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州康寧醫院股份有限公司

zhōng kǎng níng yī yuàn gǔ fèn yǒu xiàn gōng sī

al Co., Ltd.

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(i) Conduct an appropriate independent investigation into the issues raised by PwC, announce the findings and take appropriate remedial actions

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() (**Ms. Wang**) (**Alleged Area I**)

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() **Alleged Area II.**

() **Actual Controller.**

the corporation, the corporation shall have the right to purchase the shares of the corporation owned by the shareholder at the same price as the price paid by the shareholder for the shares. (b) **Minority Shareholders.** If the corporation is a public company, the corporation shall have the right to purchase the shares of the corporation owned by the shareholder at the same price as the price paid by the shareholder for the shares.

[Redacted text block]

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[Redacted text block] (**Individuals of Interest.**)

[Redacted text block] (**Former Shareholder.**)

[Redacted text block] (**Indirect Investor.**)

[Redacted text block] (**Renovation Supplier.**)-

[Redacted text block]

[Redacted text block]

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(a) carrying out necessary changes to the Board and the management of the Company

(Ms. Jin.) (Mr. Chan.) (Mr. Wang.)

(b) obtaining legal advice on the merits of commencing judicial proceedings for civil recovery against Ms. Wang regarding the personal interests she obtained under Alleged Area III

(Disgorged Gains.) (PRC Counsel.)

(c) strengthening the use of external expert support

(d) reassessing accounting treatments related to the arrears of the impoverished patients identified in the Independent Investigation as well as the recoverability of the historical arrears, making necessary corrections of prior accounting errors, if any

(e) relevant treatment of the Indirect Investor, the Renovation Supplier and the Actual Controller involved in Alleged Area I and Alleged Area III

(f) *strengthening the internal control system and compliance supervision of the Company*

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View of the Independent Investigation Committee

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(ii) *Demonstrate that there is no reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence*

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1. The first part of the text discusses the importance of maintaining accurate records in a laboratory setting. It emphasizes that proper record-keeping is essential for ensuring the reliability and reproducibility of experimental results. This involves documenting all procedures, reagents used, and observations made during the experiment.

2. The second part of the text describes the various methods used to collect and analyze data. It highlights the need for precision and accuracy in measurements, as well as the importance of using appropriate statistical techniques to interpret the results. The text also discusses the role of quality control in ensuring the integrity of the data.

Handwritten musical notation on a five-line staff. The notation includes various note values, stems, and beams, typical of a musical score.

Handwritten musical notation on a five-line staff. This section includes two ampersand (&) symbols placed above the staff, possibly indicating a repeat or a specific musical instruction.

Handwritten musical notation on a five-line staff, continuing the musical composition with various note values and stems.

Handwritten musical notation on a five-line staff, showing a continuation of the musical piece with complex rhythmic patterns.

Handwritten musical notation on a five-line staff, concluding the visible portion of the score with various note values and stems.

(iii) Conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules

The Company has conducted an independent internal control review and demonstrated that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules. The review was conducted by an independent internal control reviewer who is not a member of the Company's management and has no direct or indirect interest in the Company. The reviewer has reviewed the Company's internal control system and has concluded that the Company's internal control system is adequate to meet its obligations under the Listing Rules. The Company's internal control system includes a robust system of financial controls, a strong system of risk management, and a comprehensive system of compliance controls. The Company's internal control system is designed to ensure the accuracy and reliability of the Company's financial statements, to manage the Company's risks, and to ensure that the Company complies with applicable laws and regulations. The Company's internal control system is also designed to ensure that the Company's operations are conducted in a transparent and ethical manner. The Company's internal control system is reviewed on a regular basis to ensure that it remains adequate to meet the Company's obligations under the Listing Rules.

