S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1184)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS

	2010	2009	Change
	HK$'million	*HK$'million*	
Revenue	**4,377.7**	3,519.9	+24%
EBITDA	**115.1**	73.9	+56%
Net profit attributable to owners of the Company	**80.4**	51.9	+55%
Basic earnings per share	**HK30.82 cents**	HK20.01 cents	+54%
Proposed final dividend per share	**HK10.00 cents**	HK6.50 cents	+54%
Proposed special dividend per share to celebrate the Group's 30th Anniversary	**HK2.00 cents**	–	N/A
Full year dividend per share	**HK15.00 cents**	HK9.00 cents	+67%

The Board of Directors (the "Board") of S.A.S. Dragon Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 together with last year's comparative figures are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000
Revenue	3	**4,377,734**	3,519,915
Cost of sales		**(4,117,546)**	(3,338,534)
Gross profit		**260,188**	181,381
Other income		**11,746**	13,684
Distribution and selling expenses		**(55,700)**	(30,435)
Administrative expenses		**(115,164)**	(104,279)
Increase in fair value of investment properties		**16,308**	14,700
Share of results of associates		**(152)**	(134)
Finance costs		**(7,566)**	(6,921)
Profit before tax		**109,660**	67,996
Income tax expense	4	**(16,825)**	(8,180)
Profit for the year	5	**92,835**	59,816
Other comprehensive income			
Fair value gain (loss) on available-for-sale investment		**1,789**	(43)
Exchange differences arising on translation of foreign operations		**124**	–
Reclassification adjustment on disposal of available-for-sale investment		**–**	(256)
Share of translation reserve of an associate		**–**	42
Gain on revaluation of properties		**–**	3,751
Other comprehensive income for the year		**1,913**	3,494
Total comprehensive income for the year		**94,748**	63,310
Profit for the year attributable to:			
Owners of the Company		**80,443**	51,929
Non-controlling interests		**12,392**	7,887
		92,835	59,816
Total comprehensive income attributable to:			
Owners of the Company		**82,356**	55,423
Non-controlling interests		**12,392**	7,887
		94,748	63,310
Earnings per share *(HK cents)*			
– basic	7	**HK30.82 cents**	HK20.01 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	NOTES	**31.12.2010** **HK$'000**	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Non-current Assets				
Investment properties		**127,200**	112,800	119,400
Property, plant and equipment		**159,580**	142,537	156,045
Prepaid lease payments		**8,650**	–	–
Goodwill		**17,829**	16,419	16,419
Interests in associates		**675**	316	408
Available-for-sale investments		**17,036**	7,447	7,654
Club memberships		**3,278**	3,278	3,278
		334,248	282,797	303,204
Current Assets				
Inventories		**379,242**	393,987	370,783
Trade and other receivables	*8*	**435,639**	475,926	298,630
Bills receivable	*8*	**22,556**	15,279	1,125
Prepaid lease payments		**177**	–	–
Financial assets at fair value through profit or loss		**65,213**	57,133	34,770
Available-for-sale investments		**–**	–	5,142
Taxation recoverable		**76**	76	1,104
Pledged bank deposits		**19,634**	10,751	24,757
Bank balances and cash		**421,820**	250,724	119,259
		1,344,357	1,203,876	855,570
Current Liabilities				
Trade and other payables	*9*	**392,369**	319,391	209,496
Bills payable	*9*	**122,202**	79,949	23,734
Derivative financial instruments		**6,321**	2,383	1,375
Tax liabilities		**11,502**	7,225	3,642
Bank borrowings – due within one year		**576,382**	604,888	498,282
		1,108,776	1,013,836	736,529
Net Current Assets		**235,581**	190,040	119,041
Total Assets less Current Liabilities		**569,829**	472,837	422,245

	31.12.2010	31.12.2009	1.1.2009
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	(restated)
Capital and Reserves			
Share capital	**26,214**	25,949	25,949
Share premium and reserves	**464,907**	403,744	359,855
Equity attributable to owners of the Company	**491,121**	429,693	385,804
Non-controlling interests	**51,389**	35,819	27,990
Total Equity	**542,510**	465,512	413,794
Non-current Liabilities			
Bank borrowings – due after one year	**17,500**	–	–
Deferred tax liabilities	**9,819**	7,325	8,451
	27,319	7,325	8,451
	569,829	472,837	422,245

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The Company was 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 also 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, distribution of sports products, manufacture of liquid crystal display modules and property investment.

