GROUP

S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1184)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

	2013	2012 (Restated)	Change
Revenue *(HK$ million)*	**10,798**	6,319	+71%
Profit attributable to owners of the Company *(HK$ million)*	**172.1**	90.9	+89%
Basic earnings per share *(HK cents)*	**65.03**	34.66	+88%
Dividend per share *(HK cents)*			
– Interim paid	**6.5**	3.0	+117%
– Proposed final	**20.0**	12.0	+67%
– Proposed special (To celebrate the Group's 20th listing anniversary)	**3.5**	–	N/A
– Total	**30.0**	15.0	+100%

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 2013 together with last year's comparative figures are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	NOTES	**2013** *HK$'000*	2012 *HK$'000* (Restated)
Revenue	3	**10,797,607**	6,319,047
Cost of sales		**(10,354,629)**	(6,048,288)
Gross profit		**442,978**	270,759
Other income		**5,526**	14,883
Other gains and losses	5	**21,351**	(777)
Distribution and selling expenses		**(57,191)**	(51,206)
Administrative expenses		**(160,646)**	(138,581)
Increase in fair value of investment properties		**15,300**	41,000
Share of loss of associates		**(259)**	(97)
Share of profit of joint ventures		**3,812**	530
Finance costs		**(20,894)**	(14,265)
Profit before tax		**249,977**	122,246
Income tax expense	4	**(35,952)**	(13,487)
Profit for the year	5	**214,025**	108,759
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale investment		**300**	150
Reclassification adjustment on disposal of available-for-sale investment		**–**	2,773
Exchange differences arising on translation of foreign operations		**1,073**	1,180
Share of other comprehensive income of an associate		**8**	8
Share of other comprehensive income of joint ventures		**139**	114
Other comprehensive income for the year		**1,520**	4,225
Total comprehensive income for the year		**215,545**	112,984

	NOTE	2013 HK$'000	2012 HK$'000 (Restated)
Profit for the year attributable to:			
Owners of the Company		**172,134**	90,852
Non-controlling interests		**41,891**	17,907
		214,025	108,759
Total comprehensive income attributable to:			
Owners of the Company		**173,595**	94,906
Non-controlling interests		**41,950**	18,078
		215,545	112,984
Earnings per share *(HK cents)*	7		
– basic		**HK65.03 cents**	HK34.66 cents
– diluted		**HK61.43 cents**	HK34.66 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	NOTES	**31.12.2013** ***HK$'000***	31.12.2012 *HK$'000* (Restated)	1.1.2012 *HK$'000* (Restated)
Non-current Assets				
Investment properties		**192,600**	177,300	136,300
Property, plant and equipment		**195,721**	184,648	148,764
Prepaid lease payments		**9,136**	9,112	9,080
Goodwill		**16,419**	20,392	20,392
Interests in associates		**166**	417	506
Interests in joint ventures		**17,771**	13,820	13,176
Available-for-sale investments		**33,542**	34,414	13,912
Club memberships		**3,278**	3,278	3,278
Deposit paid for acquisition of property, plant and equipment		**13,598**	9,600	14,508
Deferred tax assets		**4,493**	3,399	2,918
		486,724	456,380	362,834
Current Assets				
Inventories		**660,775**	616,711	352,260
Trade and other receivables	8	**928,615**	801,145	460,645
Bills receivable	8	**26,848**	9,745	7,448
Derivative financial instruments		**465**	–	–
Prepaid lease payments		**199**	194	189
Financial assets at fair value through profit or loss		**24,841**	54,785	113,744
Taxation recoverable		**931**	2,732	4,720
Pledged bank deposits		**13,153**	3,961	3,149
Bank balances and cash		**614,989**	407,599	621,422
		2,270,816	1,896,872	1,563,577

