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NEW CONCEPTS HOLDINGS LIMITED
創業集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2221)

KEY FINDINGS OF THE INDEPENDENT INTERNAL CONTROL REVIEW IN RELATION TO THE DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

Reference is made to the announcement of New Concepts Holdings Limited (the "**Company**") dated 18 November 2025 (the "**Announcement**") in relation to a discloseable transaction regarding provision of financial assistance. Unless stated otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the Company would appoint an independent internal control consultant to conduct an internal review (the "**Review**") on (a) the key deficiency in the internal control process in granting the Loan; (b) the loan management process of the Group; and (c) the Group's internal procedures in respect of the relevant regulatory compliance under Chapter 14 of the Listing Rules for the period commencing from 1 April 2022 to 31 March 2025, which covers the period during which the Loan was extended, with an aim to enhance the internal controls and procedures of the Group and strengthen the reporting system between the Board and different departments of the Group based on the findings of the Review.

The Company has engaged PRO-WIS Risk Advisory Services Limited as the independent internal control consultant (the "**IC Consultant**") to conduct the Review. The following is a summary of the key findings, recommendations made by the IC Consultant and the remedial actions taken by the Company based on the report issued by the IC Consultant.

The scope of the Review includes the following internal control procedures:

(a) the internal control process of the Group in provision of the Loan;

(b) the loan management process of the Group; and

(c) the Group's internal procedures in respect of the relevant regulatory compliance under Chapter 14 of the Listing Rules for the period commencing from 1 April 2022 to 31 March 2025.

With reference to the findings of the initial review, the Company has implemented the recommendations from the IC Consultant. Subsequently, the IC Consultant has performed a follow-up review and issued a final review report.

The key findings identified by the IC Consultant in the Review, corresponding recommendations, the Company's response and the remediation status are summarised as follows:

	Summary of key findings	Recommendations	Group's response and the remediation status
1.	**Lack of written procedures for loan management process**		
	• The Group had not established a set of written policies for loan management process. • The Group relied on the free version of DingTalk as its office automation ("**OA**") system for contract approvals. Records in the free version are retained for 180 days only. After this period, records are not accessible by users and cannot be retrieved or viewed.	• The Group should establish a set of written policies which cover loan management processes including but not limited to cover pre-loan assessment, re-review prior to loan renewal, collateral valuation and post-loan tracking and monitoring, to ensure that loan transactions are conducted in a standardised manner. • The Group is recommended to subscribe for an OA system in order to retain any approval record for at least three to seven years.	• The Company agreed with and accepted the recommendations. • The Group has formulated the "Provision of Financial Assistance Policy" and the "Investment Management Policy" with the objective of strengthening governance over loan-related and investment activities. These policies are designed to formalize the relevant controls and procedures across the Group, thereby mitigating credit risk and investment risk.

Summary of key findings	Recommendations	Group's response and the remediation status
		• The aforementioned policies have been submitted to the Board of Directors (the "**Board**") of the Company for approval and have been duly circulated to the management of the Company's subsidiaries as well as the Group's finance team for implementation. • All employees who submit documents to the OA system for approval are required to ensure that the corresponding approval records are securely archived on the Company's designated server. Such records shall be properly maintained and preserved at the administration department for a minimum retention period of seven (7) years from the date of approval.

