

STATEMENT OF DISCIPLINARY ACTION

Exchange's Disciplinary Action against Two Former Directors of New Focus Auto Tech Holdings Limited (Stock Code: 360)

SANCTIONS

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

IMPOSES A DIRECTOR UNSUITABILITY STATEMENT and **CENSURE** against the following former independent non-executive directors of New Focus Auto Tech Holdings Limited (**Company**):

- (1) **Mr Zhang Xiaoya (Mr Zhang)**; and
- (2) **Ms Shi Jing**,

(collectively referred to below as **Directors**).

The Director Unsuitability Statement is a statement that, in the Exchange's opinion, the Directors are unsuitable to occupy a position as directors or within senior management of the Company or any of its subsidiaries.

SUMMARY OF FACTS

This matter concerns multiple unauthorised transactions carried out by the Company and its subsidiaries (**Group**) between September 2018 and June 2019 which were entered into without the Board's approval or knowledge, in respect of which Mr Zhang failed to (1) ensure that the Company had adequate and effective internal controls in place; and (2) use his best endeavours to procure the Company's Rule compliance. The Directors also failed to cooperate in the Division's investigation.

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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 Zhang Jianxing (the then acting chairman and non-executive director) after Mr Du's detention by PRC judicial authorities (for unrelated matters) and resignation. The rest of the Board (including Mr Zhang) became aware of the Unauthorised Transactions by September 2022 upon the Division's enquiries.

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.

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 accordingly able to abuse his power in causing the Unauthorised Transactions, leading to the Company's Rule non-compliance.

Non-cooperation

As part of its investigation into, amongst other things, whether the Directors had discharged their duties and obligations under the Listing Rules, the Division sent investigation and reminder letters to the Directors. The Directors did not respond to the Division's enquiries at all.

LISTING COMMITTEE'S FINDINGS OF BREACH

The Listing Committee found as follows:

- (1) Mr Zhang breached Rules 3.08 and 3.09B(2) (Notes 1 and 2) by failing to (a) ensure that the Company had adequate and effective internal controls in place at the material time; and (b) use his best endeavours to procure the Company's Rule compliance.
- (2) The Directors breached Rules 3.09C and 3.20 (Note 3) by failing to cooperate in the Division's investigation.
- (3) The Directors' failure to discharge their responsibilities under the Listing Rules was serious.

CONCLUSION

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

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

Hong Kong, 17 June 2025

Notes:

1. 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.
2. 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.
3. Under Rules 3.09C and 3.20 of the Listing Rules, the Director is obliged to (a) cooperate in any investigation conducted by the Listing Division (Division) and/or the Listing Committee; (b) promptly and openly answer any questions addressed to the director; and (c) provide up-to-date contact information to the Exchange for a period of three years from the date on which the director ceases to be a director, failing which any documents / notices sent by the Exchange to the last known address on record shall be deemed to have been served on the director.