	NOTES	31.12.2013 HK$'000	31.12.2012 HK$'000 (Restated)	1.1.2012 HK$'000 (Restated)
Current Liabilities				
Trade and other payables	9	**747,868**	501,444	438,768
Bills payable	9	**202,277**	242,605	59,125
Derivative financial instruments		**1,926**	7,909	8,776
Tax liabilities		**27,721**	6,666	5,598
Bank borrowings – due within one year		**899,349**	877,900	775,529
		1,879,141	1,636,524	1,287,796
Net Current Assets		**391,675**	260,348	275,781
Total Assets less Current Liabilities		**878,399**	716,728	638,615
Non-current Liabilities				
Bank borrowings – due after one year		**–**	–	11,250
Net Assets		**878,399**	716,728	627,365
Capital and Reserves				
Share capital		**26,494**	26,214	26,214
Share premium and reserves		**736,053**	606,712	539,380
Equity attributable to owners of the Company		**762,547**	632,926	565,594
Non-controlling interests		**115,852**	83,802	61,771
Total Equity		**878,399**	716,728	627,365

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 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 semiconductor products, distribution of sport products and property investment.

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

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases,* and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int-12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) as to whether or not the Group has control over its investees in accordance with the new definition of control and the related guidance set out in HKFRS 10 and concluded that the application had no impact on the consolidation of investees held by the Group.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) – Int13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's investments in Kitronix Limited ("Kitronix") and SPT Technology Limited ("SPT Technology"), which were classified as jointly controlled entities under HKAS 31 and have accounted for using the proportionate consolidation method, should be classified as joint ventures under HKFRS 11 and accounted for using the equity method.

The change in accounting of the Group's investments in Kitronix and SPT Technology has been applied in accordance with the relevant transitional provisions set out in HKFRS 11. The initial investment as at 1 January 2012 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated (see the tables below for details). Also, the directors of the Company performed an impairment assessment on the initial investment as at 1 January 2012 and concluded that no impairment loss is required. Comparative amounts for 2012 have been restated to reflect the change in accounting for the Group's investments in Kitronix and SPT Technology.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements and associates. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

Summary of the effect of the above change in accounting policy

The effect of change in accounting policy described above on the results for the year ended 31 December 2012 by line items are as follows:

Impact on profit for the year ended 31 December 2012 of the application of HKFRS 11

	Year ended 31.12.2012 *HK$'000*
Decrease in revenue	(208,987)
Decrease in cost of sales	196,081
Decrease in other income	(36)
Decrease in other gains and losses	108
Decrease in distribution and selling expenses	1,576
Decrease in administration expenses	9,804
Increase in share of profit of joint ventures	530
Decrease in finance costs	812
Decrease in income tax expense	112
Impact on profit for the year	–

The effect of the above change in accounting policy on the financial positions of the Group as at 1 January 2012 and 31 December 2012 is as follows:

Impact on assets and liabilities as at 1 January 2012 and 31 December 2012 of the application of HKFRS 11

	As at 1.1.2012 (previously stated)	HKFRS 11 adjustments	As at 1.1.2012 (restated)	As at 31.12.2012 (previously stated)	HKFRS 11 adjustments	As at 31.12.2012 (restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	154,149	(5,385)	148,764	189,662	(5,014)	184,648
Interests in joint ventures	–	13,176	13,176	–	13,820	13,820
Inventories	397,045	(44,785)	352,260	659,446	(42,735)	616,711
Trade and other receivables	479,520	(18,875)	460,645	828,052	(26,907)	801,145
Bank balances and cash	648,860	(27,438)	621,422	433,195	(25,596)	407,599
Trade and other payables	(460,708)	21,940	(438,768)	(522,449)	21,005	(501,444)
Tax liabilities	(5,899)	301	(5,598)	(7,077)	411	(6,666)
Bank borrowings						
– due within one year	(836,595)	61,066	(775,529)	(942,916)	65,016	(877,900)
Total effect on net assets	376,372	–	376,372	637,913	–	637,913

Impact on cash flows for the year ended 31 December 2012 of the application of HKFRS 11

