GROUP

S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1184)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

	2015	2014	Change
Revenue *(HK$ million)*	**11,262.1**	10,605.4	+6%
Profit attributable to owners of the Company *(HK$ million)*	**80.5**	145.5	-45%
Basic earnings per share *(HK cents)*	**12.90**	24.35	-47%
Dividend per share *(HK cents)*			
– Final proposed	**4.50**	9.00	-50%
– Interim paid	**2.50**	3.00	-17%
– Total	**7.00**	12.00	-42%

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 2015 together with last year's comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	**2015** *HK$'000*	2014 *HK$'000*
Revenue	3	**11,262,149**	10,605,352
Cost of sales		**(10,834,015)**	(10,200,450)
Gross profit		**428,134**	404,902
Other income		**6,588**	4,512
Other gains and losses	5	**(36,725)**	951
Distribution and selling expenses		**(54,320)**	(51,322)
Administrative expenses		**(205,504)**	(161,959)
Net increase in fair value of investment properties		**18,452**	40,994
Share of loss of associates		**(6,425)**	(45)
Share of profit of joint ventures		**6,031**	4,897
Finance costs		**(30,227)**	(24,419)
Profit before tax		**126,004**	218,511
Income tax expense	4	**(28,392)**	(33,457)
Profit for the year	5	**97,612**	185,054
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Fair value (loss) gain on available-for-sale investments		**(4,312)**	1,012
Reclassification adjustment on disposal of available-for-sale investment		**(2,269)**	–
Reclassification adjustment on impairment of available-for-sale investment		**5,569**	–
Exchange differences arising on translation of foreign operations:			
– subsidiaries		**(8,143)**	(1,793)
– joint ventures		**(114)**	(146)
Other comprehensive expense for the year		**(9,269)**	(927)
Total comprehensive income for the year		**88,343**	184,127

	NOTE	**2015**	2014
	NOTE	***HK$'000***	*HK$'000*
Profit for the year attributable to:			
Owners of the Company		**80,530**	145,479
Non-controlling interests		**17,082**	39,575
		97,612	185,054
Total comprehensive income attributable to:			
Owners of the Company		**71,964**	144,675
Non-controlling interests		**16,379**	39,452
		88,343	184,127
Earnings per share *(HK cents)*	7		
– basic		**12.90**	24.35
– diluted		**12.90**	24.35

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015

	NOTES	**31.12.2015** **HK$'000**	31.12.2014 HK$'000
Non-current Assets			
Investment properties		**299,498**	269,856
Property, plant and equipment		**395,097**	150,480
Goodwill		**15,050**	16,419
Interests in associates		**12,298**	18,723
Interests in joint ventures		**5,450**	22,522
Available-for-sale investments	10	**22,054**	34,544
Club memberships		**3,278**	3,278
Deposit paid for acquisition of property, plant and equipment		**140,392**	35,878
Deferred tax assets		**5,405**	5,284
		898,522	556,984
Current Assets			
Inventories		**668,775**	859,599
Trade and other receivables	8	**1,248,767**	1,429,008
Bills receivable	8	**15,612**	46,592
Derivative financial instruments		**114**	612
Financial assets at fair value through profit or loss	11	**33,797**	41,807
Taxation recoverable		**5,592**	5,485
Pledged bank deposits		**21,513**	13,553
Bank balances and cash		**658,131**	803,067
		2,652,301	3,199,723
Current Liabilities			
Trade and other payables	9	**758,853**	623,067
Bills payable	9	**34,021**	171,021
Derivative financial instruments		**53,611**	22,941
Tax liabilities		**11,933**	6,982
Bank borrowings – due within one year		**1,682,830**	1,926,504
		2,541,248	2,750,515
Net Current Assets		**111,053**	449,208
Total assets less current liabilities		**1,009,575**	1,006,192
Non-current Liabilities			
Deferred tax liabilities		**8,986**	5,448
Net Assets		**1,000,589**	1,000,744

	31.12.2015	31.12.2014
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**62,428**	62,428
Share premium and reserves	**820,223**	818,834
Equity attributable to owners of the Company	**882,651**	881,262
Non-controlling interests	**117,938**	119,482
Total Equity	**1,000,589**	1,000,744

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 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.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is also the functional currency of the Company.

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

Application of new and revised HKFRSs

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

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the amendments to 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.

