Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

GROUP

S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1184)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017
CHANGES IN DIRECTORSHIPS
AND
CHANGE IN COMPOSITION OF AUDIT AND REMUNERATION COMMITTEE

FINANCIAL HIGHLIGHTS

	2017	2016	Change
Revenue *(HK$ million)*	**19,461.9**	10,339.6	+88%
Profit attributable to owners of the Company *(HK$ million)*	**303.0**	201.8	+50%
Basic earnings per share *(HK cents)*	**48.50**	32.33	+50%
Dividend per share *(HK cents)*			
– Final proposed	**15.2**	6.5	
– Special proposed	**–**	5.0	
– Interim paid	**4.8**	3.5	
– Total	**20.0**	15.0	+33%

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 2017 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 2017

	NOTES	**2017** *HK$'000*	2016 *HK$'000*
Revenue	3	**19,461,921**	10,339,603
Cost of sales		**(18,652,275)**	(9,858,208)
Gross profit		**809,646**	481,395
Other income	5(b)	**18,825**	10,862
Other gains and losses, net	5(c)	**37,625**	69,031
Distribution and selling expenses		**(110,894)**	(68,655)
Administrative expenses		**(288,891)**	(209,583)
Net increase in fair value of investment properties		**39,366**	12,033
Share of profit (loss) of associates		**12,643**	(1,428)
Share of profit (loss) of a joint venture		**304**	(64)
Finance costs		**(94,333)**	(36,979)
Profit before tax		**424,291**	256,612
Income tax expense	4	**(67,509)**	(32,500)
Profit for the year	5(a)	**356,782**	224,112
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Fair value gain on property, plant and equipment transferred to investment properties		**10,493**	28,652

	NOTE	**2017**	2016
		HK$'000	*HK$'000*
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale investments		**38,010**	29,841
Reclassification adjustment for cumulative gain included in profit or loss upon disposal of available-for-sale investments		**(19,746)**	(8,641)
Reclassification adjustment for cumulative loss included in profit or loss upon deregistration of a subsidiary		**960**	–
Exchange differences arising on translation of foreign operations		**32,782**	(30,823)
Share of other comprehensive expense of associates and a joint venture		**1,891**	(1,463)
		53,897	(11,086)
Other comprehensive income for the year		**64,390**	17,566
Total comprehensive income for the year		**421,172**	241,678
Profit for the year attributable to:			
Owners of the Company		**303,003**	201,842
Non-controlling interests		**53,779**	22,270
		356,782	224,112
Total comprehensive income attributable to:			
Owners of the Company		**366,923**	219,908
Non-controlling interests		**54,249**	21,770
		421,172	241,678
Earnings per share *(HK cents)*	7		
– basic		**48.50**	32.33
– diluted		**48.49**	32.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 December 2017

	NOTE	**2017** **HK$'000**	2016 HK$'000
Non-current Assets			
Investment properties		**580,660**	493,940
Property, plant and equipment		**525,740**	415,466
Intangible assets		**4,389**	6,914
Interests in associates		**79,322**	70,522
Interest in a joint venture		**5,517**	5,021
Available-for-sale investments		**69,607**	58,491
Club memberships		**2,862**	3,012
Finance lease receivables		**48,960**	56,746
Deferred tax assets		**6,391**	6,508
		1,323,448	1,116,620
Current Assets			
Inventories		**1,232,929**	1,109,780
Trade and other receivables	8	**3,098,602**	1,559,258
Finance lease receivables		**24,150**	26,239
Amount due from an associate		**65**	220
Derivative financial instruments		**1,210**	190
Financial assets at fair value through profit or loss		**9,026**	34,217
Tax recoverable		**365**	2,764
Pledged bank deposits		**13,819**	–
Bank balances and cash		**583,201**	606,185
		4,963,367	3,338,853