	Year ended 31.12.2012
	HK$'000
Net cash outflow from operating activities	(4,960)
Net cash outflow from investing activities	(20)
Net cash inflow from financing activities	3,138
Net cash outflow	(1,842)

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[3]
HKFRS 9	Financial Instruments[4]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

3 Effective for annual periods beginning on or after 1 July 2014.

4 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may affect the classification and measurement of the Group's available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

3. REVENUE AND SEGMENT INFORMATION

The Group is engaged in the distribution of electronic components and semiconductor products that can be used in consumer electronic products, mobile phone products, computer products, telecommunication products and lighting products, properties investments and distribution of sport products.

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 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.

Revenue from major business products and services

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Distribution of electronic components and semiconductor products	**10,762,288**	6,284,045
Distribution of sport products	**29,564**	30,410
Office building rental	**5,755**	4,592
	10,797,607	6,319,047

Geographical information

The Group's operations are located in different places of domicile, including the People's Republic of China (the "PRC"), Hong Kong and Taiwan.

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

	Sales revenue by Geographical market	
	2013	2012
	HK$'000	*HK$'000*
		(Restated)
The PRC	**7,213,910**	3,386,486
Hong Kong	**3,028,080**	2,495,305
Taiwan	**413,611**	252,832
Mexico	**34,875**	54,561
India	**26,944**	25,479
Macao Special Administrative Regions of The PRC	**23,381**	–
Japan	**21,340**	12,468
Singapore	**13,854**	53,566
Republic of Korea	**1,004**	4,672
Others	**20,608**	33,678
	10,797,607	6,319,047

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

	Carrying amount of non-current assets	
	31.12.2013	31.12.2012
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**315,411**	304,729
The PRC	**121,233**	97,849
Taiwan	**11,115**	15,059
Others	**930**	930
	448,689	418,567

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A *(note)*	**1,644,593**	N/A

Note: The corresponding revenue did not contribute over 10% of the total sales of the Group for the year ended 31 December 2012.

During the year ended 31 December 2012, no single customer contributed over 10% of the total sales of the Group.

4. TAXATION

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
The charge comprises:		
Hong Kong Profits Tax		
– current year	**33,086**	12,241
– underprovision in prior years	**138**	362
PRC Enterprise Income Tax		
– current year	**1,987**	–
Taiwan Corporate Income Tax		
– current year	**1,835**	1,337
	37,046	13,940
Deferred tax		
– current year	**(1,094)**	(453)
	35,952	13,487

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%. No PRC income tax was payable by the Group since the PRC subsidiaries incurred tax losses for year ended 31 December 2012.

Corporate Income Tax in Taiwan is charged at 17%.

5. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remunerations		
– salaries and other benefits	**72,009**	64,308
– performance related incentive payments	**15,798**	9,812
– retirement benefits scheme contributions	**7,780**	5,960
– share-based payment expenses	**–**	6,504
	95,587	86,584
Auditor's remuneration	**1,383**	1,330
Depreciation of property, plant and equipment	**16,629**	15,700
Amortisation of prepaid lease payments	**199**	194
Allowance of (reversal of allowance of) trade and other receivables	**3,152**	(4,645)
Cost of inventories recognised as an expense (including reversal of allowance of inventories of HK$1,682,000 (2012: reversal of allowance of inventories of HK$6,132,000, as restated)) *(note)*	**10,354,629**	6,048,288
Interest income	**(970)**	(1,217)
Dividend income from equity investments	**(3,000)**	(5,935)
Rental income from investment properties, net of outgoings of HK$24,000 (2012: HK$35,000)	**(5,731)**	(4,557)
The following items are included in other gains and losses:		
Change in fair value of derivative financial instruments	**(20,257)**	(6,650)
Change in fair value of financial assets at fair value through profit or loss	**(156)**	(9,553)
Gain on disposal of property, plant and equipment	**(784)**	(2,668)
Impairment loss on available-for-sale investment	**1,172**	14,927
Impairment loss recognised in respect of goodwill	**3,973**	–
Loss on disposal of a subsidiary	**–**	1,035
Net foreign exchange (gain) loss	**(5,299)**	1,098
Loss on disposal of available-for-sale investment	**–**	2,588

Note: The reversal of allowance for inventories arose because the subsequent sale prices for the relevant inventories were higher than the carrying amount of such inventories which were written down in prior years.

6. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2013 Interim dividend of HK6.5 cents (2012: 2012 interim dividend of HK3.0 cents) per share	**17,221**	7,864
2012 Final dividend of HK12.0 cents (2012: 2011 final dividend of HK10.0 cents) per share	**31,793**	26,214
	49,014	34,078

Subsequent to the end of the reporting period, a final dividend of HK20.0 cents per share in respect of the year ended 31 December 2013 (2012: final dividend of HK12.0 cents per share in respect of the year ended 31 December 2012) and a special dividend of HK3.5 cents per share in respect of the year ended 31 December 2013 (2012: Nil) have been proposed by the directors and are subject to approval by the shareholders in the forthcoming general meeting.

7. 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:

	2013	2012
	HK$'000	*HK$'000*
Earnings:		
Profit for the year attributable to owners of the Company, for the purpose of basic and diluted earnings per share	**172,134**	90,852
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**264,680**	262,141
Effect of dilutive potential ordinary shares in respect of warrants	**15,519**	–
Weighted average number of ordinary shares for diluted earnings per share	**280,199**	262,141

For the year ended 31 December 2012, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding warrants because the exercise price of those warrants was higher than the average market price for shares for the year.

8. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE

	31.12.2013	31.12.2012
	HK$'000	*HK$'000*
		(Restated)
Trade receivables	**879,796**	746,538
Less: allowance for doubtful debts	**(6,268)**	(3,723)
	873,528	742,815
Other receivables	**42,278**	39,152
Prepayment and deposits paid	**12,809**	19,178
Total trade and other receivables	**928,615**	801,145
Bills receivable	**26,848**	9,745

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

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

	31.12.2013	31.12.2012
	HK$'000	*HK$'000*
		(Restated)
Current	**711,853**	541,786
Within 30 days	**155,355**	174,907
More than 30 days and within 60 days	**25,188**	19,113
More than 60 days and within 90 days	**3,960**	2,790
More than 90 days	**4,020**	13,964
	900,376	752,560

9. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

	31.12.2013	31.12.2012
	HK$'000	*HK$'000*
		(Restated)
Trade payables	**673,471**	448,063
Other payables	**27,573**	17,040
Accruals and deposits received	**46,824**	36,341
Total trade and other payables	**747,868**	501,444
Bills payable	**202,277**	242,605

The average credit period on purchase of goods ranged from 30 days to 120 days.

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

	31.12.2013	31.12.2012
	HK$'000	*HK$'000*
		(Restated)
Current	**778,799**	645,502
Within 30 days	**43,986**	35,558
More than 30 days and within 60 days	**21,119**	6,490
More than 60 days and within 90 days	**16,029**	24
More than 90 days	**15,815**	3,094
	875,748	690,668

DIVIDENDS

To repatriate enhanced value to our shareholders and to celebrate the Group's 20th listing anniversary, the Board has recommended a final dividend of HK20 cents (2012: HK12 cents) per share together with a special dividend of HK3.5 cents (2012: Nil) per share for the year ended 31 December 2013 subject to approval by the shareholders at the forthcoming annual general meeting. Together with an interim dividend of HK6.5 cents (2012: HK3 cents) per share already paid, total dividend for the year will amount to HK30 cents (2012: HK15 cents) per share.

BONUS SHARES

The Board proposed a bonus shares on the basis of one bonus share for every one ordinary share held by the shareholders whose names appear on the register of members on 10 June 2014, subject to the approval by the shareholders at the forthcoming annual general meeting.

