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新世紀醫療控股有限公司

New Century Healthcare Holding Co. Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1518)

COMPLETION OF INTERNAL CONTROL REVIEW AND TRAINING OF THE RELEVANT DIRECTORS

This announcement is made by New Century Healthcare Holding Co. Limited (the "**Company**", together with its subsidiaries, the "**Group**").

Reference is made to the statement of disciplinary action issued by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 June 2025 (the "**Statement**") in relation to, among others, the disciplinary action taken by the Stock Exchange against the Company and the relevant directors of the Company, being Mr. Jason Zhou ("**Mr. Zhou**"), Ms. Xin Hong ("**Ms. Xin**"), Mr. Xu Han ("**Mr. Xu**"), Mr. Jiang Yanfu ("**Mr. Jiang**"), Mr. Sun Hongbin ("**Mr. Sun**") and Mr. Guo Qizhi ("**Mr. Guo**") (collectively, the "**Relevant Directors**"). Unless otherwise specified, terms used in this announcement shall have the same meanings as those defined in the Statement.

As stated in the Statement and pursuant to the directions of the listing committee (the "**Listing Committee**") of the Stock Exchange, (a) the Company shall complete a review of its internal controls for procuring compliance with Chapters 14 and 14A of the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange (the "**Internal Control Review Direction**"); and (b) each of Mr. Zhou, Ms. Xin, and Mr. Xu has to attend 23 hours of training on regulatory and legal topics and Listing Rules compliance, including at least three hours on each of (i) director's duties; (ii) the Corporate Governance Code; (iii) the Listing Rules requirements for Rule 2.13 and Chapters 14 and 14A; and (c) each of Mr. Jiang, Mr. Sun, and Mr. Guo has to attend 15 hours of training on regulatory and legal topics and Listing Rules compliance, including at least three hours on each of (i) director's duties; and (ii) the Corporate Governance Code (collectively, the "**Training**").

COMPLETION OF INTERNAL CONTROL REVIEW

On 4 July 2025, the Company engaged Acclime Consulting (Hong Kong) Limited (the "**Internal Control Advisor**") to conduct a review of, and make recommendations to improve the Company's internal controls (the "**Internal Control Review**"), and to ensure compliance with Chapters 14 and 14A of the Listing Rules.

The Internal Control Advisor had completed its review of the Company's internal control in respect of the following scopes:

(a) Policies and procedures;

(b) Identification of notifiable and connected transactions;

(c) Review and authorization of notifiable and connected transactions;

(d) Maintenance and record-keeping of notifiable and connected transactions;

(e) Reporting and disclosure of notifiable and connected transactions;

(f) Internal training and related documentation; and

(g) Segregation of duties in monitoring notifiable and connected transactions.

The Internal Control Review covered the period from 1 July 2024 to 30 June 2025, with the follow-up review period being from 5 July 2025 to 19 September 2025.

The internal control deficiencies identified during the Internal Control Review, the recommendations from the Internal Control Advisor and the Company's implementation status are summarized as follows:

1. Optimization of Management Policies

Observations

The management of the Group (the "**Management**") had formulated (i) the "Internal Management Policy for Connected Transactions" in July 2023, which clearly stipulated details of connected transactions; and (ii) the "Annual Review of Connected Transaction Management" in 2024, which included certain procedures in relation to connected transactions.

During the Internal Control Review period, save for those pertaining to a resigned director of a subsidiary of the Company, the Group had collected all the relevant signed confirmation documents from the Board and Management in early 2025.

The Group currently only requires the Board and Management to disclose connected transactions once at the end of the financial year, with any information requiring disclosure to be made public in the following financial year. However, there is a lack of requirement for disclosing information to the public during the middle of a financial year (the "**Interim Period**").

During the Internal Control Review period, the Group engaged in multiple significant transactions, which were registered and approved at Board meetings with no irregularities identified. However, the Group has not established policies or procedures governing notifiable transactions.

The Group's finance department (the "**Finance Department**"), company secretarial department (the "**Company Secretarial Department**") and the Board have a clear division of responsibilities. However, the Group has not established a written management policy concerning the segregation of duties for monitoring notifiable and connected transactions.

