*7*	**(HK7.00 cents)**	HK18.18 cents

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current Assets			
Investment properties		**119,400**	111,830
Property, plant and equipment		**156,045**	145,628
Prepaid lease payments – non-current portion		**–**	1,243
Goodwill		**16,419**	16,419
Interests in associates		**408**	678
Available-for-sale investments		**7,654**	8,180
Club memberships		**3,278**	3,465
Deposits paid on acquisition of property, plant and equipment		**–**	20,600
		303,204	308,043
Current Assets			
Inventories		**370,783**	504,601
Trade and other receivables	*8*	**298,630**	443,407
Bills receivable	*8*	**1,125**	25,012
Prepaid lease payments – current portion		**–**	26
Financial assets at fair value through profit or loss		**34,770**	28,178
Available-for-sale investments		**5,142**	5,084
Taxation recoverable		**1,104**	1,878
Pledged bank deposits		**24,757**	62,543
Bank balances and cash		**119,259**	179,501
		855,570	1,250,230
Current Liabilities			
Trade and other payables	*9*	**209,496**	316,669
Bills payable	*9*	**23,734**	97,762
Derivative financial instruments		**1,375**	692
Taxation payable		**3,642**	3,400
Bank borrowings – due within one year		**466,846**	499,291
		705,093	917,814
Net Current Assets		**150,477**	332,416
		453,681	640,459

	2008	2007
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**25,949**	25,949
Share premium and reserves	**359,855**	387,254
Equity attributable to equity holders of the Company	**385,804**	413,203
Minority interests	**27,990**	30,983
Total Equity	**413,794**	444,186
Non-current Liabilities		
Bank borrowings – due after one year	**31,436**	184,812
Deferred tax liabilities	**8,451**	11,461
	39,887	196,273
	453,681	640,459

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

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 "Stock Exchange"). 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 consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its subsidiaries are distribution of electronic components and semiconductors products, properties investment, and distribution of sports products.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3. SEGMENT INFORMATION

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers, net of discounts.

Business segments

For management purposes, the Group's operations are currently organised into three operating divisions namely distribution of electronic components and properties investment and others. These divisions are the basis on which the Group reports its primary segment information.

In the previous years, the Group's operations were organised into three operating segments, namely distribution of electronics components, distribution of sports products and design, manufactures and sales of liquid crystal display modules ("LCMs"). During the year, the management has reorganised the operating segments by grouping the distribution of sports products and manufactures and sales of LCMs into one segment under "others" as a result of change in the Group's internal organisational and management structure. In addition, the management considered there are increasing rental income generated from investment properties and the reportable segment of properties investment was identified during the year. Comparative segment information has been restated accordingly.

Segment information about these businesses is presented below.

2008

	Distribution of electronic components and semiconductors products *HK$'000*	Properties investment *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
TURNOVER				
External sales	**2,926,749**	**4,243**	**84,285**	**3,015,277**
RESULTS				
Segment results	**25,189**	**5,328**	**3,024**	**33,541**
Interest income				**6,183**
Unallocated corporate expenses				**(38,177)**
Unallocated corporate income				**261**
Finance costs				**(20,753)**
Share of results of associates	**(76)**	**–**	**–**	**(76)**
Loss before taxation				**(19,021)**
Taxation				**2,272**
Loss for the year				**(16,749)**

2007

	Distribution of electronic components and semiconductors products *HK$'000*	Properties investment *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
TURNOVER				
External sales	3,449,010	–	50,779	3,499,789
RESULTS				
Segment results	67,229	15,051	3,549	85,829
Interest income				9,656
Unallocated corporate expenses				(15,835)
Unallocated corporate income				19,947
Finance costs				(36,603)
Share of results of associates	(21)	–	–	(21)
Profit before taxation				62,973
Taxation				(9,884)
Profit for the year				53,089

4. TAXATION

	2008 **HK$'000**	2007 *HK$'000*
The (credit) charge comprises:		
Hong Kong Profits Tax		
Current year	**1,730**	6,623
(Over) underprovision in prior years	**(992)**	564
	738	7,187
Deferred taxation		
Current year	**(2,354)**	2,697
Attributable to change in tax rate	**(656)**	–
	(3,010)	2,697
	(2,272)	9,884

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year. The effect of this decrease has been reflected in the calculation of current and deferred tax balances as at balance sheet date.