	Summary of key findings	Recommendations	Group's response and the remediation status
2.	**Deficiencies in the internal control process in provision of the Loan**		
	• Internal records relating to the Loan did not identify the responsible personnel and bore no signatures evidencing review, approval or endorsement by the responsible officers. • Funds were remitted directly to Shenzhen Dingxin instead of a jointly controlled account. No periodic monitoring was performed on funds utilisation or Shenzhen Dingxin's financial position after disbursement of funds. • Prior to the Conversion in 2022, management of the Company relied on the earlier due diligence report and did not document a contemporaneous financial assessment or credit-risk review in the approval process of the Conversion. • The debt set-off arrangement between Yisheng (Tianjin) and the Borrower concerning the lease deposit of approximately RMB1.43 million paid by the Borrower on behalf of Tianjin (Yisheng) to Huaxia Life Insurance Co., Ltd. ("**Huaxia Life**") was not supported by a tripartite agreement.	• An investment management policy requiring all due diligence reports to bear the signatures of the responsible personnel and the designated approver(s) to evidence review and approval shall be established. • The Company shall adopt a written policy specifying which attendees must sign to confirm the accuracy and completeness of meeting minutes (including key decisions), and require proper classification, retention and retrievability of such records. • It is recommended to incorporate into the investment management policy that, where investments to third parties exceed a defined threshold, the Group shall deploy funds via a jointly controlled bank account, define a clear payment-approval workflow, and implement a dynamic fund-use monitoring mechanism under which the fund recipient provides regular fund-use schedules. Designated personnel of the Group shall conduct periodic checks and report to the management, and ensure any abnormal use of the funds is immediately escalated to the Board.	The Company agreed with and accepted the recommendations. The Company has resolved to establish an investment committee (the "**Committee**") with its terms of reference and workflow requirements in accordance with the Committee's Terms of Reference and "Investment Management Policy". The Investment Committee comprises the chairman of the Board, executive Director and head of legal department, head of finance department and the company secretary. The Committee is constituted to (i) regulate the Group's external investment activities; (ii) mitigate and prevent investment and financial risks and (iii) enhance the effectiveness and efficiency of external investments

Summary of key findings	Recommendations	Group's response and the remediation status
		All records relating to the Company's investments, together with minutes of Committee meetings, shall be properly maintained by the company secretary and made available for inspection by any member of the Committee and the Board The Committee shall (i) conduct due diligence and assess the viability, terms, and conditions of any major investment projects or financing arrangements proposed by the Company; (ii) analyse, on a continuing basis, investment risks associated with such projects; (iii) evaluate potential investment opportunities to ensure compliance with applicable requirements under the Listing Rules; and (iv) upon being satisfied with the merits of any proposed investment or financing arrangement, make recommendations to the Board for its further consideration and approval.

Summary of key findings	Recommendations	Group's response and the remediation status
• According to the management of the Company, despite the engagement of a PRC lawyer, no litigation had been formally commenced since Shenzhen Dingxin had been included in the Abnormal Operations List by the relevant authority, its shareholders' equity interests had been frozen, no identifiable asset had been located, and litigation costs were estimated at approximately RMB400,000. Notwithstanding the materiality of the decision to defer recovery, the explanatory paper prepared by the Company lacked the responsible personnel's signature and management approval, and the Company had not formalised any written procedures for ongoing assets tracing work. • As no actual payment of fund was transferred from Yisheng (Tianjin) to Shenzhen Dingxin under the Loan Agreement, upon Conversion, the then directors and the then Chief Legal Officer misinterpreted the Conversion to be integrally linked to and forming part of the Investment Agreement. They did not re-assess the disclosure obligations in time. Subsequent review revealed that the provision of the Loan constitutes a notifiable transaction under Chapter 14 of the Listing Rules.	• The Group shall establish a credit risk assessment policy requiring a comprehensive written pre-loan assessment of the borrower's operations, financial position, repayment capacity and credit record as the approval basis. The Group shall designate personnel to periodically track changes in the borrower's credit standing, update the relevant assessments and adjust risk mitigation measures in a timely manner. • As the Borrower cannot currently be contacted to produce the bank remittance slip for the lease deposit paid on behalf of Yisheng (Tianjin), the Group shall seek Huaxia Life's confirmation in this regard by affixing its company seal to the debt set-off agreement, as a pragmatic alternative to a tripartite agreement to enhance the legal effect and evidential support of the set-off arrangement.	• Pursuant to the Company's Provision of Financial Assistance Policy, upon receipt of information concerning a prospective borrower, the legal department, in cooperation with the finance department of the Group, shall conduct a comprehensive risk assessment. Such assessment shall include, without limitation: (i) background checks on the borrower; (ii) evaluation of creditworthiness; (iii) analysis of financial capacity to repay; (iv) review of collateral and/or guarantee arrangements; and (v) consideration of industry-specific risks. The objective of this assessment is to ensure that any financial assistance extended remains within the risk tolerance parameters established by the Group. **Review of Agreement Terms** The finance and legal departments shall jointly review the terms and conditions of any proposed agreement to ensure that the Company's funds are adequately safeguarded and that its legal rights and interests are fully protected.