	NOTE	2017 HK$'000	2016 HK$'000
Current Liabilities			
Trade and other payables	9	**1,479,450**	939,797
Bills payable	9	**129,450**	36,981
Amount due to an associate		**7,634**	1,410
Derivative financial instruments		**1,448**	18,593
Tax liabilities		**38,024**	17,484
Bank borrowings – due within one year		**3,085,577**	2,062,397
Other borrowings – due within one year		**23,565**	26,239
		4,765,148	3,102,901
Net Current Assets		**198,219**	235,952
Total assets less current liabilities		**1,521,667**	1,352,572
Non-current Liabilities			
Deferred tax liabilities		**19,700**	12,737
Bank borrowings – due after one year		**–**	145,085
Other borrowings – due after one year		**48,112**	56,746
		67,812	214,568
Net Assets		**1,453,855**	1,138,004
Capital and Reserves			
Share capital		**62,584**	62,428
Share premium and reserves		**1,253,978**	984,997
Equity attributable to owners of the Company		**1,316,562**	1,047,425
Non-controlling interests		**137,293**	90,579
Total Equity		**1,453,855**	1,138,004

NOTES

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.

On 7 January 2016, the Group had completed the spin-off of its non-wholly-owned subsidiary, Hi-Level Technology Holdings Limited ("Hi-Level Holdings") and its subsidiaries through a separate listing on GEM of the Stock Exchange (the "Spin-Off"). The Spin-Off involved the offering of 150,000,000 shares of HK$0.01 each by Hi-Level Holdings at an offer price of HK$0.31 per share. 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%.

The Company acts as an investment holding company. The principal activities of its subsidiaries are distribution of electronic components and semiconductor products, distribution of home appliances and business equipment and provision of related ancillary services and property investments.

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")

Amendments to HKFRSs that are mandatorily effective for the current year

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 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

Except as described below, 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.

Amendments to HKAS 7 *Disclosure Initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

New and revised HKFRSs in issue 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[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvement to HKFRS 2015 – 2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for annual periods beginning on or after 1 January 2019

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

[4] Effective for annual periods beginning on or after 1 January 2021

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, light-emitting diode ("LED") lighting products, distribution of home appliances and business equipment and provision of related ancillary services 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:

	2017	2016
	HK$'000	*HK$'000*
Distribution of electronic components and semiconductor products	**19,166,352**	10,262,530
Distribution of home appliances and business equipment and provision of related ancillary services	**280,698**	66,878
Rental income from investment properties	**14,871**	10,195
	19,461,921	10,339,603

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	
	2017	2016
	HK$'000	*HK$'000*
The PRC	**15,177,437**	7,581,642
Hong Kong	**3,637,140**	2,422,949
Taiwan	**302,568**	210,645
United States of America	**116,250**	78,469
Singapore	**51,067**	7,773
Indonesia	**28,431**	6,467
Philippines	**15,070**	2,270
Macao Special Administrative Regions of the PRC	**8,353**	2,430
Japan	**2,486**	–
Republic of Korea	**2,222**	3,235
Others	**120,897**	23,723
	19,461,921	10,339,603

The following is an analysis of the carrying amount of non-current assets excluding available-for-sale investments, finance lease receivables and deferred tax assets by geographical area in which the assets are located:

	Carrying amount of non-current assets	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**841,455**	699,185
The PRC	**355,855**	294,433
Taiwan	**236**	328
Others	**944**	929
	1,198,490	994,875

Information about major customers

Revenue from a customer of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**6,837,067**	2,001,497

4. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax		
– current year	**49,489**	27,822
– under(over)provision in prior years	**967**	(963)
PRC Enterprise Income Tax ("EIT")		
– current year	**5,862**	2,801
Taiwan Corporate Income Tax		
– current year	**4,111**	192
	60,429	29,852
Deferred tax		
– current year	**7,080**	2,648
	67,509	32,500

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

Under the Law of The PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Corporate Income Tax in Taiwan is charged at 17% for both years.

