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S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1184)

EXCEEDED ANNUAL CAP OF CONTINUING CONNECTED TRANSACTION IN RELATION TO SALE TRANSACTIONS

References are made to the (i) the 2024 Announcement and (ii) the 2024 Circular in relation to, among other things, the continuing connected transactions contemplated under the Conditional Master Agreement.

LISTING RULES IMPLICATION

The actual transaction amount had exceeded the Original Annual Cap of HK$2,300,000,000 for the year ended 31 December 2025. As the highest applicable percentage ratios for the actual transaction amount had exceeded 5%, the actual transaction amount of the Sale Transactions under the Conditional Master Agreement therefore constituted continuing connected transactions of the Company which would be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As a result, the Company has failed to re-comply with the announcement and independent shareholders' approval requirements before the Original Annual Cap was exceeded under Chapter 14A of the Listing Rules.

The Company had taken additional measures to prevent the reoccurrence of similar breaches of the Listing Rules in the future. For details, please refer to the paragraph headed "Enhanced Internal Control Measures" in this announcement.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Conditional Master Agreement have been, and will continue to be, conducted in the ordinary and usual course of business and on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Also, the terms of the Conditional Master Agreement were determined after arm's length negotiations and are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INTRODUCTION

References are made to the (i) the 2024 Announcement and (ii) the 2024 Circular in relation to, among other things, the continuing connected transactions contemplated under the Conditional Master Agreement. As disclosed, pursuant to the Conditional Master Agreement, there would be sales and purchases of Electronic Components and distribution of brand products under the Hon Hai Group between the Group and the Hon Hai Group to be made for the 3 financial years during the period between 1 January 2025 and 31 December 2027 (both dates inclusive).

EXCEEDED THE ANNUAL CAP FOR THE SALE TRANSACTIONS FOR THE YEAR ENDED 31 DECEMBER 2025 UNDER THE CONDITIONAL MASTER AGREEMENT

As disclosed in the 2024 Announcement and the 2024 Circular, the annual sale cap in respect of the Sale Transactions for the year ended 31 December 2025 was HK$2,300,000,000.

Due to a delay in the monthly review process conducted by the finance department of the Company (the "**Finance Department**"), the monthly review of Sale Transactions in December 2025 was conducted late in February 2026. The Finance Department then provided the data to the auditor of the Group in late February 2026. Therefore, on 12 March 2026, the auditor and the Company finalized the Sale Transactions under the Conditional Master Agreement amounted to approximately HK$2,350,649,000 for the year ended 31 December 2025 exceeded the Original Annual Cap of HK$2,300,000,000 by HK$50,649,000, i.e. 2.2%.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Conditional Master Agreement have been, and will continue to be, conducted in the ordinary and usual course of business and on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Also, the terms of the Conditional Master Agreement were determined after arm's length negotiations and are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

BACKGROUND

Before adopting the Enhanced Internal Control Measures, the Company adopted the following internal control procedures and policies (the "**Previous Internal Control Measures**") for monitoring the actual transaction amounts of the continuing connected transactions within the Group:

1. One key staff in the Finance Department conducts a monthly review and monitors the Sale Transactions to ensure that the pricing mechanism and annual caps remain in compliance with the terms of the agreements of the Sale Transactions.

2. If such personnel anticipates from the monthly review that business operations may expand and consume a significant portion of the annual caps in the short term, the matter would be promptly escalated to the Board.

3. The Board would then assess whether the existing annual caps require revision in accordance with the Company's internal procedures and ensure re-compliance with the requirements of the Listing Rules, thereby maintaining effective oversight of the transaction amounts.

REASONS FOR EXCEEDED THE ANNUAL SALE CAP FOR THE SALE TRANSACTIONS FOR THE YEAR ENDED 31 DECEMBER 2025 UNDER THE CONDITIONAL MASTER AGREEMENT

For the first three quarters of 2025, the transaction amount of the Sale Transactions remained below 75% of the Original Annual Cap. However, the transaction amount of the Sale Transactions for the fourth quarter of 2025 increased unexpectedly compared to the average transaction amount for the preceding three quarters. The Original Annual Cap was therefore exceeded in December 2025.

