



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)

**ANTI-CORRUPTION, ANTI-BRIBERY AND MISCONDUCT
REPORTING MANAGEMENT SYSTEM**

* *For identification purposes only*

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1. Purpose and Scope of Application

- 1.1 New Focus Auto Tech Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) treats every business partner with integrity, respect and responsibility, fully respects its customers, suppliers, contractors and fellow business partners, opposes any form of commercial bribery, and requires its partners to comply with provisions of the Company’s anti-bribery and anti-corruption policies.
- 1.2 The Company adopts a “zero tolerance” approach toward corruption, bribery, money laundering, fraud and any other unethical behaviors. The Company adheres to the principles of good faith and fair trade to prevent fraud, bribery and corruption, money laundering and unfair competition.
- 1.3 Anti-corruption, anti-bribery and misconduct reporting management system (the “**System**”) applies to all directors, senior management and employees (the “**Employee(s)**”) as well as third-party business partners (the “**Third Party(ies)**”) of the Group.
- 1.4 All Employees and Third Parties of the Group shall conduct their businesses in accordance with the System and all applicable laws and regulations to maintain the reputation of the Group.

2. References

All documents, laws and regulations referred herein shall form part of the System, including:

- a) the Anti-Unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》) – Order No. 10 of the President of the People’s Republic of China; and
- b) Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) – Order No.60 of the State Administration for Industry and Commerce.

3. Prohibition of Corruption and Bribery

- 3.1 The Group strictly prohibits any form of illegal possession of the Group’s property by its Employees.
- 3.2 The Group strictly prohibits Employees and Third Parties from engaging in any form of bribery, including offering or accepting inappropriate business hospitality (including gifts, entertainment, Third Parties travel, etc.), kickbacks, loans and other monetary or non-monetary benefits (such as charitable donation, private travel and employment opportunities, etc.) in order to develop business, or obtaining improper personal benefits.

- 3.3 Employees must exercise good judgment when offering or accepting commercial hospitality and must not offer or accept such commercial hospitality where improper conduct may occur. Commercial hospitality offered or accepted by Employees must be in full compliance with applicable laws and regulations.
- 3.4 Employees shall be great cautious when dealing with government officials (the “**Government Official(s)**”). The term “Government Officials” includes:
- a) officials, Employees and other persons working in an official capacity on behalf of any branch of government (e.g. legislative, administrative, judicial, legal, military or public education) at any level (e.g. local, county, provincial or central) or any department or agency thereof, regardless of seniority;
 - b) officials of political parties and political candidates;
 - c) directors, officers and Employees of state-owned, state-controlled or state-run enterprises;
 - d) officials, Employees and other persons working in an official capacity on behalf of any public international organization (such as the United Nations or the World Bank), regardless of seniority; or
 - e) immediate family members (e.g. parents, children, spouses and in-laws) of the above-mentioned persons.
- 3.5 The principles of gift management are as follows:
- a) Offering or accepting cash and cash equivalents is prohibited;
 - b) No gifts shall be offered to government agencies and their officials illegally; or
 - c) No explicit or implicit solicitation of any gifts from suppliers, subcontractors or partners shall be allowed.
- 3.6 The principles of hospitality management are as follows:
- a) No hospitality shall be offered for the purpose of gaining a competitive advantage, protecting improper interests of the Company or for other unreasonable purposes;
 - b) Employees must be present for all external hospitality offered;
 - c) Any form of adult entertainment is prohibited;

- d) Overly lavish or frequent hospitality shall be refused by Employees; and
- e) No explicit or implicit solicitation of any hospitality from suppliers, subcontractors or partners shall be allowed.

3.7 The principles of Third Parties travel management are as follows:

- a) Reasonable and appropriate business purposes shall be required in the travel payment for Third Parties and Government Officials;
- b) Prior approval shall be obtained for any travel invitation for Third Parties and Government Officials;
- c) Official invitation shall be sent to participants and their employers by the department as required by the Company; and
- d) Offering or accepting incidental private tour is prohibited.

3.8 Record-keeping requirements are as follows:

- a) All transactions shall be recorded accurately, completely and timely. Concealment, falsification, or alteration of relevant financial records is prohibited; fabrication, provision, or disclosure of false financial reports and related information is prohibited; and
- b) All financial instruments and relevant approval documents shall be properly kept to ensure the integrity and accuracy of financial books and information.

3.9 The Group shall organise regular anti-corruption and anti-commercial bribery training for relevant Employees in major departments.

4. Sponsorship and Donation

4.1 The Group allows reasonable sponsorship and donation. However, the followings shall be noted when making sponsorship and donation:

- a) Sponsorship and donation shall be open, transparent and have a legitimate purpose. No negative impact would be brought to the Company and no external sponsorship and donation shall be made for competitive advantages, improper benefits or other unreasonable purposes;
- b) Sponsorship and donation shall be paid appropriately and shall not be paid in cash or to personal accounts;

- c) Sponsorship and donation to organizations discriminating on the grounds of religious beliefs and gender and supporting terrorist activities or violating international conventions shall be avoided; and
 - d) No donation shall be made, directly or indirectly, to or for the benefit of Government Officials, or to charities designated by Government Officials.
- 4.2 The chief executive's office of the Company shall be responsible for the management of the Group's sponsorship and donation, the unified planning and deployment of the Group's external sponsorship and donation matters, and the organization and development of external sponsorship and donation proposals.
- 4.3 The subsidiaries of the Group shall approve sponsorship and donation matters and enter into sponsorship agreements in accordance with the Group's authorised management requirements, and the agreements shall specify the amount and purposes of such sponsorship with anti-bribery clauses.
- 4.4 The chief executive's office of the Company shall be responsible for understanding the donee's implementation, providing timely feedback and reports.