5. PROFIT FOR THE YEAR/OTHER INCOME/OTHER GAINS AND LOSSES

(a) Profit for the year

	2017	2016
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Staff costs, including directors' remunerations		
– salaries and other benefits	**120,538**	89,650
– performance related incentive payments *(note)*	**23,861**	17,491
– retirement benefits scheme contributions	**11,958**	10,124
– share-based payment expenses	**–**	328
	156,357	117,593
Auditor's remuneration	**2,086**	1,910
Depreciation of property, plant and equipment	**14,884**	15,359
Amortisation of intangible assets (included in administrative expenses)	**1,145**	344
Allowance of trade receivables, net	**15,390**	16,834
Cost of inventories recognised as an expense (including allowance of inventories of HK$22,030,000 (2016: reversal of allowance of inventories of HK$5,417,000))	**18,652,275**	9,857,691
Rental income from investment properties, net of outgoings HK$11,000 (2016: HK$11,000)	**14,871**	10,195

note: Performance related incentive payments were determined with reference to the Group's operating results, individual performance and comparable market statistics.

(b) Other income

	2017	2016
	HK$'000	*HK$'000*
Dividend income from equity investments	**3,481**	2,923
Interest income	**513**	682
Interest income on finance leases	**7,835**	1,847
Others	**6,996**	5,410
	18,825	10,862

(c) Other gains and losses

	2017	2016
	HK$'000	*HK$'000*
Net gain on fair value change of derivative financial instruments	**(30,622)**	(31,269)
Cumulative gain reclassified from equity profit or loss on disposal of available-for-sale investment	**(19,746)**	(8,641)
Change in fair value of financial assets at fair value through profit or loss	**(2,475)**	(511)
Gain on disposal of property, plant and equipment	**(411)**	(41)
Written-off of an intangible asset	**1,395**	–
Net foreign exchange loss	**6,794**	9,599
Impairment loss on available-for-sale investments	**7,440**	–
Fair value gain on retained interest in Hi-Level Holdings held by the Group	**–**	(27,714)
Fair value gain on dividend by way of distribution in specie	**–**	(10,454)
	(37,625)	(69,031)

6. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2017 Interim dividend of HK4.80 cents (2016: 2016 interim dividend of HK3.50 cents) per share	**30,040**	21,851
2016 Final dividend of HK6.50 cents (2016: 2015 final dividend of HK4.50 cents) per share	**40,578**	28,092
2016: Special final dividend of HK5.00 cents per share (2016: 2015 Nil)	**31,214**	–
2016 Special interim dividend by way of a distribution in specie *(note)*	**–**	13,950
	101,832	63,893

Subsequent to the end of the reporting period, a final dividend of HK15.20 cents per share in respect of the year ended 31 December 2017 (2016: final dividend of HK6.50 cents and special dividend of HK5.00 cents per share in respect of the year ended 31 December 2016) has been proposed by the directors and are subject to approval by the shareholders in the forthcoming general meeting.

note: Pursuant to a resolution passed by the board of directors of the Company on 23 December 2015, a special interim dividend was declared conditionally upon the Spin-Off, which would be satisfied by way of distribution in specie of an aggregate of 45,000,000 shares of Hi-Level Holdings, equivalent to approximately 7.5% of the issued share capital of Hi-Level Holdings as enlarged by the Spin-Off. Such dividend became unconditional upon the Spin-Off on 7 January 2016. The net assets value of Hi-Level Holdings to be distributed in specie was approximately HK$3,496,000 and its fair value was approximately HK$13,950,000 based on the Spin-Off price of the shares of Hi-Level Holdings.

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:

	2017	2016
	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	**303,003**	201,842

	2017	2016
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**624,721**	624,281
Effect of dilutive potential shares:		
Share options	**166**	–
Weighted average number of shares for the purpose of diluted earnings per share	**624,887**	624,281

The computation of diluted earnings per share for the year ended 31 December 2016 did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market price for shares.