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:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and and HKAS 38	Clarification of Acceptable Methods of Depreciation Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

[3] Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 (2014) ***Financial Instruments***

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting 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.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have an impact on amounts reported in respect 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.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

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 mobile phone products, consumer electronic products, computer and networking products, telecommunication products and light-emitting diode ("LED") lighting products, distribution of sport products and properties investments.

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:

	2015	2014
	HK$'000	*HK$'000*
Distribution of electronic components and semiconductor products	**11,247,895**	10,576,635
Distribution of sport products	**6,074**	22,030
Rental income from investment properties	**8,180**	6,687
	11,262,149	10,605,352

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	
	2015	2014
	HK$'000	*HK$'000*
The PRC	**8,526,505**	7,515,998
Hong Kong	**2,473,006**	2,499,782
Taiwan	**151,046**	447,229
United States of America	**42,712**	–
Singapore	**40,731**	1,729
Thailand	**4,098**	9,532
Republic of Korea	**3,294**	1,747
Macao Special Administrative Regions of the PRC	**110**	93,657
Japan	**–**	11,909
India	**–**	4,503
Others	**20,647**	19,266
	11,262,149	10,605,352

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	
	31.12.2015	31.12.2014
	HK$'000	*HK$'000*
Hong Kong	**566,043**	354,268
The PRC	**303,725**	161,725
Taiwan	**365**	233
Others	**930**	930
	871,063	517,156

Information about major customers

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

	2015	2014
	HK$'000	*HK$'000*
Customer A	**2,272,503**	1,668,897
Customer B	**N/A***	1,124,178

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. TAXATION

	2015	2014
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax		
– Current year	**16,922**	23,000
– Underprovision in prior years	**1,150**	168
PRC Enterprise Income Tax		
– Current year	**4,944**	2,830
Taiwan Corporate Income Tax		
– Current year	**1,959**	2,802
	24,975	28,800
Deferred tax		
– Current year	**3,417**	4,657
	28,392	33,457

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%.

Corporate Income Tax in Taiwan is charged at 17%.

5. PROFIT FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' remunerations		
– salaries and other benefits	**83,852**	76,257
– performance related incentive payments	**12,534**	12,888
– retirement benefits scheme contributions	**10,734**	8,539
– share-based payment expenses	**1,234**	400
	108,354	98,084
Auditor's remuneration	**2,329**	1,415
Depreciation of property, plant and equipment	**16,742**	16,854
Listing expenses (included in administrative expenses)	**10,643**	–
Allowance of trade receivables, net	**9,815**	501
Cost of inventories recognised as an expense (including allowance of (reversal of allowance of) inventories of HK$9,686,000 (2014: (HK$350,000)))	**10,834,015**	10,200,450
Interest income	**(574)**	(457)
Dividend income from equity investments	**(2,532)**	(2,152)
Rental income from investment properties, net of outgoings of HK$11,000 (2014: Nil)	**(8,180)**	(6,687)
The following items are included in other gains and losses:		
Net loss on fair value change of derivative financial instruments	**24,379**	11,569
Impairment loss on available-for-sale investments	**5,569**	–
Change in fair value of financial assets at fair value through profit or loss	**5,438**	(795)
Net foreign exchange loss (gain)	**2,161**	(3,081)
Impairment loss on goodwill	**1,369**	–
Loss (gain) on disposal of financial assets at fair value through profit or loss	**104**	(4,323)
(Gain) loss on disposal of available-for-sale investments	**(2,269)**	1
Gain on disposal of property, plant and equipment	**(26)**	(4,439)
Impairment loss on interest in an associate	**–**	117
	36,725	(951)

6. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2015 Interim dividend of HK2.50 cents (2014: 2014 interim dividend of HK3.00 cents) per share	**15,607**	18,728
2014 Final dividend of HK9.00 cents (2014: 2013 final dividend of HK10.00 cents# and special dividend of HK1.75 cents#) per share	**56,185**	73,354
	71,792	92,082

Subsequent to the end of the reporting period, a final dividend of HK4.50 cents per share in respect of the year ended 31 December 2015 (2014: final dividend of HK9.00 cents per share share in respect of the year ended 31 December 2014) has been proposed by the directors and are subject to approval by the shareholders in the forthcoming general meeting.

As restated for the bonus shares issued on 11 June 2014.

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:

	2015	2014
	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	**80,530**	145,479

	2015	2014
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**624,281**	597,534

During the year ended 31 December 2015 and 2014, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price for shares for the year.

8. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE

	31.12.2015	31.12.2014
	HK$'000	*HK$'000*
Trade receivables	**1,128,023**	1,333,660
Less: allowance for doubtful debts	**(11,614)**	(6,556)
	1,116,409	1,327,104
Other receivables	**78,894**	52,046
Prepayment and deposits paid	**53,464**	49,858
Total trade and other receivables	**1,248,767**	1,429,008
Bills receivable	**15,612**	46,592

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:

	31.12.2015	31.12.2014
	HK$'000	*HK$'000*
Current	**842,319**	1,028,379
Within 30 days	**167,099**	204,608
More than 30 days and within 60 days	**45,753**	46,921
More than 60 days and within 90 days	**20,425**	68,451
More than 90 days	**56,425**	25,337
	1,132,021	1,373,696

9. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

	31.12.2015	31.12.2014
	HK$'000	*HK$'000*
Trade payables	**684,671**	544,507
Other payables	**27,415**	37,344
Accruals and deposits received	**46,767**	41,216
Total trade and other payables	**758,853**	623,067
Bills payable	**34,021**	171,021

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:

	31.12.2015	31.12.2014
	HK$'000	*HK$'000*
Current	**544,929**	572,455
Within 30 days	**119,932**	85,636
More than 30 days and within 60 days	**37,483**	35,511
More than 60 days and within 90 days	**7,501**	3,161
More than 90 days	**8,847**	18,765
	718,692	715,528

10. AVAILABLE-FOR-SALE INVESTMENTS

	31.12.2015	31.12.2014
	HK$'000	*HK$'000*
Available-for-sale investments comprise:		
At fair value		
Investments in club debenture	**2,997**	2,997
Investments in listed equity securities in Hong Kong *(Note i)*	**13,057**	25,547
At cost		
Investments in unlisted equity securities in Hong Kong *(Note ii)*	**6,000**	6,000
Total	**22,054**	34,544
Analysed for reporting purposes as:		
Non-current assets	**22,054**	34,544

Note:

(i) Listed securities are stated at fair value which is determined based on the quoted market bid price available on the Stock Exchange. The Group identified impairment loss of approximately HK$5,569,000 (2014: Nil) related to these listed securities.

(ii) The above unlisted equity securities investments represent investments in equity securities issued by a private entity which is engaging in manufacturing of paper products and measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimation is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2015	31.12.2014
	HK$'000	*HK$'000*
Investments held-for-trading:		
Equity securities listed in Hong Kong	**25,551**	15,901
Unlisted equity funds *(Note)*	**8,246**	8,414
	33,797	24,315
Financial assets designated at fair value through profit or loss:		
Structured deposits	**–**	17,492
	33,797	41,807

Note: The amount represented unlisted equity funds which are quoted in an active market. The fair value of the investments is determined by reference to the quoted prices as at 31 December 2015 and 2014.

As at 31 December 2014, the financial assets designated at fair value through profit or loss were principal protected structured deposits of HK$17,492,000 placed with a bank. Under the relevant agreements, such structured deposits contained an embedded derivative in which its return was determined by reference to the changes in exchange rate of foreign currencies including Renminbi and United States dollars. The fair value was based on the mark to market valuation amount provided by the counterparty financial institution, which was based on discounted cash flow analysis taking into account of observable market data and unobservable inputs. During the year ended 31 December 2015, the structured deposits were fully redeemed.

EVENTS AFTER THE REPORTING PERIOD

On 7 January 2016, the Group has successfully spun off its non-wholly-owned subsidiary, Hi-Level Technology Holdings Limited ("Hi-Level Holdings") and its subsidiaries together through a separate listing on the Growth Enterprise Market of the Stock Exchange (the "Spin-Off"). The Spin-Off involved the offering of 150 million shares of HK$0.01 each by Hi-Level Holdings at an offer price of HK$0.31 per share, which raised a total net cash proceeds of approximately HK$29.5 million. Immediately following the completion of the Spin-Off, the Group's equity interest in Hi-Level Holdings was diluted from 51.0% to approximately 34.1%.

DIVIDEND

The Board has recommended a final dividend of HK4.5 cents per share for the year ended 31 December 2015 subject to approval by the shareholders at the forthcoming annual general meeting. Together with an interim dividend of HK2.5 cents per share already paid, total dividend for the year will amount to HK7.0 cents (2014: HK12.0 cents).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 13 May 2016 to 18 May 2016 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 12 May 2016.