Recommendations

The Group should require the Board and Management to sign the connected transaction declaration form at the Interim Period and amend the relevant connected transaction management policy to ensure the accuracy of related disclosures in the Group's audited interim financial statements, thereby safeguarding the best interests of the public.

The Company should incorporate procedures and policies for managing receivables from connected persons into the "Connected Transactions Contract Review Management Policy".

The Group should also formulate a written management policy for the monitoring and segregation of duties concerning notifiable and connected transactions.

Independent approval processes can ensure segregation of duties. The Group may implement job rotation mechanisms within departments to prevent prolonged control of key functions.

Furthermore, the Group should establish a policy requiring the Board and Management to sign and return the connected transaction form semi-annually and to proactively declare connected transactions. Should there be any changes in the connected persons of the Board members or Management, the company secretary (the "**Company Secretary**") of the Company, Finance Department, or third-party legal counsel engaged by the Group should be consulted promptly, and an updated connected transaction declaration form should be submitted proactively and timely. The Company should also revise the reporting frequency of its connected transaction management policy from annual to semi-annual.

The Group should establish requirements concerning the signing of connected transaction forms. For resigning or departing Board or Management members, the Group should ensure, where practicable, that they have signed and submitted the connected transaction form and that all related documentation is properly archived in a timely manner prior to their resignations or departures.

Moreover, the Management should establish a comprehensive records management mechanism, setting out relevant processes and confirming the responsible departments and storage requirements for various types of documents.

Company's Implementation Status

The Company has (i) established the "Notifiable Transactions Management Policy", and (ii) revised and formulated the "Connected Transactions Contract Review Management Policy" to specify the management of receivables from connected persons and a board office records management policy. The Company has provided the connected persons' ageing schedule and the audit committee meeting minutes for June 2025, ensuring regular monitoring of connected persons' receivables and alignment between approvals and operational procedures. In addition, the Company has amended its policies to require the Board and Management members to sign and submit the connected transaction form prior to resignations or departures, and the connected transaction form to be signed and returned semi-annually. The aforementioned policies have been approved by Management. The Company has also arranged for the interim declaration form to be signed and returned.

2. Written Management Policy for Regular Training

Observations

All directors (the "**Directors**") of the Company are required to undergo annual training covering specific topics.

The Group provides training on connected transactions for the Management and the Board. In addition, the Company Secretary regularly participates in training offered by the Hong Kong Chartered Governance Institute.

However, the Group has not established a written management policy specifying training requirements for the Management, the Board, and the Company Secretary. Given that the last training was provided by the Group to the Management and the Board nearly two years ago, and the Rules which the Stock Exchange requires listed companies to comply with may have been amended, the absence of a written policy requiring the Management, Board members, and the Company Secretary to kept apprised of such amendments in a timely manner may make it difficult to avoid incidents of non-compliance with the Listing Rules.

Recommendations

The Group should formulate a written management policy for the training of the Management, the Board, and the Company Secretary to standardize the training process, including but not limited to: (a) defining training content; (b) establishing a regular training schedule; (c) identifying training participants; (d) setting attendance rules; (e) outlining a record-keeping process.

The Group should provide compliance training courses and maintain records of attendance and appropriate training coverage. Training on topics concerning the regulation and legal responsibilities of the Board and Directors should be better provided by external professional training institutions.

Pursuant to the Statement, the Relevant Directors are required to complete certain training on regulatory and legal topics within the 90-day period. Furthermore, the Directors should update their knowledge in key areas at reasonable intervals, such as directors' duties, notifiable and connected transactions, conflict of interests, and the latest provisions under the Corporate Governance Code.

In addition, this policy, after review by the Management, should be circulated to the Management, the Board, and the Company Secretary.

Company's Implementation Status

The Company has established the "Directors' Annual Training Policy", including a mechanism for archiving training records and a requirement for training to be synchronized with the latest regulatory content. The aforementioned policy has been approved by the Management. In addition, the Company completed, on 24 September 2024, the provision of training on the core regulatory requirements and internal management processes for notifiable transactions and connected transactions to the persons in charge of all hospitals/clinics and the heads of the finance department within the Group.