CLOSURE OF REGISTER OF MEMBERS

The proposed bonus shares is subject to the approval of the shareholders at the forthcoming annual general meeting, which will be held on 30 May 2014. The Register of Members will be closed from 26 May 2014 to 29 May 2014 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, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Registrars in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (which address will be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) for registration not later than 4:30 p.m. on 23 May 2014.

The Register of Members will be closed from 6 June 2014 to 10 June 2014 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlement of the proposed final dividend, special dividend and proposed bonus shares, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Registrars in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (which address will be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) for registration not later than 4:30 p.m. on 5 June 2014. Dividend warrants and certificates for the bonus shares will be dispatched on 17 June 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2013, the Group exceeded its short-term revenue target of HK$10 billion, achieved an important milestone, by providing reliable electronic component supply chain services to our valuable customers in the Greater China region.

Distribution of Electronic Components and Semiconductor Products

For the year ended 31 December 2013, electronic components distribution achieved record sales revenue of HK$10.8 billion, up 71% from HK$6.3 billion recorded last year. Such growth was driven by the robust demand of smartphones, tablets, telecommunication and networking products as well as the LED lighting products. Also, our newly incorporated subsidiary in Taiwan has made positive contributions to the Group during the year under review.

Mobile Phone

China smartphone vendors already take up five of the top ten places in terms of worldwide market share by leveraging their cost advantages, improved brand awareness and strong relationship with both domestic and global telecommunication carriers. Also, the fact that more China branded vendors successfully launched their secondary brand to promote their low-price high-specification smartphones through online selling has fuelled the growth momentum of the smartphone shipments. In 2013, we continued to record substantial revenue growth on mobile phone segment by working together with a number of leading China branded vendors.

Also, thanks to the technical innovation in mobile operating system, user interface and cloud-based services, demand of smartphone hardware upgrade further bolstered our revenue by delivering more quad-core and 8-core baseband processors, larger and high resolution panels, larger memory storage, higher resolution camera, more sensible touch panel as well as better audio solutions to those handset manufacturers, design house and module factories in the Greater China region.

Consumer Electronic

Global tablets shipments surpassed notebooks shipments in 2013. Growing demand of tablets, together with electronic learning products, high-end TVs, smart TV boxes, sport cameras and environmental friendly electronic appliances have continued to boost the Group's revenue during the year under review.

Telecommunication and Networking

With the rapid advancement in technology and increasing demand of high speed connection, the requirement of additional bandwidth, proliferation of smart devices, cloud computing and multimedia contents have boosted the Group's revenue by providing competitive solutions of 4G LTE networks, smart home, data center, and 3G router to those telecommunication and networking equipment manufacturers and system integrators during the year under review.

LED Lighting

LED lighting products have become more affordable after substantial price decline and brought forward the replacement trend over conventional lighting products. The Group's LED lighting products under owned brand LIM are widely adopted by property developers, hotels, shopping malls, retail shops, banks, offices and factories in China, Hong Kong, Macau and Singapore. By leveraging the Group's engineering expertise to deliver one-stop LED lighting solutions, the Group achieved sales revenue under the LED lighting business of approximate HK$411 million during the year under review, representing a growth of 42% compared with HK$289 million recorded last year.

Properties investment

As of 31 December 2013, the Group continue to carry the 6 units of investment properties (31 December 2012: 6 units), all of which are commercial units located in Hong Kong. The aggregate carrying value of investment properties amounted to HK$193 million (31 December 2012: HK$177 million).

The above investment properties altogether generated rental income of HK$5.8 million (2012: HK$4.6 million) with an anualized return of 3.0% (2012: 2.6%).

OUTLOOK

Looking ahead, despite the deceleration of economic growth in China, we are still cautiously optimistic about our business outlook in 2014.

We expect that global smartphone shipments will continue to grow in 2014 and China smartphone vendors will account for over 50% of global smartphone sales soon. Also, as 4G LTE licenses had been issued to the major three telecommunication carriers in China in late 2013, we are well positioned to benefit from the ramping demand for 4G LTE-compatible smartphones and 4G LTE related infrastructure.