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

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree. It also requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

In the current year, in accounting for the acquisition of LangFang Fordwin Optical & Electric Co. Ltd. ("Fordwin"), the Group has elected to measure the non-controlling interests at the non-controlling interests' share of recognised identifiable net assets of the acquiree at the date of acquisition. The acquisition-related costs are negligible.

The application of HKFRS 3 (as revised in 2008) has no significant impact on the accounting for the acquisition of Fordwin.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. The application of amendment to HKAS 17 has had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$41,490,000 and HK$31,436,000 have been reclassified from non-current liabilities to current liabilities as at 31 December 2009 and 1 January 2009 respectively. As at 31 December 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$47,694,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss or earnings per share for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities.

The effect of the application of HK Int 5 on the financial position of the Group as at 1 January 2009 and 31 December 2009 is as follows:

	As at 1.1.2009 (originally stated)	Adjustment on HK Int 5	As at 1.1.2009 (restated)	As at 31.12.2009 (originally stated)	Adjustment on HK Int 5	As at 31.12.2009 (restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities						
Bank borrowings						
– due within one year	466,846	31,436	498,282	563,398	41,490	604,888
Non-current liabilities						
Bank borrowings						
– due over one year	31,436	(31,436)	–	41,490	(41,490)	–
Total effect on liabilities	498,282	–	498,282	604,888	–	604,888

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HKAS 32 (Amendments)	Classification of Rights Issues[7]
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] *Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.*

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

[3] *Effective for annual periods beginning on or after 1 July 2011.*

[4] *Effective for annual periods beginning on or after 1 January 2013.*

[5] *Effective for annual periods beginning on or after 1 January 2012.*

[6] *Effective for annual periods beginning on or after 1 January 2011.*

[7] *Effective for annual periods beginning on or after 1 February 2010.*

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The directors anticipate that application of HKFRS 9, which will be adopted in the Group's consolidated financial statements for the financial year ending 31 December 2013. Based on the Group's financial assets and financial liabilities as at 31 December 2010, the application of HKFRS 9 will affect the classification and measurement of the Group's available-for-sale investments and may affect the classification and measurement of financial assets at fair value through profit or loss.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. If the presumption is not rebutted, the directors anticipate that the application of the amendments to HKAS 12 may decrease deferred tax liabilities recognised for investment properties that are measured using the fair value model.

The directors of the Company anticipate that the application of the other new and revised Standards and Interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold by the Group in the normal course of business to outside customers, net of discounts for the year.

The Group are engaged in the distribution of electronic components and semiconductors products that can be used in consumer electronic products, mobile phone products, computer products, telecommunication products and lighting products, properties investments and distribution of sports products. In addition, its jointly controlled entity accounted for using proportionate consolidation is engaged in the manufacturing of liquid crystal display modules.

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

Entity-wide disclosures

Revenue from major business product and services

The following is an analysis of the Group's revenue from its major business products and services:

	2010	2009
	HK$'000	*HK$'000*
Distribution of electronic components and semiconductors products	**4,331,837**	3,442,890
Distribution of sports products	**31,506**	30,467
Manufacturing of liquid crystal display modules (operated through the jointly controlled entity)	**10,334**	41,937
Office building rental	**4,057**	4,621
	4,377,734	3,519,915

Geographical information

The Group's operations are located in different places of domicile, including mainland PRC and Hong Kong.

