S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1184)

2009 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Turnover decreased by 11.9% to HK$1,385 million
- Earnings before interest, tax, depreciation and amortization (EBITDA) increased by 24.9% to HK$35.5 million
- Profit attributable to equity holders increased by 144.2% to HK$20.2 million
- Basic earnings per share amounted to HK7.80 cents (2008: HK3.19 cents)
- Declared interim dividend of HK2.5 cents per share (2008: HK1.0 cent)

INTERIM RESULTS

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 2009, together with comparative figures for the previous period, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

		For the six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*2*	**1,385,240**	1,572,521
Cost of sales		**(1,300,061)**	(1,484,641)
Gross profit		**85,179**	87,880
Investment income		**5,285**	5,618
Other income		**366**	747
Distribution and selling expenses		**(19,232)**	(13,043)
Administrative and other expenses		**(42,777)**	(59,567)
Finance costs		**(4,055)**	(11,378)
Share of results of associates		**(46)**	(40)
Profit before taxation		**24,720**	10,217
Taxation	*3*	**(1,797)**	(905)
Profit for the period	*4*	**22,923**	9,312
Other comprehensive income			
Available-for-sale financial assets		**(357)**	16
Exchange differences arising on translation of foreign operations		**–**	2,652
Other comprehensive income for the period		**(357)**	2,668
Total comprehensive income for the period		**22,566**	11,980

	Notes	For the six months ended 30 June 2009 (Unaudited) *HK$'000*	2008 (Unaudited) *HK$'000*
Profit for the period attributable to:			
Owners of the Company		**20,242**	8,290
Non-controlling interests		**2,681**	1,022
		22,923	9,312
Total comprehensive income attributable to:			
Owners of the Company		**19,943**	10,958
Non-controlling interests		**2,623**	1,022
		22,566	11,980
Dividend paid	*5*	**5,190**	12,975
Earnings per share – Basic *(HK cents)*	*6*	**7.80**	3.19

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	**30 June 2009 (Unaudited) *HK$'000***	31 December 2008 (Audited) *HK$'000*
Non-Current Assets			
Investment properties		**100,700**	119,400
Property, plant and equipment		**150,807**	156,045
Goodwill		**16,419**	16,419
Interests in associates		**362**	408
Available-for-sale investments		**7,654**	7,654
Club memberships		**3,278**	3,278
		279,220	303,204
Current Assets			
Inventories		**335,266**	370,783
Trade and other receivables	*7*	**416,190**	298,630
Bills receivable	*7*	**–**	1,125
Financial assets at fair value through profit or loss		**39,783**	34,770
Available-for-sale investments		**–**	5,142
Taxation recoverable		**1,623**	1,104
Pledged bank deposits		**18,902**	24,757
Bank balances and cash		**117,766**	119,259
		929,530	855,570
Current Liabilities			
Trade and other payables	*8*	**281,085**	209,496
Bills payable	*8*	**78,408**	23,734
Derivative financial instruments		**1,375**	1,375
Taxation payable		**1,865**	3,642
Bank borrowings – due within one year		**389,386**	466,846
		752,119	705,093
Net Current Assets		**177,411**	150,477
		456,631	453,681

	Notes	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Audited) HK$'000
Capital and Reserves			
Share capital		**25,949**	25,949
Share premium and reserves		**374,751**	359,855
Equity attributable to owners of the Company		**400,700**	385,804
Non-controlling interests		**30,613**	27,990
Total Equity		**431,313**	413,794
Non-Current Liabilities			
Bank borrowings – due after one year		**16,867**	31,436
Deferred tax liabilities		**8,451**	8,451
		25,318	39,887
		456,631	453,681

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation and Principal Accounting Policies

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

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

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2009.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the application of HKAS 23 (Revised 2007) Borrowing Costs.

HKAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option available under the previous version of the standard to recognise all borrowing costs as expenses immediately and requires borrowing costs to be capitalised as part of the cost of a qualifying asset. The revised accounting policy has been applied prospectively and has had no impact on the reported results or financial position of the Group of the current or prior accounting periods. Accordingly no adjustment has been recognised.