Furthermore, we expect the LED penetration rate will rise at a rapid pace over the coming years, compared with around 15%-20% of the global lighting market at present. We are confident to achieve another sizeable growth by our LED lighting division in 2014.

In October 2013, Hon Hai Group has raised its stake in the Group to 23%. It reflects its recognition of the Group's value and its confidence towards the Group's future development. We expect to secure more business opportunities with Hon Hai Group in 2014.

We have confidence that the Group will continue to perform competitively in the Greater China region by virtue of our economies of scales, solid customer relations supported by our strong localized sales and field application engineers, competent inventory management and other value added services. Meanwhile, the Group will continue to adopt measures to reduce expenditure, control costs in a proactive manner with the aim of strengthening the operation efficiency of the Group.

Being the leading electronic component distributor in Hong Kong, we will continue to pursue a healthy and sustainable business growth and are confident to generate more returns to our shareholders.

FINANCIAL REVIEW

For the year ended 31 December 2013, the Group achieved record sales revenue of HK$10,797,607,000, up 71% from HK$6,319,047,000 achieved last year. Gross profit was HK$442,978,000, up 64% from HK$270,759,000 achieved last year. Gross profit margin was 4.1%, declined from 4.3% recorded last year, mainly due to more sales of higher value products. The Group continued to proactively implement cost control measures to improve its cost efficiency such that its distribution, selling and administrative expenses collectively grew only by 15% when compared with last year. As a result, the net profit for the year was HK$172,134,000, increased 89% compared with HK$90,852,000 recorded last year. Basic earnings per share was HK65.03 cents (2012: HK34.66 cents).

Liquidity and Financial Resources

As of 31 December 2013, the Group's current ratio was 121% (31 December 2012: 116%). The Group's net gearing ratio was 28% (31 December 2012: 57%), defined as 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 HK$246,366,000 (31 December 2012: HK$411,555,000) over total equity of HK$762,547,000 (31 December 2012: HK$632,926,000).

The Group recorded debtors turnover of approximately 30 days for the year under review (2012: 43 days) based on the amount of trade and bills receivables as at 31 December 2013 divided by sales for the same year and multiplied by 365 days.

The Group recorded inventory turnover and average payable year of approximately 23 days and 31 days respectively for the year under review (2012: approximately 37 days and 42 days respectively) based on the amount of inventory and trade and bills payables as at 31 December 2013, divided by cost of sales for the same year and multiplied by 365 days.

In 2013, the Group generated net operating cash inflow of HK$289,055,000 compared with net operating cash outflow of HK$197,606,000 in 2012.

Foreign Exchange Risk Management

The Group has foreign currency sales and purchases, bank deposits and borrowings primary in United States dollars and Renminbi which expose the Group to foreign currency risk.

The Group entered into foreign currency forward contracts to hedge the currency risk related to its payables denominated in foreign currencies.

Employee and Remuneration Policy

At 31 December 2013, the Group employed approximately 500 employees in the Greater China region. 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 2013, 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$434 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 2013, 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 2013.

CORPORATE GOVERNANCE

The Group has complied with the applicable code provisions in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the "Code") for the year ended 31 December 2013, except for the following deviations:

Under the code provision A.1.8 of the Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. With regular and timely communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual litigation against the Directors is very low. The Company will consider to make such an arrangement as and when it thinks necessary.

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 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.

Under the code provision A.6.7 of the Code, three non-executive directors were unable to attend the AGM meeting of the Company held on 14 May 2013 due to their unexpected business engagement.

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 2013 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 profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 as set out in this 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 commitments. I also wish to extend my sincere gratitude to our shareholders, customers, suppliers and other business partners for their long-term supports and dedication.

By Order of the Board
S.A.S. Dragon Holdings Limited
Yim Yuk Lun Stanley
Chairman and Managing Director

Hong Kong, 25 March 2014

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