8. TRADE AND OTHER RECEIVABLES

	31.12.2017	31.12.2016
	HK$'000	*HK$'000*
Trade receivables	**3,002,922**	1,441,890
Less: allowance for doubtful debts	**(29,385)**	(20,885)
	2,973,537	1,421,005
Other receivables	**32,179**	103,772
Prepayment and deposits paid	**92,886**	34,481
Total trade and other receivables	**3,098,602**	1,559,258

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 net of allowance for doubtful debts presented based on the due date at the end of the reporting period:

	31.12.2017	31.12.2016
	HK$'000	*HK$'000*
Current	**2,497,441**	1,058,299
Within 30 days	**407,235**	229,000
More than 30 days and within 60 days	**42,754**	57,378
More than 60 days and within 90 days	**7,778**	23,847
More than 90 days	**18,329**	52,481
	2,973,537	1,421,005

9. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

	31.12.2017	31.12.2016
	HK$'000	*HK$'000*
Trade payables	**1,328,875**	832,258
Other payables	**68,524**	37,010
Accruals and deposits received	**82,051**	70,529
Total trade and other payables	**1,479,450**	939,797
Bills payable	**129,450**	36,981

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

Other payables are unsecured, interest-free and repayable on demand.

Included in the Group's trade and other payables and bills payable with aggregate amount of approximately HK$27,081,000 (2016: HK$73,360,000) denominated in USD which is other than the functional currency of the relevant group entities.

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:

	31.12.2017	31.12.2016
	HK$'000	*HK$'000*
Current	**1,246,885**	699,956
Within 30 days	**149,540**	79,608
More than 30 days and within 60 days	**19,416**	20,402
More than 60 days and within 90 days	**11,961**	11,688
More than 90 days	**30,523**	57,585
	1,458,325	869,239

DIVIDENDS

The Board has recommended a final dividend of HK15.20 cents per share for the year ended 31 December 2017 subject to approval by the shareholders at the forthcoming annual general meeting. Together with an interim dividend of HK4.80 cents per share already paid, total dividend for the year will amount to HK20.00 cents (2016: HK15 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 31 May 2018 to 5 June 2018 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 30 May 2018.

The Register of Members will be closed from 11 June 2018 to 13 June 2018 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 8 June 2018. Dividend warrants will be dispatched on 6 July 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Distribution of Electronic Components and Semiconductor

During the year under review, both the global and the PRC economies were in the course of recovery. We focus on our strategy to provide comprehensive portfolio of design and supply chain services to our target customers in the Greater China region by broadening our world's leading electronic component supplier portfolio as well as expanding our geographical sales network (including new offices in Changsha, Nanchang, Chongqing Wuhan and Nanjing along the China's high-speed railway), the Group's component sales team delivered strong results and achieved record sales revenue of HK$19.17 billion in 2017, increased 87% from HK$10.26 billion recorded last year.

Mobile Phone

According to an international research company, the worldwide smartphone market shipped a record total of 1.54 billion units in 2017, up by a single-digit percentage from 1.47 billion units shipped in 2016. During the year under review, even the demand in smartphone market became increasingly saturated, especially in the PRC market, several major China branded mobile customers of the Group successfully recorded significant growth by either capturing the demand of entry-level and mid-range models from emerging markets or achieving excellent differentiation and cost/price performance by delivering high-end models with better specifications and advanced features such as high-end camera, 3D sensing face detection technology and wireless charging. In return, the Group recorded significant revenue growth in mobile phone segment by delivering broader range of competitive products such as larger storage DRAM and NAND flash memory chips, all-screen high resolution display panels, large megapixel camera CMOS sensors, auto focus actuators, mobile payment security ICs, fingerprint, force touch and multi-function motion sensors to those branded handset manufacturers, design houses and camera module factories in the Greater China region.

Consumer Electronic

During the year under review, as the popularity of artificial intelligence (AI) – integrated TVs, household appliances and other smart devices such as cleaning robot and drone increased, riding on the Group's proven all-round technical support of Internet of Things (IoT) and smart home connectivity solutions, the Group recorded satisfactory revenue growth in consumer electronics segment by delivering competitive system on chips, radio frequency modules, larger storage memory chips, distance measurement and dust sensors, optical couplers, frequency conversion ICs to our branded manufacturers.

