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NEW FOCUS AUTO TECH HOLDINGS LIMITED

新焦點汽車技術控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 360)

SUPPLEMENTAL ANNOUNCEMENT TO CONNECTED TRANSACTION – LOANS TO A CONNECTED SUBSIDIARY

Reference is made to the announcement (the “**Announcement**”) of New Focus Auto Tech Holdings Limited (the “**Company**”) dated 8 June 2026. Unless otherwise defined, capitalised terms used in this announcement have the same meanings as those defined in the Announcement.

The Company would like to provide further information relating to the Loans to the Shareholders and potential investors of the Company.

ADDITIONAL INFORMATION OF NEW FOCUS TECHNOLOGY (SHANGHAI)

As disclosed in the announcement of the Company dated 26 September 2024 and the Announcement, New Focus Technology (Shanghai) (an insignificant subsidiary of the Company) was, at the material time, owned as to 44% by New Focus Holdings (Beijing) Co., Ltd.* (新焦點控股(北京)有限公司) (a direct wholly-owned subsidiary of the Company) (“**New Focus (Beijing)**”), 1% by New Focus Lighting & Power (Shanghai), 45% by Tianjin Yun Qi Tian Technology Co., Ltd* (天津雲啟天科技有限公司) (“**Tianjin Yun Qi Tian**”), and 10% by Mr. Tong Fei, the Chairman and executive Director of the Company.

Tianjin Yun Qi Tian is a company established in the PRC with limited liability, which is owned as to 95% by 天津雲啟天恒企業管理中心(有限合夥)(Tianjin Yunqi Tianheng Enterprise Management Center (Limited Partnership)*) (“**Yunqi Tianheng**”) and 5% by 陳淑凡 (Chen Shufan*). Yunqi Tianheng is owned as to 80% by its general partner, 陳淑凡 (Chen Shufan*), and 20% by its limited partner, 高斌 (Gao Bin*). To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, save that Tianjin Yun Qi Tian is the general partner to 天津宏卓企業管理中心(有限合夥)(Tianjin Hongzhuo Enterprise Management Center (Limited Partnership)*), a limited partnership established in the PRC in 2023 by the Group (approximately 48.24%) as limited partner, 焰石鴻源11號(平潭)投資合夥企業(有限合夥)(Yanshi Hongyuan 11 (Pingtan) Investment Partnership (Limited Partnership)) as general partner and executive partner, and 北京嘻福科技有限公司 (Beijing Xifu Technology Co., Ltd.*) as limited partner, Tianjin Yun Qi Tian and its ultimate beneficial owners are Independent Third Parties.

NON-COMPLIANCE WITH THE LISTING RULES

As disclosed in the Announcement, the provision of the Loans to New Focus Technology (Shanghai) (a then 45% non wholly-owned connected subsidiary at the material time of the Company) constituted connected transactions of the Company, which were subject to the announcement, circular, and independent shareholders’ approval requirements under Rules 14A.35, 14A.36 and 14A.46 of the Listing Rules. However, the Company failed to recognise that the provision of the Loans to this connected subsidiary on a non pro-rata basis constituted connected transactions at the material time, resulting in the Company’s failure to make timely disclosure and seek approval from the Independent Shareholders as required under the Listing Rules (the “**Non-Compliance**”).

Reasons for the Non-Compliance

New Focus Technology (Shanghai) was established solely to handle the expropriation matters of New Focus Lighting & Power (Shanghai) and remained dormant until recently. The Loan transactions between the two entities began only upon the commencement of the Land acquisition and smart manufacturing base construction projects, as disclosed in the Company’s announcements dated 13 May 2024, 25 November 2024, 30 December 2025 and 7 June 2026.

