

香港聯合交易所有限公司

(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

STATEMENT OF DISCIPLINARY ACTION

Exchange's Disciplinary Action against New Focus Auto Tech Holdings Limited (Stock Code: 360) and Five Directors

SANCTIONS AND DIRECTIONS

The Stock Exchange of Hong Kong Limited (**Exchange**)

CRITICISES:

(1) New Focus Auto Tech Holdings Limited (**Company**);

CENSURES:

- (2) **Mr Tong Fei**, current executive director (**ED**) and chairman of the Company (**Mr Tong**);
- (3) **Mr Wang Zhenyu**, former non-executive director (**NED**) of the Company;
- (4) **Mr Zhang Jianxing**, former NED and acting chairman of the Company (**Mr JX Zhang**);
- (5) **Mr Lin Lei**, former independent non-executive director (**INED**) of the Company; and
- (6) **Mr Hu Yuming**, former INED of the Company.

(The directors identified at (2) to (6) above are collectively referred to as the **Relevant Directors**.)

AND FURTHER DIRECTS:

Each of the Relevant Directors (except Mr Tong) to attend 23 hours of training.

Mr Tong to attend 26 hours of training.

.../2

SUMMARY OF FACTS

This matter concerns multiple transactions carried out by the Company and its subsidiaries (**Group**) between September 2018 and September 2024, in which (1) the Company failed to make disclosures and seek shareholders' approval in a timely and accurate manner, and (2) the Relevant Directors failed to (a) ensure that the Company had adequate and effective internal controls in place; (b) report the relevant transactions to the Board in a timely manner; and/or (c) use their best endeavours to procure the Company's Rule compliance.

Unauthorised Transactions

Between September 2018 and June 2019, Mr Du Jinglei (**Mr Du**) (then sole ED and chairman of the Company) caused the Group to grant multiple loans and enter into multiple equity transfer transactions of about RMB176 million in total (**Unauthorised Transactions**) without the Board's approval or knowledge. In July 2019, the Unauthorised Transactions were uncovered by Mr JX Zhang after Mr Du's detention by PRC judicial authorities (for unrelated matters) and resignation, but Mr JX Zhang did not report the matter to the rest of the Board in a timely manner. The rest of the Board only became aware of the Unauthorised Transactions in around September 2022 upon the Division's enquiries.

The Company has recovered the majority of the relevant sums. One of the Unauthorised Transactions constituted a discloseable transaction under Chapter 14 of the Listing Rules, but the Company did not disclose the same until October 2022.

2022 Loan and 2023 Loan

Mr Tong caused a subsidiary of the Company to grant a loan of about RMB205 million in December 2022 (**2022 Loan**) and a further loan of about RMB272 million in January 2023 (**2023 Loan**) to the same borrower.

Both the 2022 Loan and 2023 Loan constituted an advance to an entity under Chapter 13 of the Listing Rules and major transactions under Chapter 14 of the Listing Rules, but the Company did not make disclosures and seek shareholders' approval in a timely, accurate and complete manner. It announced the 2022 Loan in March 2023, and although the 2023 Loan had already existed, the announcement did not cover the 2023 Loan. The 2023 Loan was eventually disclosed in April 2023.

Establishment of a new company

In early September 2024, Mr Tong caused a subsidiary of the Company to establish a new company in the PRC with himself and an independent third party. Mr Tong did not report the matter to and seek approval from the Board on the mistaken belief that reporting and approval were not required because funding was not needed at the time of the establishment. The Company discovered the new company during internal audit in late September 2024.

The establishment of the new company constituted a discloseable and connected transaction under Chapters 14 and 14A of the Listing Rules, but the Company did not disclose the transaction until late September 2024.

Internal controls

At all material times, the Company's internal controls were materially deficient (e.g. no limit on the payment amount that Mr Du could approve for the Group, or inadequate internal control system and documentation related to borrowings). Mr Du was able to abuse his power in causing the Unauthorised Transactions and Mr Tong was able to carry out other transactions described above without the Board's approval or knowledge, leading to the Company's Rule non-compliance. The Company has arranged for internal control reviews and rectified relevant internal control deficiencies.

SETTLEMENT

The Company and the Relevant Directors did not contest their respective breaches of the Listing Rules and agreed to accept the sanctions and directions, as set out in this statement.

LISTING COMMITTEE'S FINDINGS OF BREACH

The Company breached (1) Rule 14.34 for its late disclosure of one of the Unauthorised Transactions, the 2022 Loan, the 2023 Loan and the establishment of a new company (Note 1); (2) Rules 13.15, 14.38A and 14.40 for its delay in disclosing, sending circulars and seeking shareholders' approvals of the 2022 Loan and 2023 Loan (Notes 2 to 3); (3) Rule 2.13 for its inaccurate and incomplete disclosure of the 2022 Loan and 2023 Loan (Note 4); and (4) Rule 14A.35 for its late disclosure of the establishment of a new company (Note 5).

Mr Tong breached Rules 3.08 and 3.09B(2) (Notes 6 to 7) for his failure to (1) ensure that the Company had adequate and effective internal controls in place with respect to the 2022 Loan and 2023 Loan; (2) report the 2022 Loan, 2023 Loan and the establishment of a new company to the Board in a timely manner; and (3) use his best endeavours to procure the Company's Rule compliance.

Mr JX Zhang breached Rules 3.08 and 3.09B(2) for his failure to (1) ensure that the Company had adequate and effective internal controls in place with respect to the Unauthorised Transactions; (2) report the discovery of the unauthorised nature of the Unauthorised Transactions to the Board in a timely manner; and (3) use his best endeavours to procure the Company's Rule compliance.

Other Relevant Directors breached Rules 3.08 and 3.09B(2) for their respective failure to (1) ensure that the Company had adequate and effective internal controls in place with respect to the Unauthorised Transactions; and (2) use their best endeavours to procure the Company's Rule compliance.

CONCLUSION

The Listing Committee decided to impose the sanctions and directions set out in this Statement of Disciplinary Action.

For the avoidance of doubt, the Exchange confirms that the above sanctions and directions apply only to the Company and the Relevant Directors, and not to any other past or present directors of the Company.

Hong Kong, 17 June 2025

Notes:

1. Rule 14.34 imposes announcement requirements on notifiable transactions.
2. Rule 13.15 requires an issuer to announce as soon as reasonably practicable certain details of any advance to an entity which exceeds 8 per cent under the assets ratio.
3. Rules 14.38A and 14.40 impose circular and shareholders' approval requirements on major transactions.
4. Under Rule 2.13(2), the information contained in an issuer's announcements or corporate communication must be accurate and complete in all material respects and not be misleading or deceptive.
5. Rule 14A.35 requires the Company to publish an announcement as soon as practicable after the terms of a connected transaction have been agreed.
6. Rule 3.08 provides that the Exchange expects directors, both collectively and individually, to fulfil fiduciary duties and duties of skill, care and diligence to a standard at least commensurate with the standard established by Hong Kong law. These duties include a duty to apply such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience and holding his office within the issuer. The directors must follow up anything untoward that comes to their attention.
7. Under Rule 3.09B(2), a director has an obligation to use his best endeavours to procure the issuer's compliance with the Listing Rules.