Green value engineering (GVE)

Leverage on our GVE team expertise on the environmentally friendly LED lighting products, our GVE team recorded satisfactory growth of sales of LED lighting fixtures to renounced luxury hotel chains, property owners and developers, shopping malls and retail shops in a number of countries along the Belt and Road routes under our owned brand of "Light In Motion" during the year under review.

Also, we tapped into the digital display market by providing customized LED display solution including design, production, installation, maintenance and ancillary rental services to property owners and operators under our owned brand of "LIM InfarSystems" . During the year under review, our GVE team completed several sizeable indoor and outdoor LED display projects in the Asia Pacific region including the prominent large new generation root-top LED sign located at Wan Chai along Victoria Harbor.

Distribution of home appliances and business equipments and provision of related ancillary services

Since being appointed as the sole and exclusive distributor by SHARP Corporation in 2016, we posted satisfactory results by distributing SHARP's full-line products in Hong Kong and Macau.

During the year under review, we launched range of new products such as the world first 70-inch Aquos 8K TV, design award winning full screen Aquos S2 smartphones and innovative ultrasonic washers that received overwhelming market response. In order to boost our brand image, we sponsored a number of eye-catching community and charity events and enhanced our MySharp members' users experience by rolling out both IOS and android based "SHARP SAS" mobile apps for on-line shopping, ordering, warranty registration and other value added services.

Properties investment

As of 31 December 2017, the Group carried the 13 units of investment properties (31 December 2016: 12 units) for commercial and industrial uses in Hong Kong and the PRC. The aggregate carrying value of investment properties amounted to HK$581 million (31 December 2016: HK$494 million).

The above investment properties altogether generated rental income of HK$14.9 million (2016: HK$10.2 million) with an annualized return of 2.6% (2016: 2.1%).

OUTLOOK

Looking ahead, we expect the global semiconductor market to remain buoyant in 2018, driven by strong demand for DRAM and NAND flash memory chips. Also, to be powered up by the coming 5G communication technology, we are entering the era of intelligent household, smart city and vehicle networking and we are bullish for the demand of electronic components, GVE products, IoT devices and AI - integrated smartphones, household appliances and other consumer electronic products. In the view to strengthen support to our Japan's suppliers and potential customers, we built a sale and marketing team in Japan after the incorporation of S.A.S. Dragon Tokyo Corporation in December 2017.

In order to enhance the operation efficiency and provide more efficient and reliable services to its customers, the Group has completed construction of the new intelligent 20-storey building at Kwai Chung for its headquarter office and warehouse center which is expected to be occupied by mid of 2018 after internal renovation.

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 financial strength, localized sales and engineers, competent inventory management and other value added services.

By leveraging on Hon Hai Group and SHARP Corporation's leading position in electronic component to consumer electronic regimes and our over 36 years of experience, industry expertise and market recognition, we are confident to pursue a healthy and sustainable business growth and generate more returns to our shareholders.

FINANCIAL REVIEW

For the year ended 31 December 2017, the Group achieved a satisfactory growth of revenue by 88% to HK$19,461,921,000 from HK$10,339,603,000 recorded last year, mainly due to the satisfactory performance of our broadened product lines and an increase in the average selling prices of upgraded key electronic components, such as 3D NAND memory chips and LTPS display panels. The Group's gross profit was HK$809,646,000 grew by 68% from HK$481,395,000 recorded last year and gross profit margin was 4.2%, compared with 4.7% recorded last year. Profit attributable to the shareholders of the Company for the year ended 31 December 2017 was HK$303,003,000, increased by 50% compared with HK$201,842,000 recorded last year. Basic earnings per share was HK48.50 cents (2016: HK32.33 cents).

Liquidity and Financial Resources

As of 31 December 2017, the Group's current ratio was 104% (31 December 2016: 108%). The Group's net gearing ratio was 175% (31 December 2016: 145%), defined as the Group's net borrowings (calculated as total bank and other borrowings minus total cash and bank balances minus financial assets at fair value through profit or loss) of approximately HK$2,551,208,000 (31 December 2016: HK$1,650,065,000) over total equity of HK$1,453,855,000 (31 December 2016: HK$1,138,004,000). The increase of net gearing ratio was mainly due to the increase of bank borrowings in relation to the increase of working capital required to fulfill high level shipments made in 2017 and the first quarter of 2018 when compared with same period of last year.

