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S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1184)

2011 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

	For the six month ended 30 June		
	2011	2010	Change
	HK\$'million	HK\$'million	
Revenue	2,580.4	2,014.1	+28%
EBITDA	68.0	49.7	+37%
Net profit attributable to owners of the Company	40.6	30.7	+32%
Basic earnings per share	HK15.51 cents	HK11.78 cents	+32%
Interim dividend per share	HK3.0 cents	HK3.0 cents	—

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 2011, together with comparative figures for the previous period, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

		For the six months ended 30 June	
		2011	2010
	<i>Notes</i>	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue	2	2,580,429	2,014,093
Cost of sales		(2,439,219)	(1,891,860)
Gross profit		141,210	122,233
Other income		4,533	2,123
Distribution and selling expenses		(26,761)	(25,067)
Administrative expenses		(58,395)	(56,360)
Finance costs		(5,751)	(3,368)
Share of results of associates		(73)	(28)
Profit before tax		54,763	39,533
Income tax expense	3	(7,894)	(5,264)
Profit for the period	4	46,869	34,269
Other comprehensive income:			
Exchange differences arising on translation of foreign operation		1,272	—
Fair value loss on available-for-sale investment		(885)	—
Total comprehensive income for the period		47,256	34,269
Profit for the period attributable to:			
Owners of the Company		40,647	30,669
Non-controlling interests		6,222	3,600
		46,869	34,269
Total comprehensive income attributable to:			
Owners of the Company		40,951	30,669
Non-controlling interests		6,305	3,600
		47,256	34,269
Dividend paid	5	31,457	17,039
Earnings per share	6		
Basic		HK15.51 cents	HK11.78 cents
Diluted		—	HK11.76 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

		30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
	<i>Notes</i>		
Non-Current Assets			
Investment properties		127,200	127,200
Property, plant and equipment		157,210	159,580
Prepaid lease payments		8,945	8,650
Goodwill		17,829	17,829
Interests in associates		620	675
Available-for-sale investments		16,151	17,036
Other non-current assets		3,278	3,278
		331,233	334,248
Current Assets			
Inventories		490,324	379,242
Trade and other receivables	7	534,792	435,639
Bills receivable	7	5,484	22,556
Prepaid lease payments		185	177
Financial assets at fair value through profit or loss		87,978	65,213
Taxation recoverable		–	76
Pledged bank deposits		10,067	19,634
Bank balances and cash		317,110	421,820
		1,445,940	1,344,357
Current Liabilities			
Trade and other payables	8	467,154	392,369
Bills payable	8	80,060	122,202
Derivative financial instruments		6,321	6,321
Tax liabilities		14,957	11,502
Bank borrowings – due within one year		626,469	576,382
		1,194,961	1,108,776
Net Current Assets		250,979	235,581
Total Assets less Current Liabilities		582,212	569,829

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Capital and Reserves		
Share capital	26,214	26,214
Share premium and reserves	474,401	464,907
Equity attributable to owners of the Company	500,615	491,121
Non-controlling interests	57,694	51,389
Total Equity	558,309	542,510
Non-Current Liabilities		
Bank borrowings – due after one year	14,375	17,500
Deferred tax liabilities	9,528	9,819
	23,903	27,319
	582,212	569,829

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited 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 Accounts (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, the following new or revised standards and interpretations (“new or revised HKFRSs”) issued by HKICPA.

HKASs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosure
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new and revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosures of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

The directors of the Company anticipate that the application of these new and revised standards and interpretations will have no material impact on the results and financial position of the Group.

2. REVENUE AND SEGMENT INFORMATION

Revenue from major business product and services

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

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Distribution of electronic components and semiconductors products	2,563,487	1,986,913
Office building rental	1,313	1,990
Others	15,629	25,190
	2,580,429	2,014,093

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 geographical locations of customers:

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Place of domicile of relevant group entities		
– Mainland PRC	1,334,562	1,128,916
– Hong Kong	945,825	650,667
Other places		
– Taiwan	265,919	200,285
– Others	34,123	34,225
	2,580,429	2,014,093

3. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax	<u>7,894</u>	<u>5,264</u>

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for period.

4. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment and amortization of prepaid lease payments	7,381	6,749
Interest income	(304)	(333)
Dividend income from listed securities	<u>(362)</u>	<u>(333)</u>

5. DIVIDEND PAID

	For the six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend in respect of the previous financial year, paid during the period, of HK12.0 cents per share (2010: HK6.5 cents)	<u>31,457</u>	<u>17,039</u>

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Earnings:		
Profit for the period attributable to the owners of the Company for the purposes of basic and diluted earnings per share	40,647	30,669
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	262,140,720	260,374,053
Effect of dilutive potential ordinary shares – share options	–	337,573
Weighted average number of ordinary shares for the purpose of diluted earnings per share	262,140,720	260,711,626

No diluted earnings per share has been presented since the Company had no potential ordinary shares outstanding during the six months ended 30 June 2011.

For the six months ended 30 June 2010, weighted average number of ordinary shares for the purpose of the computation of diluted earnings per share has accounted for the effect of the share options with dilutive effect.

