

CHAIRMAN'S STATEMENT



TO OUR SHAREHOLDERS

On behalf of the Board of Directors of S.A.S. Dragon Holdings Limited and its subsidiaries (the "Group"), I am pleased to present the annual results of the Group for the year ended 31 December 2005.

The Group achieved another satisfactory results in 2005. Its turnover amounted to HK\$2,453,638,000, compared to HK\$2,407,088,000 in 2004. Gross profit grew to HK\$166,884,000, representing an increase of 6.3% over the previous year of HK\$156,950,000. Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") increased 11.7% to HK\$83,319,000, compared to HK\$74,592,000 in 2004. Profit attributable to shareholders grew 14.2% to HK\$40,110,000, compared to HK\$35,108,000 in 2004.

During the year under review, the Group focused on the business of distributing electronic components to provide customers with a large variety of products. On the product front, mobile phones, consumer electronics, computers and communication devices all reported robust sales in terms of unit shipment, especially during the industry traditional peak season in the 2nd half of the year. As for the distribution of sports equipment, it recorded steady growth and contributed to the Group's satisfactory results.

Looking to 2006, with electronic technologies finding new and more applications, will allow the Group to more flexibly apply its resources and maximize economies of scale and cost effectiveness for all of its businesses. The Group will continue to focus on developing its supplier network and customer base, enhancing the competitiveness of its high value adding services including semiconductor design and application, logistics and delivery procedures to perfect its one-stop service offer.

On behalf of the Board of Directors, I wish to take this opportunity to extend my sincere gratitude to our shareholders, customers, suppliers, bankers and other business partners for their continuous and valuable supports. I would also like to express my heartfelt appreciation to all our dedicated management term and committed staff for their honour, hard work and continuous efforts over the years.

Yim Yuk Lun, Stanley

Chairman

Hong Kong, 19 April 2006