Under the Previous Internal Control Measures, there are no adequate measures in place to timely detect such a substantial increase that occurred in late 2025. In view of this internal control weakness, the Company is actively addressing this by implementing some enhanced internal control measures (the "**Enhanced Internal Control Measures**") to ensure compliance with the Listing Rules going forward.

ENHANCED INTERNAL CONTROL MEASURES

The Company has implemented the following Enhanced Internal Control Measures to further enhance and strengthen its internal control in respect of the Group's continuing connected transactions:

1. The Company has designated dual personnel (the "**Dual Personnel**"), in the Finance Department who are familiar with the Group's continuing connected transactions to closely monitor the actual transaction amounts. The Dual Personnel also serves as a key liaison, facilitating effective communication by setting up a dedicated communication channel to streamline interactions between the members of the Group and the management of the Company, while overseeing the timely submission and accuracy of the financial data. In the event that either of the Dual Personnel resigns, ceases to perform his/her duties or takes leave of absence from the Company, the Company will, as soon as practicable, delegate the relevant duties to another suitably qualified individual who is familiar with the Group's continuing connected transactions to assume the relevant role and responsibilities, thereby ensuring no interruption to the monitoring of such transactions.

2. The Finance Department shall conduct review of transaction data on a monthly basis. Upon receiving the financial data, the Dual Personnel will be responsible for incorporating the monthly financial data into the annual budget for the Group's continuing connected transactions to prepare an updated annual budget (the "**Updated Budget Figure**") that accumulates the actual monthly data of the Group's continuing connected transactions from the beginning of the year and the budgeted figures for the remaining months of the year within twenty working days from the month end. If the Updated Budget Figure reaches 80% of the proposed annual caps of the relevant continuing connected transactions at any time or if the Dual Personnel expects that the relevant business operations will expand and may use up a substantial part of the annual caps in short run, the matter shall promptly be escalated to the Board. The Board will, within three business days, assess if there is a need to revise the existing annual caps in accordance with the relevant internal procedures and re-comply with the requirements under Rule 14A.54 of the Listing Rules. If it is contemplated that the relevant annual cap will be exceeded as a result of entering into any continuing connection transaction, such transaction will not be conducted until the Company has complied with the relevant requirements under the Listing Rules.

Having considered (i) the factors contributing to the incident, and (ii) how the aforementioned Enhanced Internal Control Measures address these causes while fortifying the Company's existing internal control framework, the Directors are of the view that the Enhanced Internal Control Measures are adequate and effective to prevent the occurrence of similar incidents in the future.

LISTING RULES IMPLICATION

As at the date of this announcement, Foxconn, being a wholly owned subsidiary of Hon Hai, is interested in 19.81% of the issued share capital of the Company and a substantial shareholder of the Company. FIT Taiwan and Huai An Fulitong Trading are non-wholly owned subsidiaries of Hon Hai. Therefore, Hon Hai, Foxconn, FIT Taiwan, Huai An Fulitong Trading and their respective associates are connected persons of the Company and the Continuing Connected Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The actual transaction amount had exceeded the Original Annual Cap of HK$2,300,000,000 for the year ended 31 December 2025. As the highest applicable percentage ratios for the actual transaction amount had exceeded 5%, the actual transaction amount of the sale Transactions under the Conditional Master Agreement therefore constituted continuing connected transactions of the Company which would be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As a result, the Company has failed to re-comply with the announcement and independent shareholders' approval requirements before the Original Annual Cap was exceeded under Chapter 14A of the Listing Rules.