The Register of Members will be closed from 25 May 2016 to 27 May 2016 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, all transfers accompanied by the relevant share certificates, should be lodged with the Company's Registrars in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 24 May 2016. Dividend warrants will be dispatched on 6 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Distribution of Electronic Components and Semiconductor Products

Amid China's economic showdown, thanks to the Group's strategy to focus on fast growing sectors and experience in managing a risk avoidance distribution model, the Group's core segment recorded sales revenue of HK$11.2 billion for the year ended 31 December 2015, increased 6% from HK$10.6 billion recorded last year.

Mobile Phone

According to International Data Corporation, the worldwide smartphone market shipped a total of 1,432 million units in 2015, up 10% from 1,302 million units shipped in 2014. Replacement of feature phones by smartphones and low-end smartphones by mid-grade smartphones in emerging markets and the increasing popularity of 4G smartphones in the PRC market are key drivers of smartphone growth. However, keen competition and growth slowdown in the smartphone market brought forward market consolidation and many small manufacturers were forced to exit the market.

During the year under review, amid the challenging smartphone market, the Group recorded revenue growth in mobile phone segment by delivering boarder range of competitive products such as larger and high resolution panels, larger storage memory, high resolution camera modules, fingerprint sensors, force touch sensors, mobile payment security ICs, multi-function motion sensors and related IC drivers to those branded handset manufacturers, design houses and module factories in the Greater China region.

Consumer Electronic

During the year under review, the Group's recorded revenue growth in consumer electronics segment by delivering competitive high resolution thin film transistor (TFT) panel including high definition (HD), full high definition (FHD) and 4k resolution, dynamic random access memory (DRAM) and Flash memory, system on chip (SoC), video and audio coder-decoder (CODEC), and power management chipset in wearable health care equipment, set-top box, smart TV, home appliance, and automobile markets.

Internet of Things (IoT)

In 2015, the IoT market is blooming very fast from consumer market to commercial and industrial markets. The Group has built up a competitive team to support Zigbee and WiFi SoC and module solutions to home appliance, health care, security, lighting, and industrial control markets.

Green value engineering (GVE)

In 2015, we restructure our LED lighting team under GVE business unit which GVE's mission is to be a leading innovator to deliver environmental-friendly and commercially-viable products to our target customers by leveraging our engineering expertise under our own brands of "Light in Motion" and "Life in Motion".

According to a research company, the adoption of LED lighting over global lighting market has rose to 28% by end of 2015 mainly due to LED's outstanding energy efficiency and drop of LED price in recent years. During the year under review, our GVE team has received high recognition and achieved record high revenue by completing over 300 commercial indoor and outdoor LED design and installation projects for international hotel chains, shopping malls, retail shops and offices in the Asia Pacific region.

Moving forward, we will explore more green innovative products to achieve our mission.

Cloud Computing

Since 2014, through the Group's associate, Reachfull Investment Limited (the "Reachfull"), the Group partners with TCL Group and Cisco to develop an enterprise cloud services platform in the PRC. It's first product, "Sky-Tech WebEx", a cloud-based multi-terminal video communications platform has been launched in September 2015 and received positive responses from enterprise users. Other than video conference, its application will be further extended to various areas such as online education, long-distance customer service support and long-distance medial services soon.

E-Commence

In order to provide comprehensive online and offline services to our customers, the Group started to develop its own transaction-based e-commence platform "sasdragonmall.com" in 2015 and targeted to launch such platform in 2016.

Properties investment

As of 31 December 2015, the Group carried the 7 units of investment properties (31 December 2014: 6 units). The aggregate carrying value of investment properties amounted to HK$299 million (31 December 2014: HK$270 million).

The above investment properties altogether generated rental income of HK$8.2 million (2014: HK$6.7 million) with an anualized return of 2.7% (2014: 2.5%).

OUTLOOK

Looking in 2016, although we expect uncertainties will remain in the economy of the world and the PRC, we are still cautiously optimistic about our business outlook.

As we enter the age of smart things, smart homes and smart cities, we believe those IT hardware likes smartphones, consumer electronics, control devices for smart home and building, storage and networking products will be the core for our future smarter world by IoT and we are bullish for the future demand of electronic components, smart home, cloud-related services, GVE and other innovative products.