Summary of key findings	Recommendations	Group's response and the remediation status
		Ongoing Monitoring The finance department shall periodically monitor and review the repayment status of the borrower to mitigate the risk of default and to ensure continued compliance with the agreed terms. • The Company has adopted the Reporting and Monitoring Policy on Notifiable Transactions to ensure consistent and effective compliance across the Group, under which the company secretary is designated as the primary liaison for all matters relating to potential notifiable transactions and keep the relevant documents. All business units and departments are required to promptly report any potential transactions to the company secretary for review. The company secretary shall maintain ongoing oversight of the Group's transaction thresholds, including the application of the size tests prescribed under Chapter 14 of the Listing Rules. This proactive monitoring mechanism ensures that any transaction which may constitute a notifiable transaction is promptly identified, escalated, and subject to appropriate disclosure obligations in accordance with the Listing Rules. This policy reinforces the Group's commitment to transparency, regulatory compliance, and effective governance in the execution of its business operations.

Summary of key findings	Recommendations	Group's response and the remediation status
	• The Group shall issue a written policy requiring that any document involving assertion/waiver of rights or other material decisions must not be presented merely as an informal "explanatory paper", instead shall pass a standard approval process with a clear three-tier trail of preparation, review and approval. In parallel, a "Loan Recovery and Asset Tracing Management Policy" shall be established to specify the responsible roles, inquiry frequency, inquiry methods, record-keeping and litigation conditions, to ensure standardised and disciplined mechanisms for tracking of assets and follow-up actions. • The Group shall implement a formal training policy to ensure that directors, senior management, and legal and finance personnel remain familiar with the latest requirements under the Listing Rules.	• Pursuant to the Investment Management Policy, the preparation of an investment project shall proceed as follows: (i) Initial Assessment: Project leader shall conduct a preliminary feasibility assessment of the proposed project and a preliminary review would be conducted by the General Manager. (ii) Site Visit and Evaluation: Where the results of the feasibility assessment are satisfactory, the designated responsible person for the investment project shall organize a site visit and undertake a comprehensive evaluation of the target project. (iii) Due Diligence: The process shall culminate in the preparation of a formal due diligence report. (iv) Review and Approval: The due diligence report must be reviewed and approved, and subsequently signed by the responsible person, the Investment Committee, and the executive Director. If the transaction is classified as a notifiable transaction under the Listing Rules, approval from the Board and Shareholders (if applicable) would be required.

Summary of key findings	Recommendations	Group's response and the remediation status
		• The Company has adopted a "Training Policy for Directors and Senior Management" to ensure that its leadership remains fully informed of regulatory requirements and governance standards. (a) Annual Continuous Training: Directors and senior management should complete no less than 4 hours of continuing training each year, and the company secretary shall be responsible for tracking and recording the completion of the training. (b) Scope of Training: The training will cover, among other topics, compliance with the Listing Rules, principles of corporate governance, risk management frameworks, and relevant updates in business and professional practices.