No PRC income tax is payable by the Group since the Mainland PRC subsidiaries incurred tax losses for both years.

5. (LOSS) PROFIT FOR THE YEAR

	2008	2007
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Staff costs, including directors' remunerations		
– salaries and other benefits	**61,895**	62,666
– equity-settled share-based payment expenses	**574**	430
– performance related incentive payments	**3,557**	1,204
– retirement benefits scheme contributions, net of forfeited contributions of nil (2007: HK$12,000)	**3,314**	1,942
	69,340	66,242
Auditor's remuneration	**1,848**	1,368
Depreciation of property, plant and equipment	**13,100**	11,931
Release of prepaid lease payments	**–**	26
Change in fair value of derivative financial instruments	**683**	692
Allowance for trade and other receivables	**–**	10,781
Allowance for inventories	**–**	16,011
Cost of inventories recognised as an expense	**2,870,289**	3,282,100
Change in fair value of financial assets designated as at fair value through profit or loss ("FVTPL")	**1,095**	–
Change in fair value of financial assets classified as helding-for-trading	**7,523**	–
Net foreign exchange loss	**9,168**	–
and after crediting:		
Interest income	**6,183**	9,656
Dividend income from listed securities	**201**	202
Gain on disposal of property, plant and equipment	**144**	3,054
Net foreign exchange gain	**–**	306
Change in fair value of financial assets designated as at FVTPL	**–**	1,092
Change in fair value of financial assets classified as held-for-trading	**–**	8,581
Rental income from investment properties, net of outgoings of HK$24,000 (2007: HK$37,000)	**4,219**	3,630
Reversal of allowance for trade and other receivables	**5,332**	–
Reversal of allowance for inventories	**5,229**	–

The reversal of allowance for inventories arose because of subsequent sale price for relevant inventories were higher than the net realisable value of such inventories which were written down in prior years.

6. DIVIDENDS PAID

	2008	2007
	HK$'000	*HK$'000*
2008 interim dividend of HK1.0 cents (2007: HK3.0 cents) per share	**2,595**	7,784
2007 final dividend of HK5.0 cents (2006: HK5.0 cents) per share	**12,975**	12,127
	15,570	19,911

A final dividend of HK2.0 cents (2007: HK5.0 cents) per share has been proposed by the board of directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

7. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share for the year is based on the loss attributable to equity holders of the Company of approximately HK$18,159,000 (2007: profit of HK$45,282,000) and on 259,490,720 (2007: the weighted average of 249,042,090) ordinary shares in issued during the year.

No diluted (loss) earnings per share for the year was presented since the exercise price of the Company's share options were higher than the average market price per share for both years.

8. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE

An aged analysis of trade and bills receivable, net of allowance for doubtful debts, by due date is as follows:

	2008	2007
	HK$'000	*HK$'000*
Current	**161,080**	227,717
Within 30 days	**64,758**	116,839
More than 30 days and within 60 days	**22,085**	30,787
More than 60 days and within 90 days	**5,864**	7,230
More than 90 days	**14,138**	14,044
	267,925	396,617
Other receivables	**20,174**	49,534
Prepayment and deposits paid	**11,656**	22,268
	299,755	468,419

9. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

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

	2008	2007
	HK$'000	*HK$'000*
Current	**89,730**	244,531
Within 30 days	**48,987**	92,186
More than 30 days and within 60 days	**35,228**	18,118
More than 60 days and within 90 days	**5,463**	2,645
More than 90 days	**17,812**	3,068
	197,220	360,548
Other payables	**13,812**	22,947
Accruals and deposits received	**22,198**	30,936
	233,230	414,431