At the same time, the Group will continue to deepen its sales penetration in Hon Hai Group and expected to get more order allocation from Hon Hai Group.

We have confidence that the Group will maintain competitive in the Greater China region by virtue of our economies of scales, solid long-term customer relations supported by our strong localized sales and 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.

With over 35 years of experience, industry expertise and wide market recognition received, the Group is in a better position to deal with all the challenges ahead. To be 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 2015, the Group achieved record high sales revenue of HK$11,262,149,000, grew 6% from HK$10,605,352,000 recorded last year. Gross profit was HK$428,134,000, grew 6% from HK$404,902,000 recorded last year. Gross profit margin was maintained at 3.8%, same as last year. However, mainly due to non-cash mark-to-market fair value losses and impairment loss of certain financial investments and instruments, the listing expenses incurred by Hi-Level Holdings and the share of loss of Reachfull, net profit for the year was HK$80,530,000, decreased by 45% compared with HK$145,479,000 recorded last year. Basic earnings per share was HK12.90 cents (2014: HK24.35 cents).

The Group maintains a portfolio of listed equity securities in Hong Kong with a strategy to generate dividend income and capital gain. As of 31 December 2015, the Group's equity investments mainly comprised of listed shares of HSBC Holdings plc in the amount of HK$23.5 million (acquired since 2009 and included in financial assets at fair value through profit and loss) and listed shares of PC Partner Group Limited in the amount of HK$13.1 million (acquired in 2012 and included in available-for-sale investment) which were measured at fair value by reference to the quoted prices as at 31 December 2015. During the year under review, the Group recorded dividend income of HK$2.5 million and disposal gain of HK$2.3 million attributable to above equity investments. However, as a result of the volatile stock market condition in Hong Kong in the second half of 2015, the Group recorded non-cash loss on change in fair value of financial assets at fair value through profit and loss and non-cash impairment loss on available-for-sale investments of HK$11.0 million in aggregate attributable to above equity investments. The Group is in the view that further material downside of above equity investments is limited.

Distribution in Specie

On 7 January 2016, the Group has successfully spun off its non-wholly-owned subsidiary, Hi-Level Holdings, through a separate listing on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. On 23 December 2015, the Board declared a distribution in specie of an aggregate of 45,000,000 ordinary shares of Hi-Level Holdings of HK$0.01 each to the qualifying shareholders of the Company.

Liquidity and Financial Resources

As of 31 December 2015, the Group's current ratio was 104% (31 December 2014: 116%). The Group's net gearing ratio was 97% (31 December 2014: 107%), defined as the Group's net borrowings (calculated as total bank borrowings minus cash and bank balances (including pledged bank deposits) minus financial assets at fair value through profit or loss) of HK$969,389,000 (31 December 2014: HK$1,068,077,000) over total equity of HK$1,000,589,000 (31 December 2014: HK$1,000,744,000).

The Group recorded debtors turnover of approximately 37 days for the year under review (2014: 47 days) based on the amount of trade and bills receivables as at 31 December 2015 divided by sales for the respective year and multiplied by 365 days.

The Group recorded inventory turnover and average payable year of approximately 23 days and 24 days respectively for the year under review (2014: approximately 31 days and 26 days respectively) based on the amount of inventory and trade and bills payables as at 31 December 2015, divided by cost of sales for the respective year and multiplied by 365 days.

In 2015, the Group generated net operating cash inflow of HK$642,564,000 compared with net operating cash outflow of HK$716,119,000 in 2014.

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 2015, the Group employed approximately 450 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 2015, certain of the Group's assets (including investment properties, leasehold land and buildings, bank deposits, trade receivables and investments held-for-trading) with the carrying value of totaling approximately HK$515 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 2015, 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 2015.

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 2015, 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 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.

Under the code provision A.6.7 of the Code, two non-executive directors were unable to attend the AGM meeting of the Company held on 19 May 2015 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 2015 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 2015 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, 29 March 2016

As at the date of this announcement, the Board comprises four executive directors are Mr. Yim Yuk Lun, Stanley, Mr. Wong Sui Chuen, Mr. Lau Ping Cheung and Mr. Yim Tsz Kit, Jacky and four independent non-executive directors are Dr. Lui Ming Wah SBS JP, Mr. Wong Tak Yuen, Adrian, Mr. Liu Chun Ning, Wilfred, and Mr. Cheung Chi Kwan.