5. Third Party Management

- 5.1 Third Parties includes all suppliers, subcontractors, service providers, agents, representatives, intermediaries or other non-company persons, entities or individuals engaged by or providing services to the Group.
- 5.2 The Group requires all Third Parties to comply with the System and relevant laws and regulations, and strictly prohibits Third Parties from paying or soliciting bribes in the name of the Group.
- 5.3 Before the Group engages in the business cooperation with the Third Parties, the Company requires the department to conduct appropriate due diligence on such parties. Their reputation, penalty record for violations, lawsuits and negative news as well as relationship with Government Officials shall also be investigated in addition to verifying their relevant capabilities and qualifications.
- 5.4 All Third Parties shall read the System carefully before engaging in business cooperation with the Group.
- 5.5 Contracts entered into between the Group and the Third Parties must contain relevant compliance clauses which require the Third Parties to follow the Group's compliance system, including avoiding all forms of fraud, corruption, and bribery, and in case of any violation, the Group has the right to terminate the contract and recover losses.

5.6 The Company requires the department to be responsible for monitoring the work of Third Parties to ensure their compliance with the System and applicable laws and regulations.

6. Prohibition of Money Laundering

6.1 The Group strictly prohibits any person or company from using its relationship with the Group to disguise or attempt to disguise the source of illegal funds.

6.2 In order to prevent money laundering risk and avoid being used by criminals intending to launder money, the Group shall fully know its clients and partners before conducting business and be strictly prohibited from dealing with counterparties suspected of money laundering. Financial system shall be observed during transactions and no payment shall be made to non-trading accounts as well as abnormal business accounts.

7. Prohibition of Unfair Competition

7.1 The Group strictly prohibits the use of improper or deceptive business practices to obtain business benefits.

7.2 Unfair competitive practices include:

- a) engaging in business slander/defamation or spreading rumors, such as malicious dissemination of information that could damage a competitor's reputation of;
- b) engaging in collusive bidding, artificially raising or lowering bid prices, or crowding out competitors;
- c) misappropriating, using or disclosing a competitor's trade secrets, including but not limited to management methods, producing and marketing strategies, customer lists, supplier information, financial data and other business information, as well as technical information such as technical processes, proprietary technology and design drawings;
- d) publishing false advertising or misrepresentation of services or products, such as exaggerating the performance of a product; and
- e) infringing intellectual property rights.

8. Prohibition of Fraud

- 8.1 The Group strictly prohibits fraudulent acts such as deception, forgery, theft, complicity, embezzlement, misappropriation, misrepresentation, concealment of material facts, and collusion.
- 8.2 The Group is committed to preventing, monitoring and reporting fraud, including fraudulent financial reporting.

9. Avoidance of Conflicts of Interest

- 9.1 Conflicts of interest arise when private interests affect or may affect the objective performance of their job duties. Employees must seek to avoid any actual or potential conflicts of interest between their private interests and their job responsibilities.
- 9.2 When a conflict of interest occurs or is likely to occur, the Employee shall voluntarily declare the issue, recuse himself/herself, and ensure his/her loyalty to the Group.

10. Reporting on Violations

- 10.1 The Group encourages all Employees and Third Parties to report violations of applicable laws, regulations, the System, and any actual or potential misconduct involving the Group. Whistleblowers may send an email to ethics@nfa360.com. All business departments of the Group must provide the above reporting methods in writing to all customers of the Group. All procurement departments of the Group must require their suppliers to sign the “Appendix A – Integrity and Honesty Commitment”.
- 10.2 The Group shall keep the information of the whistleblower strictly confidential, regardless of whether the report is made in his/her real name or anonymously. Retaliation against the whistleblower by any Employee or Third Parties is strictly prohibited. Once retaliation is found, whether it is an overt or covert, open or secret reduction in salary or demotion, transfer or dismissal, or other forms of retaliation, the Group shall severely punish those who carry out retaliation.

- 10.3 The internal audit team within the Company's Finance Department shall analyze and evaluate the information reported and decide whether to initiate compliance investigation procedures. The internal audit team shall promptly report to the Company's Audit Committee on the reports it receives and the results of its investigations, and provide relevant materials as requested by the Audit Committee.
- 10.4 After the investigation is completed, the violator or the person who failed to take precautionary measures to prevent risks shall be punished in accordance with the relevant internal management measures of the Group.

11. Disciplinary Actions Against Employee Violating The System

- 11.1 The System is mandatory, and any Employee who violates the System will be subject to disciplinary action.
- 11.2 All Employees must actively cooperate in the investigation of suspected violations of the System. Failure to cooperate or provide truthful information may also result in disciplinary action against the Employee.
- 11.3 Those who violate the System will be subject to:
- a) in less serious cases, a warning or a serious warning;
 - b) for more serious cases, a demerit or dismissal;
 - c) if suspected of committing a crime, he/she shall be transferred to judicial organs; and
 - d) if illegal benefits are obtained, all illegal gains shall be returned; if losses are caused to the Company, he/she shall be liable for compensation.

12. Supplementary Provision

The System shall be implemented upon approval by the chief executive officer of the Company and shall be evaluated and revised periodically in accordance with applicable laws and regulations.

Appendix A – Integrity and Honesty Commitment

Integrity and Honesty Commitment (the “Commitment”)

Committed party: _____ (the “**Committed Party**”), as a business partner of New Focus, acknowledges that it has received and is aware of the content of New Focus Auto Tech Holdings Limited’s Anti-Corruption, Anti-Bribery and Misconduct Reporting Management System and pledges to comply with the relevant provisions.

The Committed Party may send an email to ethics@nfa360.com to report any suspected violation of integrity and honesty.

The Commitment shall be effective from the date of signing.

Committed party: (seal)

Legal representative or authorised delegate:

Date: