NEW HOONG FATT HOLDINGS BERHAD (“NHF” OR THE “COMPANY”)

- PROPOSED INVESTMENT OF UP TO RM20.0 MILLION IN A VENTURE CAPITAL FUND THROUGH THE SUBSCRIPTION OF CLASS A REDEEMABLE PREFERENCE SHARES IN CYPRESS DRIVE VENTURES SDN. BHD. BY JHI SOON MANUFACTURING INDUSTRIES SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

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1. INTRODUCTION

The Board of Directors of the Company (“**Board**”) wishes to announce that Jhi Soon Manufacturing Industries Sdn. Bhd. (“**Investor**”), a wholly-owned subsidiary of the Company, intends to invest up to RM20.0 million in a venture capital fund established through a special purpose venture capital fund vehicle, Cypress Drive Ventures Sdn. Bhd. ("**FundCo**").

In connection with the proposed investment, Investor had on 10 September 2026 entered into a Share Subscription Agreement (“**SSA**”) with FundCo and Cypress Asia Capital Sdn. Bhd. ("**Promoter**") for the purpose of subscribing for up to 20,000,000 Class A Redeemable Preference Shares (“**Class A RPS**”) in FundCo at an issue price of RM1.00 per share, representing a total capital commitment of up to RM20.0 million ("**Proposed Investment**").

2. DETAILS OF THE PROPOSED INVESTMENT

2.1 Information on FundCo

FundCo is a private limited company incorporated in Malaysia and has a share capital of RM2.00 comprising 2 ordinary shares, which are wholly owned by the Promoter. Dr. Sivapalan Vivekarajah and Ms. Xelia Tong How Yin are directors of FundCo.

FundCo is a special purpose venture capital fund vehicle established to raise funds from investors for investment into high-potential growth-stage companies with long-term growth prospects (“**Investee Companies**”). The venture capital fund of FundCo will be managed by Cypress Asia Sdn. Bhd. ("**Fund Manager**").

2.2 Information on the Fund Manager

The Fund Manager is a private limited company incorporated in Malaysia and has a share capital of RM100,002.00 comprising 2 ordinary shares and 100,000 preference shares. Dr. Sivapalan Vivekarajah and Ms. Xelia Tong How Yin are directors and shareholders of the Fund Manager, each holding 1 ordinary share and 50,000 preference shares, in total representing 100% of the issued share capital of the Fund Manager.

The Fund Manager is a venture capital management company registered with the Securities Commission Malaysia (Registration No. VCPE/0124/2025) and is principally engaged in the management of venture capital funds, including identifying, investing in and supporting high-potential start-ups and growth-stage companies.

2.3 Information on the Promoter

The Promoter is a private limited company incorporated in Malaysia and has a share capital of RM2.00 comprising 2 ordinary shares. Dr. Sivapalan Vivekarajah and Ms. Xelia Tong How Yin are directors and shareholders of the Promoter, each holding 1 ordinary share, in total representing 100% of the issued share capital of the Promoter.

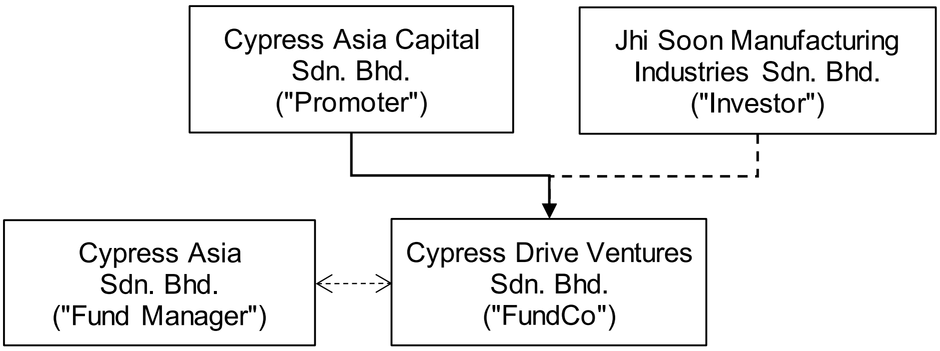
The Promoter is principally involved in investment advisory service and activities of holding company.