	Summary of key findings	Recommendations	Group's response and the remediation status
3.	**Policy dissemination and access**		
	The Group has adopted the "Policy on Declaration and Monitoring of Notifiable Transactions". However, deficiencies exist in acknowledgement, dissemination of updates and access as set out below: • Management considered that an employee had acknowledged and agreed to comply with all Group policies by entering into the employment contract. However, the employment contract does not clearly set out such acknowledgment or incorporate/enclose the relevant policies. • Policy updates were circulated by the administration department via email only. The Group has not established a unified policy management platform for Group-wide, on-demand retrieval by subsidiaries and staff of the policies.	• The Group shall update the Group's template employment contracts to expressly incorporate the obligation to comply with the Group's core policies (including the Policy on Declaration and Monitoring of Notifiable Transactions). For existing employees, the Group shall issue a written Policy Acknowledgment listing the current core policies and require the employees to sign to confirm "receipt, understanding and strict compliance". The signed acknowledgments shall be filed by the Human Resources department in the employees' personnel files. • The Group is recommended to utilise the existing OA system to set up a "Group Policy Area" for the storage of all current, effective policy documents, each clearly marked with publication date, last update date and effective date, and assign a designated person to keep documents synchronised and up to date. When circulating policy updates by email, the Group shall require read-receipt confirmation from employees, which shall be retained by the administration department.	The Company agreed with and accepted the recommendations. The Company has formulated a "Reporting and Monitoring Policy on Notifiable Transactions" to ensure compliance and transparency across the Group. (i) **Employee Notification:** To ensure that all employees are fully aware of this Policy, the administration department has circulated the Policy to all employees via OA Platform.; and (ii) **Record and Reference:** For ease of access and ongoing reference, the Policy will also be uploaded to the Group's OA platform, where it shall be maintained as part of the Group's official records. This approach ensures that the Policy is effectively communicated, properly acknowledged, and readily available for consultation by all employees, thereby reinforcing the Group's commitment to regulatory compliance and sound corporate governance.

	Summary of key findings	Recommendations	Group's response and the remediation status
4.	**Inadequate management on corporate seals**		
	Major corporate seals (including the company seal, legal representative seal, contract seal and the financial seal) of certain PRC subsidiaries of the Group are under the custody of the same individual.	• It is recommended to implement clear division of custody of corporate seals by at least two custodians. Alternatively, the Group shall store the seals in a safe requiring dual passwords/keys. The company seal, contract seal and financial seal shall be separately held by the management, administration department and the finance department, respectively. • The Group is recommended to establish a written policy for the corporate seals management covering areas including but not limited to the custody, scope of use and authority, consequences of non-compliance and disposals of invalid seals.	• The Group agreed with and accepted the recommendations. • The Group has established a formal written Seals Management Policy to uphold sound governance and accountability. Under this policy, the custody of all official seals, including the company seal, legal representative seal, contract seal, and financial seal is strictly segregated and assigned to different authorized personnel within the Group. This clear division of responsibilities enhances internal controls, reduces the risk of misuse, and ensures that each seal is securely maintained and applied only with proper authorization.

Results

The Board has reviewed the content and the findings and results of the Review. The Company has been advised that the management has acknowledged and agreed with the findings and results by the IC Consultant.

As at the date of this announcement, a follow-up review has been completed by the IC Consultant. The Group has adopted and implemented the relevant remediation work in accordance with the recommendations from the IC Consultant as detailed above. The Company believes that adequate internal controls and procedures have been in place. Having considered the report of the Review and the remediated actions taken by the Group, both the audit committee of the Board and the Board (including the independent non-executive Directors) are of the view that (a) the enhanced internal control measures implemented by the Group based on the recommendations are adequate and sufficient to address the key findings of the report of the Internal Control Review; (b) the remedial measures taken and updated internal control procedures implemented by the Company are effective to prevent, monitor and detect occurrence of similar incidents; and (c) the Company has established sufficient and reliable governance, internal control systems to perform its obligations under the Listing Rules.

The Board will continue to monitor the effectiveness of the Company's internal control system and procedures to perform its obligations under the Listing Rules, and ensure our internal control policies and procedures are reasonable and adequate, and integrate them into its operations.

By order of the Board
New Concepts Holdings Limited
Zhu Yongjun
Chairman and Executive Director

Hong Kong, 3 July 2026

As at the date of this announcement, the executive Directors are Mr. Zhu Yongjun and Mr. Pan Yimin; and the independent non-executive Directors are Ms. Du Yun, Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, MH, JP.