The following is an analysis of the Group's revenue by the geographical locations of customers for the year:

	Sales revenue by Geographical market	
	2010	2009
	HK\$'000	*HK\$'000*
Place of domicile of relevant group entities		
– Mainland PRC	**2,443,997**	2,142,428
– Hong Kong	**1,385,431**	1,042,980
Other places		
– Taiwan	**466,916**	306,133
– Japan	**18,044**	–
– India	**13,733**	–
– Others	**49,613**	28,374
	4,377,734	3,519,915

The following is an analysis of the carrying amount of non-current assets excluding financial instruments by geographical area in which the assets are located.

	Carrying amount of non-current assets	
	2010	2009
	HK\$'000	*HK\$'000*
Hong Kong	**219,552**	187,558
Mainland PRC	**96,509**	86,554
Others	**1,151**	1,238
	317,212	275,350

4. TAXATION

	2010	2009
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax		
Current year	**14,771**	7,840
(Over)underprovision in prior years	**(440)**	1,466
	14,331	9,306
Deferred tax		
Current year	**2,494**	(1,126)
	16,825	8,180

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2009 onwards.

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

5. PROFIT FOR THE YEAR

	2010	2009
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging and (crediting):		
Staff costs, including directors' remunerations		
– salaries and other benefits	**57,121**	46,483
– equity-settled share-based payment expenses	**–**	143
– performance related incentive payments	**9,771**	4,205
– retirement benefits scheme contributions	**4,196**	3,165
	71,088	53,996
Auditor's remuneration	**1,384**	1,276
Depreciation of property, plant and equipment	**14,062**	13,523
Change in fair value of derivative financial instruments	**3,938**	1,008
Allowance for trade and other receivables	**605**	3,975
Cost of inventories recognised as an expense (including allowance for inventories of HK$762,000 (2009: HK$7,078,000))	**4,117,546**	3,338,534
Change in fair value of financial assets at fair value through profit or loss	**(1,291)**	(4,691)
Net foreign exchange loss (gain)	**186**	(2,249)
Interest income	**(806)**	(719)
Dividend income from listed securities	**(679)**	(241)
Gain on disposal of property, plant and equipment	**(65)**	(768)
Gain on disposal of available-for-sale investments	**–**	(256)
Rental income from investment properties, net of outgoings of HK$25,000 (2009: HK$42,000)	**(4,032)**	(4,624)

6. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
2010 Interim dividend of HK3.0 cents (2009: 2009 interim dividend of HK2.5 cents) per share	**7,864**	6,487
2009 Final dividend of HK6.5 cents (2009: 2008 final dividend of HK2.0 cents) per share	**17,039**	5,190
	24,903	11,677

The final dividend of HK10.0 cents in respect of the year ended 31 December 2010 (2009: final dividend of HK6.5 cents in respect of the year ended 31 December 2009) per share and a special dividend of HK2.0 cents in respect of the year ended 31 December 2010 (2009: Nil) per share have been proposed by the directors and is subject to approval by the shareholders in general meeting.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit for the year attributable to owners of the Company of approximately HK$80,443,000 (2009: HK$51,929,000) and on the weighted average number of 261,036,553 (2009: 259,490,720) ordinary shares in issued during the year.

No diluted earnings per share for both years was presented since the exercise prices 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

The following is an aged analysis of trade and bills receivable net of allowance for doubtful debts presented based on the due date at the end of the reporting period.

	31.12.2010	31.12.2009
	HK$'000	*HK$'000*
Current	**301,403**	320,344
Within 30 days	**86,009**	96,393
More than 30 days and within 60 days	**9,365**	17,672
More than 60 days and within 90 days	**2,182**	480
More than 90 days	**25,098**	12,087
	424,057	446,976

9. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

The following is an aged analysis of trade and bills payable presented based on the due date at the end of the reporting period.