Although Mr. Tong Fei held a 10% stake in New Focus Technology (Shanghai) at the material time, it was solely part of the Group’s employee incentive plan and not intended to establish any commercial or control relationship. This employee incentive plan is an internal long-term incentive mechanism established within the Group to promote the growth of the Shanghai factory’s operating revenue and to boost the performance motivation of frontline employees. At the initial stage of the establishment of New Focus Technology (Shanghai), in order to ensure that the equity held under this arrangement would ultimately be transferred to employees in the future, Mr. Tong Fei held 10% equity interest on behalf of the Group in New Focus Technology (Shanghai) and his related voting rights were vested in New Focus Technology (Shanghai). Mr. Tong Fei did not intend to establish any business relationship with New Focus Technology (Shanghai), nor any plan to control or have actual equity interest in New Focus Technology (Shanghai).

Accordingly, the relevant personnel of the Group misunderstood the nature of the Loan transactions – specifically, due to the internal perception that dealings with a subsidiary (where Mr. Tong held shares for employee incentive purposes) constituted standard intra-group loans which were not subject to the pre-clearance verification procedures – the matter was not reported to the Group’s Finance Department and Board Office, resulting in the delayed disclosure. The misconception arose due to a lack of sufficient compliance awareness among the frontline employees at the material time, which led to a failure to strictly adhere to the pre-clearance verification procedures stipulated in the Group’s internal control policies. Pursuant to the policies in force at the material time, transactions involving an amount of RMB3,000,000 or more were subject to the pre-clearance verification procedures. These procedures required the relevant staff to: (1) cross-check the counterparty against the connected persons list to ascertain its independence; and (2) report the transactions to the Group’s Finance Department and the Board Office for a compliance review (including size test calculations and an assessment of whether any implications under Chapter 14 and/or Chapter 14A of the Listing Rules would be triggered).

The core root causes and specific circumstances leading to the Non-Compliance are detailed below:

- An approval threshold of RMB3,000,000 had been implemented by the Group for all types of transactions (including intra-group loans) since August 2023. Although the Loans exceeded this threshold, the handling personnel at the subsidiary level, namely, the finance director, finance manager and cashier of the Finance Department of New Focus Lighting & Power (Shanghai) and New Focus Technology (Shanghai) and the vice chairman and general manager of New Focus Lighting & Power (Shanghai) and New Focus Technology (Shanghai), given their misconception of the Loan transactions as intra-group loans that were not subject to the pre-clearance verification procedures, were not aware of and did not follow the pre-clearance verification procedures according to the Group’s internal control policies. Specifically, they failed to retrieve the connected persons list (which, at the material time, did not include New Focus Technology (Shanghai) as the connected persons list was initially established to focus on managing external connected parties only, and it was maintained and updated once a year in September by the compliance manager of the Board Office) to verify the counterparty’s attributes, and they failed to report the single loan transaction exceeding RMB3,000,000 to the Group’s Finance Department and Board Office for size test calculations and compliance assessment. As a result, the Group-level pre-compliance review process was omitted, preventing the management from intervening early to verify the nature and size of the Loan transactions.
- The Group’s original Office Automation approval system (the “**OA System**”) lacked a mandatory interception node. It was incapable of automatically identifying material transactions exceeding RMB3,000,000 or forcibly routing them to the Group’s compliance desk, representing a technical process loophole.

- Mr. Tong Fei (who did not participate in the daily compliance review of the Group; in particular, he did not assume the routine and continuous compliance screening duties carried out by the frontline employees), as the ultimate approver within the OA System of the relevant subsidiaries, was involved only in the standardised OA System approvals for contract execution and fund remittance based on the operational flows presented to him. He did not notice that the Loan transactions constituted connected transactions at the material time since he relied solely on the materials provided by frontline employees, which did not include confirmations of the completion of pre-clearance verification procedures, and he did not proactively request the same.

While the comprehensive internal control framework had already been established in 2023, the weak compliance awareness of the frontline operational personnel at the subsidiary level led to a failure in strictly implementing the mandatory internal control protocols. The Group has since completed an internal investigation regarding this incident and an internal review of the Group's existing internal control procedures.

Enhanced Internal Control Protocols

To remedy the execution gaps identified in the Non-Compliance incidents – particularly the issues of individual subjective judgment, information asymmetry (i.e. the Group's Finance Department and Board Office were unable to ascertain the details of the Loans prior to their execution because the frontline employees failed to report them in advance, showing a communication breakdown between the frontline employees and the Group's management departments), and the failure to seek timely advice – the Company has designed and implemented the following enhanced, highly structured remedial protocols:

(1) Enhanced Training and Employee Compliance Awareness

Pursuant to the Company's Listing Rules Training Program, the legal representatives, directors, senior management, and employees in key positions across all Group members shall be subject to the training requirements. New personnel must undergo compliance training upon onboarding, and existing personnel are required to attend follow-up training sessions at least once every half-year.

The training curriculum will cover key topics, including: (i) continuing obligations under Chapter 13 of the Listing Rules; (ii) notifiable transactions under Chapter 14; (iii) connected transactions under Chapter 14A; (iv) the Group's internal compliance systems; and (v) core provisions regarding dealing in securities under Appendix C3, as well as inside information regulations under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The specific content is formulated by the Company Secretary of the Company in consultation with external legal advisers.

The Company has already immediately arranged a two-hour training session provided by its external legal advisers on 25 June 2026 to Directors, senior management, and relevant staff on the requirements under the Listing Rules, particularly those concerning connected transactions including loan to connected subsidiary.

(2) *Maintenance and Update of the Connected Persons List*

The Board Office will perform a comprehensive, group-wide verification on the Group's connected persons list (including connected subsidiaries) annually and cross-verify changes in the entities by regularly searching publicly available information every six months and enforce the procedures as outlined in the section headed "Mandatory Implementation of the Dual Cross-Check and Joint Review Mechanism" below. All members of the Board Office have completed comprehensive compliance trainings on the Listing Rules, with particular emphasis on Chapters 14 and 14A. Additionally, all members are required to attend regular compliance training sessions conducted by external legal advisers to ensure ongoing regulatory adherence. Immediate ad-hoc updates to the connected persons list are triggered and synchronised with all subsidiaries whenever there are changes in the shareholdings of substantial shareholders or subsidiaries, including subsidiaries whose shares are held by the Directors for employee incentive purposes. To maintain an up-to-date connected persons list, since 7 July 2026, the head or responsible personnel of each subsidiary must notify the Board Office and provide all relevant details within three business days of any changes to its shareholding structure, external investments, or management. The Board Office will, where appropriate and necessary (e.g. being notified of any change in shareholding structure, external investments, or management compositions), seek external legal advice to assist in the determination of whether a specific entity constitutes a connected person under the Listing Rules. The external legal adviser will typically provide its confirmation within one working day. Upon receipt, the Board Office will update and circulate the updated list immediately to the heads (including the chairman, vice chairman, general manager, and finance director) and finance department of all subsidiaries, senior management of the Group and all staff in key positions including the staff in the Group's Finance Department and Board Office.

The then updated list, which included New Focus Technology (Shanghai), had been circulated on 9 June 2026 to the heads (including the chairman, vice chairman, general manager, and finance director) and finance department of all subsidiaries, senior management of the Group, and all staff in key positions including staff in the Group's Finance Department and Board Office.

(3) *Mandatory Implementation of the Dual Cross-Check and Joint Review Mechanism*

For all non-core business activities (namely the non-principal business of the Company, such as the Loans), including intra-group transactions, and contract signings amounting to HK\$3,000,000 or above, the Group has recently instituted a mandatory dual-approval and cross-checking mechanism:

- **Execution and Workflow:** A multi-departmental joint review workflow has been introduced via new internal departmental working guidelines. Transactions must first pass an initial joint screening by the subsidiary's financial head and business head. The transaction documents must then be escalated to the Group's Finance Department and Board Office for a mandatory secondary compliance review and size test calculation to check for potential connected or notifiable transaction attributes before any contract can be signed or executed.