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised 2007) has had no impact on the reported results or financial position of the Group.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[3]
HKAS 27 (Revised in 2008)	Consolidated and separate financial statements[1]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards[2]
HKFRS 2 (Amendment)	Group cash-settled share based payments transactions[2]
HKFRS 3 (Revised in 2008)	Business combinations[1]
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – Int 18	Transfers of assets from customers[4]

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

[2] *Effective for annual periods beginning on or after 1 January 2010.*

[3] *Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.*

[4] *Effective for transfers on or after 1 July 2009.*

2. Segment Information

Business segments

	For the six months ended 30 June			
	Turnover		Results	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Distribution of electronic components and semiconductors products	**1,348,469**	1,543,752	**28,622**	21,395
Properties investment	**2,631**	–	**2,631**	2,128
Others	**34,140**	28,769	**496**	1,077
	1,385,240	1,572,521	**31,749**	24,600
Investment income			**5,285**	3,490
Unallocated corporate expenses			**(8,213)**	(6,455)
Finance costs			**(4,055)**	(11,378)
Share of results of associates			**(46)**	(40)
Profit before taxation			**24,720**	10,217
Taxation			**(1,797)**	(905)
Profit for the period			**22,923**	9,312

Geographical segments

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Mainland PRC	**869,371**	1,028,650
Hong Kong	**400,770**	374,439
Taiwan	**105,791**	140,555
Others	**9,308**	28,877
	1,385,240	1,572,521

3. **Taxation**

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**1,797**	1,177
Deferred taxation	**–**	(272)
	1,797	905

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit for period.

4. **Profit for the period**

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**6,708**	6,641
Amortisation of intangible assets	**–**	161

5. Dividend paid

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, paid during the period, of HK2 cents per share (2008: HK5 cents)	**5,190**	12,975

6. Earnings per Share

The calculation of basic earnings per share for the six months ended 30 June 2009 is based on the profit for the period attributable to owners of the Company of approximately HK$20,242,000 (2008: HK$8,290,000) and weighted average number of 259,490,720 shares (2008: 259,490,720 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 2009.

No diluted earnings per share has been presented since the Company had no potential ordinary shares outstanding during the six months ended 30 June 2008.

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	31 December
	2009	2008
	HK$'000	*HK$'000*
Current	**254,787**	161,080
0 to 30 days	**75,525**	64,758
31 to 60 days	**15,364**	22,085
61 to 90 days	**5,494**	5,864
Over 90 days	**11,682**	14,138
Trade receivables and bills receivable	**362,852**	267,925
Other receivables	**53,338**	31,830
	416,190	299,755

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 2009 *HK$'000*	31 December 2008 *HK$'000*
Current	**232,321**	89,730
0 to 30 days	**55,905**	48,987
31 to 60 days	**5,202**	35,228
61 to 90 days	**968**	5,463
Over 90 days	**11,613**	17,812
Trade payables and bills payable	**306,009**	197,220
Other payables	**53,484**	36,010
	359,493	233,230

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2.5 cents (2008: HK1.0 cent) per share payable to the shareholders of the Company whose names appear on the Register of Members of the Company on 18 September 2009. The dividend warrants are expected to despatch to shareholders on or about 25 September 2009.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from 17 September 2009 to 18 September 2009, 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 16 September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Distribution of Electronic Components and Semiconductor Products

At the beginning of 2009, dragged by the global economic turmoil, electronics industry recorded weak business. Supply cut has been more severe than demand drop, causing inventory to drop below normal level. After those effective implementation of stimulus spending measures by various governments especially China, demands from China and other developing countries recorded continuous increase along with the bottoming out of consumer confidence. Since February 2009, the Group recorded better-than-expected sales of components for consumer electronic, handsets and computer products and benefited from the recovery trend.

Consumer Electronic Products

Stimulated by the implementation of "Appliances for Rural Households" subsidy program in China from 1 February 2009, strong domestic demand of LCD TV, DVD players, Set Top Box, portable navigation devices, digital photo frame and PMP boosted the Group's revenue from the distribution of components of consumer electronic products.