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Key Internal Control Issues	Rectifications
Entity-Level Review by COSO Framework	
<p>Control Environment – Conflict of Interest Reporting Mechanism</p> <p>There is a conflict of interest reporting mechanism in place, but it is not clearly defined and lacks a formal policy. The mechanism is not widely known to all employees, and there is no clear process for reporting and resolving conflicts of interest. The reporting mechanism is not integrated into the overall internal control system, and there is no clear responsibility for monitoring and reporting conflicts of interest.</p>	<p>The conflict of interest reporting mechanism is not clearly defined and lacks a formal policy. The mechanism is not widely known to all employees, and there is no clear process for reporting and resolving conflicts of interest. The reporting mechanism is not integrated into the overall internal control system, and there is no clear responsibility for monitoring and reporting conflicts of interest.</p>

Key Internal Control Issues	Rectifications
Entity-Level Review by COSO Framework	
<p>Control Environment – Succession Plan</p> <p>The Board of Directors has approved a succession plan for the CEO and other key executives. The plan includes a process for identifying and developing potential successors, as well as a process for transitioning leadership. The plan is reviewed and updated annually.</p>	
<p>Risk Assessments – Anti-Money Laundering Mechanism</p> <p>The company has implemented a risk assessment process for anti-money laundering (AML) that identifies and evaluates the risks of money laundering and terrorist financing. The process includes a review of the company's AML policies and procedures, as well as a review of the company's AML controls. The results of the risk assessment are used to inform the company's AML strategy and to identify areas for improvement.</p>	
<p>Control Activities – Policies and Procedures</p> <p>The company has implemented a control activities framework that includes policies and procedures for all major business processes. The framework is designed to ensure that the company's internal controls are effective and efficient. The framework includes a process for identifying and evaluating control activities, as well as a process for implementing and monitoring control activities. The results of the control activities framework are used to inform the company's internal control strategy and to identify areas for improvement.</p>	

Key Internal Control Issues	Rectifications
Activity-level review	
<p>Revenue and Accounts Receivable Management – Bad Debt Provision</p> <p>The company's internal control system for revenue and accounts receivable management is weak. The bad debt provision is not calculated correctly, and the allowance for doubtful accounts is not updated regularly. This results in an overstatement of net income and assets.</p>	<p>The company should implement a more robust internal control system for revenue and accounts receivable management. This includes regular reviews of the allowance for doubtful accounts and the bad debt provision. The company should also consider using a credit scoring system to assess the creditworthiness of its customers.</p>

Key Internal Control Issues	Rectifications
Activity-level review	
	<p> The audit identified several key internal control issues related to the activity-level review process. These issues were primarily centered around the effectiveness of the review procedures and the consistency of the findings. </p> <p> One major issue was the lack of standardized criteria for evaluating the quality of the review work. This led to inconsistent results across different reviewers and time periods. The audit team recommended the implementation of a clear, objective framework to guide the review process. </p> <p> Another significant finding was the insufficient documentation of the review process. Key steps, such as the selection of samples and the rationale for the conclusions, were not consistently recorded. This made it difficult to trace the audit trail and verify the findings. </p> <p> The audit also noted a need for enhanced training and supervision of the review team. Some reviewers demonstrated a limited understanding of the underlying risks and the specific requirements of the activity-level review. </p> <p> In response to these findings, the management has agreed to implement several rectification measures. These include the development of a standardized review manual, the improvement of documentation practices, and the provision of targeted training sessions for the review team. </p> <p> The audit team will continue to monitor the progress of these rectifications and will report back on the effectiveness of the implemented measures. </p>

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View of the Audit Committee

The Audit Committee has reviewed the findings of the activity-level review and is satisfied with the overall results. However, it has noted the need for the management to address the identified internal control issues promptly and effectively.

The Committee has agreed to support the management in implementing the recommended rectification measures. It will continue to monitor the progress of these measures and will report back on the effectiveness of the implemented actions.

The Audit Committee has also noted the importance of maintaining a strong internal control environment. It will continue to provide guidance and support to the management in this regard.

The Committee will also ensure that the findings of this audit are communicated to the relevant stakeholders and that appropriate actions are taken to prevent a recurrence of similar issues.

(iv) Publish all outstanding financial results required under the Listing Rules and address any audit modifications

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- () **Interim Results.** () **2022**
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- () **2022 Annual Results.** ()
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(c) [Illegible text]

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(v) Demonstrate the Company's compliance with Rule 13.24

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(a) Sufficient Level of Operations

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RESUMPTION OF TRADING

1. The Board of Directors has approved the resumption of trading of the common stock of the Company on the New York Stock Exchange.