- **Mandatory Professional Consultation:** After receipt of the transaction documents submitted by the Group's subsidiaries and the size test calculation prepared by the Finance Department, the Board Office determines the nature of the transaction with reference to the Listing Rules. For all material fund movements, loans, or transactions of a financial assistance nature (i.e. exceeding the new approval threshold of HK\$3,000,000), the Board Office must proactively engage external legal advisers for checking before proceeding, strictly prohibiting internal self-determinations.
- **Personnel Qualifications:** The personnel executing these reviews are qualified internal financial and legal professionals who undergo the Group's mandatory annual Listing Rules compliance training and possess thorough familiarity with Chapters 14 and 14A of the Listing Rules.

The Group recorded net losses consecutively for the five years ended 31 December 2025 and its gross profit is consistently lower than its revenue, total assets, and market capitalisation. As such, the gross profit represents the most stringent denominator among the size test ratios. The Group used a 5% threshold of gross profit of the past five years as the benchmark, which represents a highly prudent approach in the determination of this HK\$3,000,000 approval threshold. On that basis, the new approval threshold at HK\$3,000,000 would comfortably fall below the 5% de minimis threshold under Chapter 14 and the exemption threshold under Rule 14A.76(1)(c) of the Listing Rules, thereby fully exempting the transactions from reporting, announcement, circular and shareholders' approval requirements. The Board believes that this new approval threshold of HK\$3,000,000 is reasonable.

To rectify the deficiencies discovered in the OA system, this mandatory dual-approval and cross-checking mechanism will be integrated into the Group's existing internal control procedures. All transactions will now be subject to not only the pre-clearance verification procedures (including but not limited to retrieval of the connected persons list to verify the counterparty's attributes), but also the dual-approval and cross-checking mechanism (including submission of the transaction to the Finance Department and Board Office of the Group for size tests calculation and compliance assessment).

Under the enhanced internal control procedures, frontline employees are required to conduct an initial assessment in accordance with the Group's latest internal control and financial management policies. Specifically, the finance, business, and/or legal departments at the subsidiary level shall: (1) review the consideration and terms of the transaction; and (2) complete a standardised checklist to assess relevant compliance factors item by item against the Company's internal control policies to determine whether an aggregation of transactions (applicable where the aggregated amount exceeds HK\$3,000,000) is required, and identify any implications under Chapter 14 and/or Chapter 14A of the Listing Rules that may arise.

The relevant transaction documents, together with the review report (including the completed checklist), shall then be submitted to the heads of the business and finance departments at the subsidiary level for joint preliminary screening. Transactions exceeding HK\$3,000,000, whether individually or on an aggregated basis, are required to be submitted to the Group's Finance Department and the Board Office for a mandatory secondary compliance review. Where necessary, the Board Office will consult external legal advisers regarding potential aggregation requirements or other Listing Rules implications.

Upon completing these preliminary steps, frontline employees must upload the transaction documents, the subsidiary-level management approvals, and size test calculations prepared by the Group's Finance Department to the OA System or submit the aforesaid documents through a paper-based approval process (applicable to a few subsidiaries not utilising the OA System) for formal workflow approval. The designated approvers – comprising the heads of the finance, business, and legal departments (as applicable) – will verify whether all prerequisite approvals have been duly obtained for transactions exceeding HK\$3,000,000. The approvers are strictly prohibited from approving any transaction if any requisite approval is absent or inconsistent with the underlying agreement.

Execution of the transaction documents is permitted only after final approval has been granted via the OA System or the paper-based approval process (as the case may be). Prior to affixing the company chop, the administration department shall conduct a final verification to ensure that the execution copy is strictly consistent with the version approved in the OA System or the paper-based approval process (as the case may be) and that all required approvals have been properly obtained.

Based on the foregoing, the Board is of the view that following the implementation of the mandatory dual-approval and cross-checking mechanism, even in the event that a frontline employee fails to strictly adhere to the internal control procedures, the relevant transactions cannot proceed to execution without having prior approvals from the designated departments or the Group. Accordingly, the Board considers that the enhanced mechanism will effectively mitigate the risk of recurrence of similar non-compliance incidents.