The Group recorded debtors turnover of approximately 56 days for the year under review (2016: 50 days) based on the amount of trade and bills receivable as at 31 December 2017 divided by sales for the same year and multiplied by 365 days.

The Group recorded inventory turnover and average payable year of approximately 24 days and 29 days respectively for the year under review (2016: approximately 41 days and 32 days respectively) based on the amount of inventory and trade and bills payables as at 31 December 2017, divided by cost of sales for the same year and multiplied by 365 days.

In 2017, the Group recorded net operating cash outflow of HK$651,215,000 compared with net operating cash outflow of HK$428,302,000 in 2016.

Foreign exchange risk

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 2017, the Group employed approximately 700 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 2017, 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$1,638 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 2017, neither the Company nor its subsidiaries purchased, sold or redeemed any of its listed securities.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and policies adopted by the Group, internal control, risk management and the audited consolidated financial statements of the Group for the year ended 31 December 2017.

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 2017, 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 2017 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 2017 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 2017 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.

CHANGES IN DIRECTORSHIPS AND CHANGE IN COMPOSITION OF AUDIT AND REMUNERATION COMMITTEE

The board of directors (the “Board”) of S.A.S. Dragon Holdings Limited (the “Company”) announces that:

Dr. Lui Ming Wah (“Dr. Lui”) will retire as an independent non-executive director of the Company at the conclusion of the annual general meeting of the Company to be held on 5 June 2018 (or any adjournment thereof) and will not offer himself for re-election. Upon his retirement, Dr. Lui will also cease to be a member of the audit and remuneration committee of the Company.

Dr. Lui has confirmed that he has no disagreement with the Board and there is no matter in relationship to his retirement that needs to be brought to the attention of the shareholders of the Company.

The Board would like to express its sincere gratitude to Dr. Lui for outstanding contributions and wise counsel on a number of important area as independent non-executive director of the Company during the 24 years since 1994 and offers its best wishes to him.

Mr. Wong Wai Kin (“Mr. Wong”) has appointed as an independent non-executive director and a member of audit and remuneration committee of the Company with effect from 27 March 2018.

The biographical details of Mr. Wong are set out below:

Mr. Wong, aged 72, holds a Honor degree in Geography and Geology from University of Hong Kong. He has extensive experience in the government of the HKSAR and hospital management. He held the directorate posts of Controller and Student Financial Assistant Agency and Secretary General of Independent Police Complaints Committee. He is currently a member of the School Management Committee of Yan Chai Hospital Tung Chi Ying Secondary School and Yan Chai Hospital Chan lu Sing Primary School.

Save as disclosed above, Mr. Wong does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company. As at the date of announcement, Mr. Wong did not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. Wong did not hold any directorships in listed public companies in the past three years and had no other major appointments and does not hold any other positions with the Company or other members of the Group. Mr. Wong has entered into a letter of appointment as a director of the Company without a specific term of service with the Company but he is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Company' Bye-Laws. Mr. Wong will be entitled to an annual salary of HK$100,000 which is determined on the basis of his responsibilities, the prevailing market conditions and a year-end bonus to be determined by the Board with reference to the performance of the Company's results.

Save as disclosed above, there is no information relating to Mr. Wong that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the listing rules and there is no other matter which needs to be brought to the attention of the shareholders of the Company.

The Board would like to express its warmest welcome Mr. Wong on his appointment.

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. Finally, I would like to welcome one new Board Director, Mr. Wong Wai Kin, and announce Dr. Lui Ming Wah's upcoming retirement. I extend my sincere thanks to my fellow Board members for their contributions during the year and, especially, Dr. Lui for his invaluable guidance during his directorship and wish him the best.

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

Hong Kong, 27 March 2018

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