3. Written Management Policy for Contract Due Diligence Process

Observations

In daily operations, the Company Secretarial Department and the Finance Department jointly review and approve all draft contracts. Upon receiving information regarding a draft contract, both departments conduct background checks on the counterparty to ascertain whether the ultimate beneficial owner thereof is a connected person. If both departments are unable to confirm the status of the counterparty, the Group would seek professional advice from a third-party law firm.

However, the Management has not yet established a written management policy governing the methods for conducting due diligence on draft contracts.

During the Internal Control Review period, the Group did not conduct independent background checks on counterparties, for example, by utilizing methods involving third-party databases/websites.

Recommendations

The Group should establish a written management policy regarding the due diligence methods for draft contracts, including but not limited to: (a) the review process; (b) methods for background checks (using third-party databases/websites); (c) execution of relationship declaration letters; (d) establishing a detailed connected persons list including but not limited to: (i) name of the connected person; (ii) relationship of the connected person; (iii) control rights of the connected person (applicable only to companies); (e) the process for archiving background check materials.

Following approval by the Management, the management policy should be issued to the Company Secretarial Department and Finance Department for strict implementation.

Company's Implementation Status

The Company has established the "Connected Transactions Contract Review Management Policy", including the approval process, a third-party intervention mechanism, and a connected persons list mechanism. The aforementioned policy has been approved by the Management.

4. Retention of Approval Records

Observations

During the Internal Control Review period, the Internal Control Advisor performed sampling checks on the Group's connected transactions. The archived documents for the connected transaction regarding "Purchase of Medical Examination Services, Laboratory Testing Services and Pharmaceuticals with Beijing Children's Hospital, Capital Medical University" contained the five size tests under Chapters 14 and 14A of the Listing Rules, Board meeting approval minutes, the contract, and the announcement.

Regarding notifiable transactions under Chapter 14, during the Internal Control Review period, the Company did not have any transactions that constituted notifiable transactions, and conducted one connected transaction with Beijing Muhe Jiaye Property Management Co., Ltd. (北京睦合嘉業物業管理有限公司) which had followed the procedures to issue an announcement. Therefore, no irregularities or internal control weaknesses were identified.

Additionally, the archived documents for the connected transaction regarding "Hospital Lease with Chengdu Women's and Children's Central Hospital" contained Board meeting approval minutes, the contract, and the announcement.

However, the aforementioned samples did not retain the written OA approval documents from the Company Secretarial Department and the Finance Department and the five size tests under Chapters 14 and 14A. Furthermore, the relevant Board meeting approval minutes were recorded after the end of the financial year.

Recommendations

The Management should strictly implement the contract management process policy and ensure all projects are approved prior to execution. The Company Secretary and the Finance Department should retain all approval records for all connected transactions.

Company's Implementation Status

The Company has established the "Connected Transactions Contract Review Management Policy" to ensure contracts are only executed after obtaining approval. In addition, the Company has established an "Archives and Records Management Policy", including the contract approval and electronic archiving mechanism. The aforementioned policies have been approved by the Management.

The Board confirms that the Company has fully implemented all the above-mentioned recommendations of the Internal Control Advisor, and that the Company has fully complied with the Internal Control Review Direction.

COMPLETION OF TRAINING

As disclosed in the Company's interim results announcement dated 27 August 2025, the Company has confirmed that, in accordance with the directions of the Listing Committee, (a) the Relevant Directors have completed the Training provided by the training provider approved by the Stock Exchange within the period specified; and (b) the Company has provided the Stock Exchange with the training provider's written certification of full compliance after completion of the Training.

By Order of the Board
New Century Healthcare Holding Co. Limited
Mr. Jason ZHOU
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 18 December 2025

As at the date of this announcement, the Board comprises Mr. Jason ZHOU, Ms. XIN Hong and Mr. XU Han, as executive Directors; Mr. WANG Siye, Ms. LI Suyu, Mr. YANG Yuelin and Mr. XIE Qiang, as non-executive Directors; and Mr. WU Guanxiong, Mr. SUN Hongbin, Mr. JIANG Yanfu and Dr. MA Jing, as independent non-executive Directors.