(4) Internal Control Audits

- **Quarterly Random Spot Checks:** Under this new measure, dedicated compliance officers are assigned to regularly participate in regulatory training led by external lawyers and to conduct independent, unannounced spot checks on random contracts and financial payment vouchers across all subsidiaries on a quarterly basis. The scope of the review encompasses the following areas: (i) verifying whether the counterparty is included in the latest connected persons list; (ii) determining whether the transaction amount reaches the reporting threshold of HK\$3,000,000 and assessing whether the transactions are subject to aggregation requirements; (iii) confirming whether the transaction has successfully passed both the dual cross-check and joint review mechanism as well as the internal pre-clearance verification procedures; (iv) ascertaining whether professional advice has been obtained in the event of a material fund movement, loan, or provision of financial assistance (i.e. exceeding the new approval threshold of HK\$3,000,000); and (v) ensuring that all relevant written records have been properly filed and maintained.

- **Annual & Semi-Annual Internal Control Reviews:** The Group's internal control modules and workflows are reviewed semi-annually by the responsible personnel for internal control. At the end of each year, a comprehensive, group-wide transaction flow review is led by the responsible personnel for internal control (who possesses extensive experience in legal risk management). Furthermore, the Group retains an independent external third-party consultant annually to perform a rigorous review of its internal control modules and operational processes.

The Company believes that these multi-layered, technological, and procedural measures directly eliminate the previous communication gaps and system vulnerabilities, ensuring that all future transactions comply strictly with the Listing Rules.

Update on New Focus Technology (Shanghai)

Apart from the remedial actions as mentioned above, New Focus (Beijing) and Mr. Tong Fei entered into an equity transfer agreement on 12 June 2026 for the transfer of his 10% stake in New Focus Technology (Shanghai) held on behalf of the Group back to the Group, at nil consideration to avoid any future possible connected transaction implication.

As one of the applicable percentage ratios for the equity transfer agreement exceeds 0.1% and is below 5% and the consideration is nil (less than HK\$3,000,000), the transaction falls within the de minimis exemption under Rule 14A.76(1)(b) of the Listing Rules and is therefore fully exempt from all reporting, announcement, circular, and independent shareholder approval requirements under Chapter 14A of the Listing Rules.

In addition, New Focus (Beijing) and Tianjin Yun Qi Tian entered into an equity transfer agreement on 18 June 2026 for the transfer of its 45% stake in New Focus Technology (Shanghai) at nil consideration. New Focus Technology (Shanghai) is an insignificant subsidiary of the Company, and thus Tianjin Yun Qi Tian was not a connected person at the subsidiary level of the Company. As all the applicable percentage ratios for this transfer are below 5%, such transfer is fully exempt from all disclosure requirements under Chapter 14 of the Listing Rules.

The above transfers were completed on 29 June 2026 and New Focus Technology (Shanghai) became an indirect wholly-owned subsidiary of the Company.

Following the aforementioned changes in the shareholding structure of New Focus Technology (Shanghai), the Company updated the connected persons list by removing New Focus Technology (Shanghai). The updated connected persons list was circulated to senior management, the Board Office, the Group's Finance Department, and the heads (specifically the chairman, vice chairman, general manager, and finance director) and finance departments of all subsidiaries on 7 July 2026.

EXTRAORDINARY GENERAL MEETING

Despite the Company has already obtained the written approval from its controlling Shareholder as disclosed in the Announcement, an extraordinary general meeting (“**EGM**”) will still be convened by the Company at which, among other things, a resolution will be proposed to seek approval and ratification from the Independent Shareholders for the Loan Agreements and the transactions contemplated thereunder. Shareholders who have a material interest in transactions contemplated under any of the Loan Agreements will be required to abstain from voting at the EGM. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting in favour of the said resolution as at the date of this announcement.

By order of the Board
New Focus Auto Tech Holdings Limited
Tong Fei
Chairman and Executive Director

Hong Kong, 1 September 2026

As at the date of this announcement, the Directors are: executive Director – TONG Fei; and independent non-executive Directors – LI Qingwen, ZHANG Kaizhi and LUO Baiyun.

* *For identification purposes only*