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 2011 HK\$'000	31 December 2010 HK\$'000
Current	346,998	301,403
Within 30 days	88,934	86,009
More than 30 days and within 60 days	12,228	9,365
More than 60 days and within 90 days	1,082	2,182
More than 90 days	25,360	25,098
Trade receivables and bills receivable	474,602	424,057
Other receivables	65,674	34,138
	540,276	458,195

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 2011 HK\$'000	31 December 2010 HK\$'000
Current	361,472	324,536
Within 30 days	98,236	100,906
More than 30 days and within 60 days	19,808	12,410
More than 60 days and within 90 days	2,793	85
More than 90 days	9,452	12,337
Trade payables and bills payable	491,761	450,274
Other payables	55,453	64,297
	547,214	514,571

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3.0 cents (2010: HK3.0 cent) per share payable to the shareholders of the Company whose names appear on the Register of Members of the Company on 9 September 2011. The dividend warrants are expected to despatch to shareholders on or about 19 September 2011.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from 8 September 2011 to 9 September 2011, 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 7 September 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Distribution of Electronic Components and Semiconductor Products

During the first half of 2011, the electronic component industry was negatively affected by the traditional slow season, the Japanese earthquake crisis and the weak and fickle global economy. Despite the challenging market environment, the Group's strategy to focus in China market continues to pay off. Compared with last corresponding period, the Group core segment's revenue rose 29% mainly driven by the robust market demand of smartphones, tablet PCs, LED TVs and green energy lighting products in China.

Mobile Phone Products

With the acceptance of common software platforms, such as Android OS from Google, China-made smartphone becomes the fastest-growing segment in the mobile market. Many Chinese smartphone OEMs success to deliver their handsets under the common Android platform to export and domestic markets with 30-50% price advantage compare with their peer international brand. The Group is benefited by providing smartphone solutions to various Chinese handset OEMs and capitalizes such faster-than-expected shipment growth of China smartphone market.

Consumer Electronic Products

The Group continues to grasp the opportunities presented by the PRC government's implementation of "Household Appliances Subsidy Scheme", the "Subsidy for Energy Efficient Appliances Scheme" and the "Home Appliance Replacement Scheme". Also, the increasing popularity of personal tablet PC, the technology update of electronic appliances and the replacement demand for LED TV have boosted the Group's revenue during the period under review.

LED Lighting Products

Government of various countries continued their program of promoting green energy lighting products. The Group has leveraged its engineering expertise to provide one-stop LED lighting solutions for various of LED lighting apparatus manufacturers in Greater China. During the period under review, the Group achieved sales revenue under the LED semiconductor business of approximate HK\$84 million, representing a year on year growth of 47%, compared with the same period in 2010 of HK\$57 million. Meanwhile, the Group completed various commercial indoor and outdoor LED projects for a number of hotels, schools, department stores, retail shops, offices and factories under the  branding. Although the contribution of these projects is still insignificant compared with the Group's overall revenue and profit, the Group considers this segment has high growth potential.

Properties investment

As of 30 June 2011, the Group held 6 units of investment properties (31 December 2010: 6 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 2010: HK\$127.2 million).

The above investment properties generated rental income of HK\$1.31 million (2010: HK\$2.0 million) with an annualized return of 2.1% (2010: 3.3%).

Outlook

Although global economic recovery is still unstable, we are confident that the Group will continue to perform competitively by virtue of our strong engineering and design capacity and efficient logistics support providing to our customers. With diversified component supplier base, the Group will continue to deliver the best application selection to its customers and is well positioned to capitalize on business opportunities from smartphones, personal electronics devices and other green energy products. At the same time, the Group will continue to look into further growth opportunities in China and Taiwan and bring higher returns for our shareholders.

FINANCIAL REVIEW

For the period ended 30 June 2011, the Group's revenue increased by 28.1% to HK\$2,580,429,000 (2010: HK\$2,014,093,000), gross profit rose by 15.5% to HK\$141,210,000 (2010: HK\$122,233,000), and EBITDA (represented gross profit plus other income minus distribution and selling expenses and administrative expenses plus depreciation and amortization) increased by 36.8% to HK\$67,968,000 (2010: HK\$49,678,000).

Net profit attributable to owners of the Company increased 32.5% to HK\$40,647,000 (2010: HK\$30,669,000). Basic earnings per share was HK15.51 cents (2010: HK11.78 cents).

Liquidity and Financial Resources

As of 30 June 2011, the Group's current ratio was 121% (31 December 2010: 121%), net gearing ratio was 40% (31 December 2010: 16%), 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) of approximately HK\$225,689,000 (31 December 2010: HK\$87,215,000) and total equity of HK\$558,309,000 (31 December 2010: HK\$542,510,000).

The Group recorded debtors turnover of approximately 33 days for the period under review (2010: 39 days) based on the amount of trade and bills receivable as at 30 June 2011 divided by sales for the same period and multiplied by 181 days.

The Group recorded inventory turnover and payable period of approximately 36 days and 37 days respectively for the period under review (2010: approximately 42 days and 38 days respectively) based on the amount of inventory and trade and bills payables as at 30 June 2011 divided by cost of sales for the same period and multiplied by 181 days.

The Group recorded net operating cash outflow of HK\$99,435,000 and increased in net borrowing of bank loan of HK\$46,962,000 for the period under review, compared with net operating cash inflow of HK\$45,849,000 and used in net repayment of bank borrowings of HK\$43,595,000 for the same period in 2010.

Foreign Exchange Risk Management

The Group has foreign currency sales and purchases and foreign currency bank deposits and borrowings 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 2011, 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 provident fund schemes and medical insurance. Also, discretionary bonus was granted to eligible employees based on the Group's financial results and individual performance.

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

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

CORPORATE GOVERNANCE

The 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 2011, 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 be 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 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 2011.

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 2011 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 take this opportunity to extend my sincere gratitude to all shareholders, customers, suppliers and business partners for their valuable and continuous support, and to all our colleagues for their efforts, hard work and dedication. Their hard work forms the foundation for the Group's future business development.

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

Hong Kong, 23 August 2011

As at the date of this announcement, the Board comprises four executive directors are Mr. Yim Yuk Lun, Stanley, Mr. Wong Sui Chuen and Mr. Lock Shui Cheung and Mr. Lau Ping 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.