	31.12.2010	31.12.2009
	HK$'000	*HK$'000*
Current	**324,536**	232,901
Within 30 days	**100,906**	88,940
More than 30 days and within 60 days	**12,410**	15,201
More than 60 days and within 90 days	**85**	–
More than 90 days	**12,337**	8,670
	450,274	345,712

10. EVENT AFTER THE REPORTING PERIOD

On 10 March 2011, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent has conditionally agreed, on a best effort basis, to procure subscription by the placees for, and the Company has conditionally agreed to allot and issue, a total of up to 10,000,000 warrants at a price of HK$0.02 per warrant. (the "Placing") The warrants are placed by the placing agent with two placees namely, J.P. Morgan Securities Limited and Ajia Partners Asset Management (HK) Ltd. The subscription price is HK$2.28 per warrant share. The Placing was completed on 16 March 2011.

The net proceeds from the Placing, after the deduction of related expenses, was approximately HK$50,000 and the proceeds will be applied by the Company to fund general working capital of the Group.

For details of the Placing please refer to the announcement of the Company dated 10 March 2011.

DIVIDENDS

To repatriate enhanced value to our shareholders and to celebrate the Group's 30th Anniversary, the Board of Directors has recommended the payment of a final dividend of HK10.0 cents per share (2009: HK6.5 cents) together with a special dividend of HK2.0 cents per share (2009: Nil) for the year ended 31 December 2010 subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. An interim dividend of HK3.0 cents per share (2009: HK2.5 cents) was paid by the Company on 17 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 19 May 2011 to 20 May 2011 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, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 18 May 2011. Dividend warrants will be dispatched on 10 June 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Distribution of Electronic Components and Semiconductor Products

The Group specializes in design, development, sourcing, quality assurance and logistics management of global proprietary electronic components and semiconductors products including chipset solutions, display panel, memory chips, light-emitting diode ("LED") lighting solutions, power supply system solutions, multimedia system solutions, PEMCO and other premier solutions for a wide range of applications for mobile, consumer electronic, computer, telecommunication and LED lighting products to industrial and commercial customers in the Greater China.

During the year under review, the Group achieved all-time records for revenue and operating profit in this core segment. These results were driven by the solid domestic demand from the Greater China and other developing countries. The Group benefited from serving more than 100 famous international semiconductor suppliers and over 10,000 electronics manufacturing services ("EMS") providers, original equipment manufacturers, original design manufacturers and valued-added resellers in the Greater China.

Mobile Phone Products

The strong demand of smart phone among with the continuous broadening of the 3G network coverage to more China cities continues to be the core growth driver to China handsets market, being the world's largest mobile market. During the year under review, the Group was able to capture this hot market by providing full range product solutions including 3G/2G baseband processors, large memory storage, high resolution displays, wireless communication solutions and other embedded solutions to many handset manufacturers and EMS factories in China.

Consumer Electronic Products

China's subsidy program for home appliance purchases continues to support the domestic spending on televisions, air conditioners, refrigerator and other consumer products. Also, technology update in home electrical appliance, like the adoption of energy-saving dual mode inverter and intelligent electronic control system, has boosted the Group's revenue during the year under review.

Computer Products

During the year under review, worldwide spending on computer products by both business and consumer sectors remain robust. The incremental sales growth of iPad-like multimedia touch-screen tablet PC has further boosted the Group's revenue.

LED Lighting Products

During the year under review, the Group made good progress to provide one-stop LED lighting supply chain solutions to both industrial and commercial customers. Other than sourcing wide range of LED components to LED lighting apparatus manufacturers, the Group has took further step to develop and produce wide range of LED indoor and outdoor lights under the LIM branding to end users as well as energy management consultants in the Greater China.

Properties investment

As of 31 December 2010, the Group held 6 units of investment properties (31 December 2009: 7 units), all of which are commercial units located at Hong Kong. The aggregate carrying value of investment properties amounted to HK$127.2 million (31 December 2009: HK$112.8 million).