Mobile Phone Products

During the period under review, despite an overall drop in global handset shipments, handset shipments in China stayed in healthy level supported by the strong demand from white-box market and the rural-subsidy programme. The Group recorded satisfactory sales on distribution of components of mobile phone products.

Computer Products

Fueled by strong demand for inexpensive netbook and low-end notebook, computer products shipments started to rebound in 2Q 09. China telecom operators started to offer netbook/ mobile broadband bundle also encouraged more desktop users to switch to netbooks and stimulated sales of netbook during the period under review.

Communication Products

The building and operation of 3G network in China has boosted the demand of the Group's video communication cards as well as the peripheral components.

LED Lighting Products

During the period under review, demand of LED lighting grew sharply due to similar abandonment of incandescent-based lightings plans announced by a number of major countries including China. The Group is benefited by providing wide range of LED lighting solutions for streetlights, tunnel lights and indoor general lighting products.

Properties investment

As of 30 June 2009, the Group was holding 6 units of investment properties (31 December 2008: 8 units), including 4 commercial units and 2 residential units located at Hong Kong. The aggregate market value of investment properties amounted to HK$100.7 million (31 December 2008: HK$119.4 million) after disposal of two properties during the period under review.

The above investment properties generated rental income of HK$2.6 million (2008: HK$2.1 million) with an annualized return of 5.2%.

OUTLOOK

Amid recovering consumer demand, it is believed that electronics industry has bottomed out in 1H 09 and will move upward in 2H 09. Market research firms are revising up their 2009 forecasts on overall shipments of electronic products and components. The Group will continue to focus on China market to catch up the accelerating economic growth in the second half of 2009.

Supplement to the Group distribution business of electronic components and semiconductors, the Group added one product line related to channeling a system solution specializes for quality, safety and health management called "TrackWise" from July 09. TrackWise system is well recognized in US and Europe and its target customers are those big medicine, food and beverages manufacturing firms in Greater China. S.A.S. Systems Co. Ltd., a wholly owned subsidiary of the Group, has a professional consultant team to capture this new and important market opportunity when everyone places big concern on health care and food quality nowadays.

FINANCIAL REVIEW

For the period ended 30 June 2009, the Group's turnover decreased by 11.9% to HK$1,385,240,000 (2008: HK$1,572,521,000), gross profit declined by 3.1% to HK$85,179,000 (2008: HK$87,880,000), and EBITDA (represented gross profit plus other income minus distribution and selling expenses and administrative expenses plus depreciation and amortization) increased by 24.9% to HK$35,529,000 (2008: HK$28,437,000).

Net profit attributable to owners of the Company increased 144.2% to HK$20,242,000 (2008: HK$8,290,000). Basic earnings per share was HK7.80 cents (2008: HK3.19 cents).

Liquidity and Financial Resources

As of 30 June 2009, the Group's current ratio was 124% (31 December 2008: 121%), net gearing ratio was 53% (31 December 2008: 76%), 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$229,802,000 (31 December 2008: HK$314,354,000) and total equity of HK$431,313,000 (31 December 2008: HK$413,794,000).

The Group recorded debtors turnover of approximately 47 days for the period under review (2008: 49 days) based on the amount of trade and bills receivable as at 30 June 2009 divided by sales for the same period and multiplied by 181 days.

The Group recorded inventory turnover and average payable period of approximately 47 days and 43 days respectively for the period under review (2008: approximately 52 days and 39 days respectively) based on the amount of inventory and trade and bills payables as at 30 June 2009 divided by cost of sales for the same period and multiplied by 181 days.

The Group generated net operating cash inflow of HK$71,639,000 and used in net repayment of bank borrowings of HK$92,027,000 in for the period under review, compare with net operating cash inflow of HK$57,037,000 and net repayment of bank borrowings of HK$58,644,000 for the same period in 2008.

Foreign Exchange Risk Management

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

The Group currently does not have any 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 30 June 2009, 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.

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 2009, 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 2009.

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 2009 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 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 and continuous support.

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

Hong Kong, 31 August 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.