DIVIDENDS

The Board of Directors has recommended the payment of a final dividend of HK2 cents per share (2007: HK5 cents) for the year ended 31 December 2008 subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. An interim dividend of HK1 cent per share (2007: HK3 cents) was paid by the Company on 3 October 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 2 June 2009 to 3 June 2009 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the attending and voting at the annual general meeting and the proposed final dividend, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Registrars in Hong Kong, Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 1 June 2009. Dividend warrants will be dispatched on 15 June 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2008, the Group's turnover decreased by 13.8% to HK$3,015,277,000 (2007: HK$3,499,789,000), gross profit declined by 25.5% to HK$150,217,000 (2007: HK$201,678,000), and EBITDA (represented gross profit plus other income minus distribution and selling expenses and administrative expenses plus depreciation and amortization) decreased by 86.2% to HK$13,799,000 (2007: HK$100,107,000).

Net loss attributable to equity holders of the Company was HK$18,159,000 compared with a profit of HK$45,282,000 in 2007. Basic loss per share was HK7.00 cents compared with basic earning per share of HK18.18 cents in 2007. It was primarily attributable to below reasons:

1. Slow down in Group's sales caused by the global financial turmoil and the economic contraction in the second half of 2008;

2. In order to maintain an optimal inventory level, profit margin was squeezed by selling at lower prices of some inventory and the Group's overall profit margin decreased to 5.0% in 2008 (2007: 5.8%);

3. In order to boost sales in difficult market environment, more sales and marketing activities were conducted by the Group and distribution and selling expenses increased to HK$27.7 million in 2008 (2007: HK$18.1 million);

4. Certain investments held since 2007 recorded mark to market losses of HK$8.6 million in 2008, which had generated mark to market gains of HK$9.7 million in 2007;

5. Net foreign exchange loss was HK$9.2 million mainly caused by the fixed time deposit held in Australian Dollars ("AUD") by the Group since 2007. Such loss was due to the fall in value of AUD in the second half of 2008.

   As of 31 December 2008, the Group was holding the fixed time deposit in AUD of AUD8 million (equivalent to HK$43.2 million), the amount included interest income accumulated of AUD475,000 (equivalent to HK$2.5 million). The Board wishes to emphasis that the intention of holding the fixed time deposit in AUD was to earn higher yield on surplus funds and the Group does not ever have any exposure to any equity or currency accumulators. As of the date of the issue of the consolidated financial statements, the amount of fixed time deposit in AUD held by the Group was AUD2.2 million and the Board considered that further exchange loss exposure on AUD was immaterial.

6. During the second half of 2008, the Group implemented a number of cost control/saving measures to reduce its overall operating cost. As a result, excluding the mark to market losses on investments and foreign exchange loss disclosed above, administrative and other expenses in 2008 was $124.0 million, compared with HK$127.7 million in 2007;

7. Finances costs in 2008 decreased to HK$20.8 million (2007: HK$36.6 million), mainly due to reduced amount of bank borrowings in 2008.

Liquidity and Financial Resources

As of 31 December 2008, the Group's current ratio was 121% (31 December 2007: 136%), net gearing ratio was 76% (31 December 2007: 92%), which was calculated based on the Group's net borrowings (calculated as total bank borrowings minus total cash and bank balances minus financial assets at fair value through profit or loss and available for sale investments) of approximately HK$314,354,000 (31 December 2007: HK$408,797,000) and total equity of HK$413,794,000 (31 December 2007: HK$444,186,000).

The Group recorded debtors turnover of approximately 33 days for the year under review (2007: 41 days) based on the amount of trade and bills receivable as at 31 December 2008 divided by sales for the year ended 31 December 2008 and multiplied by 366 days (2007: 365 days).

The Group recorded inventory turnover and average payable period of approximately 47 days and 25 days respectively for the year under review (2007: approximately 56 days and 40 days respectively) based on the amount of inventory and trade and bills payables as at 31 December 2008 divided by cost of sales for the year ended 31 December 2008 and multiplied by 366 days (2007: 365 days).

The Group generated net operating cash inflow of HK$133,786,000 and used in net repayment of bank borrowings of HK$185,821,000 in 2008, compare with net operating cash outflow of HK$57,270,000 and net bank borrowings raised of HK$79,618,000 in 2007.

Foreign Exchange Risk Management

The Group has foreign currency sales and purchases and bank deposits and borrowing in foreign currency which expose the Group to foreign currency risk.

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

EMPLOYEE AND REMUNERATION POLICY

At 31 December 2008, the Group employed approximately 350 employees in the PRC and Hong Kong. The Group ensures that their employees are offered competitive remuneration packages. Other staff benefits include share option scheme, provident fund schemes and medical insurance. Also, discretionary bonus was granted to eligible employees based on the Group's financial results and individual performance.

BUSINESS REVIEW

Distribution of Electronic Components and Semiconductor Products

During the year under review, the overall market such as mobile, consumer electronic, computer and telecom became slow down. The inventory level inside the supply chain was at high and risky level. As a result, the average selling price was decreasing sharply at Q4. For the export market such as American and Europe, the end customers just delayed the purchasing plan or even stop to buy new products. Most of the electronic manufacturers reduced their production scale; delayed the shipment for new equipment and investment plan. On the other hand, the market re-structuring enforces the risk management inside the supply chain. The inventory control, ordering practice, credit control, staff training and customer understanding become more essential and important for competitive advantages.

Consumer Electronic Products

During the year under review, the Group was benefited by providing wide range of components to those new or growing market segments of consumer electronic products like ATSC set top box, portable digital TV receiver and portable navigation devices integrated with GPS and TV receiving features.

Mobile Phone Products

In 2008, total industry shipment increased approximately 6% as compared with double-digit annual growth in pervious years. The PRC and emerging markets were the key growth areas for handsets sales. Because demand for low-priced units in these markets remained robust, the Group recorded moderate growth on distribution of CMOS image sensors and memory chips for mobile phone products.

Computer Products

The low cost netbook market was growing very fast at the end of 2008 in China. Many mobile manufacturers and consumer electronic manufacturers entered into this new market to leverage their existing market segment for balanced business development. The Group was able to capture this business opportunities in distribution of CPUs, memory chips as well as panel displays.

Communication Products

Due to the completion of telecommunication market restructuring, 3G-network installation for TD-SCDMA and CDMA/EVDO network increased the demand for the Group's analog data cards as well as their peripheral components.

Properties investment

As of 31 December 2008, the Group was holding 8 investment properties (31 December 2007: 6), including 5 commercial units and 3 residential units located at Hong Kong. The aggregate market value of investment properties amounted to HK$119.4 million (31 December 2007: HK$111.8 million). The above properties are held as long-term investment and for leasing.

During the year under review, the investment properties generated a total rental income of HK$4.2 million (2007: HK$3.7 million) with an average return of 3.6% per annum (2007: 3.3% per annum) and recognized increase in fair value in the financial statements of HK$5.4 million (2007: HK$11.4 million).

Distribution of Sports Products

During the year under review, the Group continued to focus on promoting those products under the first-tier brand names of "Wilson" and "Babolat". The distribution of sports products was able to record increased profitability in 2008 as compared to 2007.

OUTLOOK

Less affected by the financial tsunami, the China government is able to react quickly to increase government spending and implemented a serial of economic policies to stimulate consumer spending. As such, the Group will continue to focus on China market especially in the domestic market of netbook, mobile phone, digital TV and 3G telecom products to catch up the growing of these markets.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2008, neither the Company nor its subsidiaries purchased, sold or redeemed any of its listed securities.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2008.

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 for the year ended 31 December 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 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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.sasdragon.com.hk) and the Stock Exchange of Hong Kong Limited (www.hkex.com.hk). The 2008 annual report will be dispatched to the shareholders and available on the above websites in due course.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2008 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

APPRECIATION

On behalf of the Board of Directors, I would like to thank all our employees for their contribution and sacrifices. I also wish to extend my sincere gratitude to our shareholders, customers, suppliers and business partners for their valuable support and dedication in 2008.

By Order of the Board
Yim Yuk Lun Stanley *JP*
Chairman and Managing Director

Hong Kong, 24 April 2009

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.