The above investment properties generated rental income of HK$4.1 million (2009: HK$4.6 million) with an annualized return of 3.2% (2009: 4.1%).

OUTLOOK

Although the Group has achieved satisfactory results in 2010, we are conscious on the recoverability of global economy and the impact of the Japan 311 tragedies.

We all in SAS feel deep sympathy to the people and companies of Japan hit by the tragedies. It is apparent that several Japanese semiconductor companies have been struck directly. At this moment, we are monitoring the situation closely and will adopt remedial action as soon as possible if necessary.

We believe the Group will manage to perform competitively by virtue of its solid relationship with suppliers. Also, we believe that relatively strong growth should continue in China, where holds good fundamentals and being less affected by US financial crisis.

The Group's objective is to remain a leading electronic supply chain services provider in Greater China while continuing to improve its profitability and enhance its value to customers. To achieve this objective, the Group adopts a strategy of emphasizing its value-added, full-service capabilities, using its research competence to enhance customer service, continuing to improve its own operating efficiencies.

Looking ahead, barring unforeseeable circumstances, we are still positive about our business outlook. We will continue to look into further growth opportunities in the Greater China, in particular China and Taiwan and bring higher returns for our shareholders.

FINANCIAL REVIEW

For the year ended 31 December 2010, the Group's turnover increased by 24.4% to HK$4,377,734,000 (2009: HK$3,519,915,000), gross profit rose by 43.4% to HK$260,188,000 (2009: HK$181,381,000), and EBITDA (represented gross profit plus other income minus distribution and selling expenses and administrative expenses plus depreciation and amortization) increased by 55.8% to HK$115,132,000 (2009: HK$73,874,000).

Net profit attributable to owners of the Company increased 54.9% to HK$80,443,000 (2009: HK$51,929,000). Basic earnings per share was HK30.82 cents (2009: HK20.01 cents).

Liquidity and Financial Resources

As of 31 December 2010, the Group's current ratio was 121% (31 December 2009: 124%), net gearing ratio was 16% (31 December 2009: 61%), 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$87,215,000 (31 December 2009: HK$286,280,000) and total equity of HK$542,510,000 (31 December 2009: HK$465,512,000).

The Group recorded debtors turnover of approximately 35 days for the year under review (2009: 46 days) based on the amount of trade and bills receivable as at 31 December 2010 divided by sales for the same period and multiplied by 365 days (2009: 365 days).

The Group recorded inventory turnover and average payable period of approximately 34 days and 40 days respectively for the year under review (2009: approximately 43 days and 38 days respectively) based on the amount of inventory and trade and bills payables as at 31 December 2010 divided by cost of sales for the same period and multiplied by 365 days (2009: 365 days).

The Group generated net operating cash inflow of HK$259,119,000 and used in net repayment of bank borrowings of HK$11,006,000 for the year under review, compare with net operating cash outflow of HK$13,871,000 and net raising of bank borrowings of HK$106,606,000 for the same period in 2009.

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 31 December 2010, the Group employed approximately 450 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.

Pledge of Assets

At 31 December 2010, certain of the Group's assets (including investment properties, leasehold land and buildings, bank deposits, trade receivables and financial assets at fair value through profit or loss) with the carrying value of totaling approximately HK$370,000,000 million were pledged to secure general banking facilities granted to the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2010, 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 2010.

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 2010, 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 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 2010 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 statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2010 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 the preliminary announcement.

APPRECIATION

On behalf of the Board of Directors, I would like to thank all our employees for their contribution and commitments. I also wish to extend my sincere gratitude to our shareholders, customers, suppliers and business partners for their long-term supports and dedication in the past 30 years.

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

Hong Kong, 28 March 2011

As at the date of this announcement, the Board comprises three executive directors are Mr. Yim Yuk Lun, Stanley, Mr. Wong Sui Chuen and Mr. Lock Shui Cheung, one non-executive director is Dr. Chang Chu Cheng and four 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.