2.4 Background information on the Shareholders and Directors of the Fund Manager and the Promoter

Dr. Sivapalan Vivekarajah and Ms. Xelia Tong How Yin have relevant experience in venture capital, entrepreneurship, investment management, investor relations, and business development. Their experience and industry involvement support the Fund Manager's capability in identifying, evaluating, and managing investment opportunities.

2.5 Corporate Structure of the Proposed Investment

The diagram below illustrates the relationship between the parties and their respective roles in the Proposed Investment:



3. SALIENT TERMS OF THE SSA

The salient terms of the SSA are as follows:

3.1 Subscription

Subject to the terms and conditions of the SSA, Investor has undertaken to subscribe for up to 20,000,000 Class A RPS in the FundCo at a subscription price of RM1.00 per Class A RPS, representing a total capital commitment of up to RM20.0 million. The subscription will be funded internally and drawn down progressively through capital calls in accordance with the terms of the SSA.

3.2 Call Notice and Subscriptions

FundCo may, from time to time, issue a written call notice to Investor requiring Investor to subscribe for any remaining unsubscribed Class A RPS. Investor shall subscribe for all the shares specified in the call notice and pay the subscription price within 7 days from the date of the call notice. FundCo shall allot and issue such shares within 14 days from receipt of the subscription price.

3.3 Investment Period

The investments of FundCo are intended to be managed for a period of 7 years from the date of the SSA, with an option to extend for up to 2 successive periods of 12 months each, subject to the written consent of the investors.

3.4 Investment Committee

The investment committee will comprise 2 members nominated by Investor and 2 members nominated by the Promoter. Decisions of the investment committee require a simple majority of the votes cast at a duly convened meeting, with the assenting votes of at least 1 member nominated by Investor.

The quorum for any meeting of the investment committee shall be 3 members, 1 of which shall be any 1 of the members nominated by Investor, present and voting.

3.5 Class A RPS Distribution & Redemption

The Class A RPS entitle the holder to participate in distributions received by the fund from the realisation of its investments. Distributions are structured based on a priority distribution framework comprising, amongst others, the return of invested capital, a preferred return to investors and profit-sharing arrangements between investors and the promoter in accordance with the terms of the SSA.

In addition, the RPS carry liquidation preference rights, whereby holders of the RPS rank in priority to ordinary shareholders for the return of their capital contribution and accrued preferred return upon the occurrence of certain liquidation or winding-up events of the fund.

3.6 Termination

The SSA shall remain in force for as long as Investor remains a shareholder of FundCo, unless terminated earlier in accordance with its terms. Investor may terminate the SSA upon the occurrence of specified events, including the Promoter ceasing to be a shareholder of FundCo, failure to propose any potential Investee Company within the stipulated period, an unremedied material breach by FundCo, the insolvency or winding-up of FundCo, or FundCo ceasing or threatening to cease a substantial part of its business.

FundCo may terminate the SSA if Investor fails to subscribe for the shares specified in a call notice. In such event, Investor is required to procure a replacement investor within the stipulated period, failing which Investor may remain liable for the outstanding subscription amount and the applicable penalty and late payment interest under the SSA.

4. SOURCE OF FUNDING

The Proposed Investment will be funded through internally generated funds and drawn down progressively pursuant to capital calls in accordance with the SSA.

5. RATIONALE OF THE PROPOSED INVESTMENT

The Proposed Investment forms part of the capital allocation strategy of the Company and its subsidiaries (the "**Group**"), providing the Group with access to a diversified portfolio of early-stage and high-growth investment opportunities through a professionally managed venture capital fund, enabling the Group to gain exposure to emerging business models, technologies and market opportunities, while maintaining its focus on its core automotive replacement parts business.

The Proposed Investment also enables the Group to participate in potential long-term capital appreciation and investment returns, while benefiting from the Fund Manager's expertise in sourcing, evaluating and managing venture capital investments.

6. RISK FACTORS

6.1 Fund Manager and Key-Person Risk

The performance of the venture capital fund will depend substantially on the Fund Manager's ability to source, evaluate, structure, monitor and realise investments, as well as the continued involvement of its key personnel. The loss or unavailability of key personnel, or any failure by the Fund Manager to perform its obligations effectively, may adversely affect the performance of the venture capital fund.