The Company had taken additional measures to prevent the reoccurrence of similar breaches of the Listing Rules in the future. For details, please refer to the paragraph headed "Enhanced Internal Control Measures" in this announcement.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Conditional Master Agreement have been, and will continue to be, conducted in the ordinary and usual course of business and on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Also, the terms of the Conditional Master Agreement were determined after arm's length negotiations and are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors consider that the excess was caused by inadvertent administrative oversight and a delay in the monthly review process, and was an isolated incident. The Company will continue to comply with the enhanced internal control measures mentioned above to prevent recurrence of the relevant incidents. The Directors consider that the annual caps in respect of the Sales Transactions for the year ending 31 December 2026 and for the year ending 31 December 2027 shall remain unchanged and need not be revised. Therefore, the Company does not intend to dispatch a circular or convene any general meeting in this regard.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

"2024 Announcement"	the announcement of the Company dated 26 September 2024 in relation to, among other things, the existing continuing connected transactions contemplated under the Conditional Master Agreement
"2024 Circular"	the circular of the Company dated 19 November 2024 in relation to, among other things, the existing continuing connected transactions contemplated under the Conditional Master Agreement
"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Board" or "Directors"	the board of Directors
"Company"	S.A.S. Dragon Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1184)
"Conditional Master Agreement"	the conditional master agreement dated 26 September 2024 entered into between the Company and Hon Hai in relation to the sales and purchases of electronic components and distribution of brand products under the Hon Hai Group between the Group and the Hon Hai Group for the three financial years from 1 January 2025 to 31 December 2027 (both dates inclusive);
"connected person"	has the same meaning ascribed to it under the Listing Rules
"Electronic Components"	all kinds of Electronic Components excluding displays, panels, LCD panels or LCD display. For clarification of understanding, the said Electronic Components do not include any finished products and photovoltaic products and any accessories, repair and replacement parts and consumables thereof
"FIT Taiwan"	Foxconn Interconnect Technology Limited Taiwan Branch, a company incorporated in Taiwan and a non-wholly-owned subsidiary of Hon Hai
"Foxconn"	Foxconn Infinite Pte. Ltd., a company registered in Singapore by transfer of registration of Foxconn Holding Limited from the British Virgin Islands on 16 June 2023, a wholly owned subsidiary of Hon Hai and a substantial shareholder of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hon Hai"	Hon Hai Precision Industry Company Limited (鴻海精密工業股份有限公司), a company incorporated in Taiwan with limited liability and the shares of which are listed on the Taiwan Stock Exchange Corporation

"Hon Hai Group"	Hon Hai, Foxconn, FIT Taiwan, Huai An Fulitong Trading and their respective subsidiaries or associates
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huai An Fulitong Trading"	Huai An Fulitong Trading Company Limited (淮安市富利通貿易有限公司), a company incorporated in the PRC with limited liability, and a non-wholly-owned subsidiary of Hon Hai
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Original Annual Cap"	the original annual cap in respect of the Sale Transactions under the Existing Conditional Master Agreement for the year ended 31 December 2025 as set out in the 2024 Announcement and the 2024 Circular
"percentage ratio(s)"	has the meaning ascribed to it under the Listing Rules
"PRC"	the People's Republic of China excluding Hong Kong, Macau and Taiwan
"Sale Caps"	for the purpose of Chapter 14A of the Listing Rules, means the annual caps of HK$2,300 million, HK$2,700 million and HK$3,200 million for each of the three financial years ending 31 December 2025, 2026 and 2027 respectively in respect of the Sale Transactions
"Sale Transactions"	the sale of electronic components and other products (including distribution arrangements) by the Group to the Hon Hai Group under the Conditional Master Agreement;
"Shareholder(s)"	holder(s) of shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

By order of the Board
S. A.S. Dragon Holdings Limited
Dr. Yim Yuk Lun, Stanley *SBS BBS JP*
Chairman and Managing Director

Hong Kong, 25 March 2026

As at the date of this announcement, the Board comprises four executive directors, namely Dr. Yim Yuk Lun, Stanley SBS BBS JP, Mr. Yim Tsz Kit, Jacky, Mr. Wong Wai Tai and Mr. Tsui Chi Wing, Eric, two non-executive directors namely Mr. Wong Sui Chuen and Ms. Yim Kei Man, Carmen and three independent non-executive directors, namely Mr. Wong Tak Yuen, Adrian, Mr. Cheung Chi Kwan and Mr. Wong Wai Kin.