The venture capital fund is managed by 2 key personnel, Dr. Sivapalan Vivekarajah and Ms. Xelia Tong How Yin. They have extensive track records within the Malaysian startup ecosystem and maintain proprietary deal access through long-standing relationships.

6.2 Investment and Business Risk

The Investee Companies may be at an early or growth stage and may have limited operating histories. Their performance may be affected by, amongst others, execution challenges, market acceptance, competition, technological changes, funding requirements and prevailing economic conditions. There is no assurance that any Investee Company will achieve its business plan, profitability or targeted growth, and an unsuccessful investment may result in a partial or total loss of the amount invested in that Investee Company.

To mitigate this risk, investments will be subject to a structured screening and due diligence process to be conducted by the Fund Manager and reviewed by the investment committee prior to approval. In addition, the Fund Manager is required to provide ongoing monitoring, strategic guidance and periodic reporting on the performance and development of the Investee Companies.

6.3 Illiquidity and Exit Risk

Venture capital investments are generally illiquid and may not have a readily available secondary market. The timing, availability and value of an exit may be affected by capital market conditions, buyer appetite, the performance of the relevant Investee Company and other factors beyond the control of FundCo and the Fund Manager. Accordingly, exits may take longer than anticipated or may be completed at valuations below expectations, and there is no assurance that FundCo will be able to realise its investments within the intended investment period.

The Fund Manager is responsible for formulating and implementing exit strategies for Investee Companies and is required to actively monitor potential exit opportunities, including trade sales, strategic acquisitions and other value realisation events. The investment committee will also oversee material decisions relating to the disposal of investments.

6.4 Portfolio Concentration Risk

The valuation of unlisted Investee Companies may involve judgement and may be subject to uncertainty due to the absence of quoted market prices and limited comparable information. As FundCo is expected to invest in a limited number of Investee Companies, approximately 5 to 7 Investee Companies, any material underperformance or failure of one or more Investee Companies may have a disproportionate effect on the overall performance and returns of the venture capital fund.

The risk is mitigated through limits on the amount that may be invested in a single Investee Company and staged follow-on investments. Furthermore, with Investor being represented on the investment committee, providing an additional level of oversight over portfolio construction and capital allocation decisions.

7. EFFECTS OF THE PROPOSED INVESTMENT

The Proposed Investment is not expected to have any material effect on the issued share capital, earnings per share, net assets, gearing or the substantial shareholders' shareholding of the Company for the financial year ending 31 December 2026.

The Proposed Investment is structured as a long-term financial investment and represents a relatively small proportion of the Group's assets. Accordingly, the Proposed Investment is not expected to have any material effect on the Group's core business operations, financial condition, earnings profile, assets and liabilities or business prospects in the immediate term. Any returns from the Proposed Investment will be dependent on the future performance of the FundCo and the underlying portfolio investments, including the timing and successful realisation of investments and exits, and are expected to be realised over a longer investment horizon.

8. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Proposed Investment pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 3.39% based on the Company's latest audited consolidated financial statements of the Group for the financial year ended 31 December 2025, hence, this announcement is made by the Company on a voluntary basis.

9. LIABILITIES AND GUARANTEE TO BE ASSUMED BY THE COMPANY

There is no liability including contingent liabilities and guarantee to be assumed by the Company.

10. APPROVAL REQUIRED

The Proposed Investment is not subject to the approval of the shareholders of the Company or any regulatory authorities.

11. STATEMENT BY THE BOARD OF DIRECTORS

The Board, having considered all aspects of the Proposed Investment, including its rationale, terms and conditions, risk factors and financial effects, is of the opinion that the Proposed Investment is in the best interest of the Company and the Group.

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and/or major shareholders of the Company and/or any persons connected to them, have any interest, direct or indirect, in the Proposed Investment.

13. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SSA is available for inspection at the Registered Office of the Company at Level 13, Menara 1 Sentrum, 201, Jalan Tun Sambanthan, Brickfields, 50470 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 10 September 2026.