

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HUISEN GROUP

Huisen Shares Group Limited

匯森股份集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2127)

INSIDE INFORMATION

REVISED UPDATE ON CIVIL MEDIATIONS

AND

KEY FINDINGS OF INDEPENDENT INTERNAL CONTROL REVIEW

This announcement is made by Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements (“**Announcements**”) of Huisen Shares Group Limited (the “**Company**”) dated 8 November 2024 and 20 November 2024 respectively. Unless otherwise defined, the terms used herein shall have the same meaning as those defined in the Announcements.

CIVIL MEDIATION BROUGHT BY NANKANG DEVELOPMENT GROUP (“NANKANG”)

On 3 September 2024, the Company first became aware of the civil mediation brought by Nankang Development Group. Such civil mediation has been concluded by The People’s Court of Nankang District, Gangzhou City of Jiangxi Province (江西省贛州市南康區人民法院) (“**Nankang Court**”) on 12 September 2024. As previously disclosed, an enforcement has been made by the Nankang Court on 18 September, 2024.

CIVIL MEDIATION BROUGHT BY LONGNAN DEVELOPMENT CO (“LONGNAN”)

On 16 September 2024, the Company first became aware of the civil mediation brought by Longnan Development Co. Such civil mediation has been concluded by the People’s Court of Longnan City of Jiangxi Province (江西省龍南市人民法院) on 18 October 2024.

For the cases of **NANKANG** and **LONGNAN** are constituting notifiable and connected transactions of the Company, the provisions of guarantees to former director Mr. Zeng Ming were not assessed nor disclosed pursuant to the requirements of Chapters 14 and 14A of the Listing Rules.

The Company’s failure to comply with the reporting, announcement requirements and the independent shareholders’ approval requirement which constitutes a breach of the relevant rules of the Listing Rules. The Company will release the publication as soon as practicable in order to ensure proper compliance with the Listing Rules, the Company is taking the remedial measures including the engagement of Internal Control Consultant and key findings as below:

Several companies as independent third-parties have reimbursed and settled the **NANKANG** and **LONGNAN** claims, and the claims will not have any impact on the Company's business operations and financial condition.

REMEDIAL ACTIONS AND INTERNAL CONTROL REVIEW

The directors, for and on behalf of the Company, hereby apologize for the inadvertent delay in making the disclosure. On the recommendations made by the independent internal control consultant, the board of directors intends to put in place appropriate monitoring and consultation procedures to prevent the occurrence of similar incident in future.

KEY FINDINGS OF THE INTERNAL CONTROL REVIEW

The Internal Control Consultant identified a number of internal control deficiencies in the Internal Control Review Report. The management of the Company has provided their responses and outlined remediation plans for all identified deficiencies aimed at enhancing the Company’s internal control system. The Independent Committee has reviewed the report and discussed these plans with the Internal Control Consultant. Certain identified deficiencies that were considered material are summarized as follows:

No	Deficiencies	Rectification recommendations	Remediation status
<p>Establish stricter reporting process for transactions that fall within the ambit of Chapters 13, 14 and 14A of the Listing Rules</p>	<p>The Company lacks a strict process for identifying transactions that fall within the ambit of the Listing Rules, particularly Chapters 13, 14, and 14A. Currently, the responsibility for identifying larger or more sensitive transactions is delegated to the finance department of the Company. However, this process is not robust, leading to delays in disclosing some connected transactions and notifiable transactions.</p>	<p>The Company should adopt the following recommendations and internal control measures provided by the Internal Control Consultant:</p> <ul style="list-style-type: none"> - Reorganize the information disclosure process, clarify the responsibilities of each department, and conduct legal risk assessment and reporting on a regular basis. - Enhance legal compliance training for senior management and relevant departments, strengthen the compliance team, and improve the ability to identify and respond to legal risks. - Formed a task team to oversee the disclosure of legal proceedings and established a regular internal audit mechanism to ensure the compliance of information disclosure. <p>In addition, the Company should</p>	<p>The management proposed and the Audit Committee agreed that the rectification recommendations shall be implemented.</p> <p>In 14 May 2025, the Board approved the "Internal Control Policy and Inside Information Disclosure Procedure".</p> <p>A management reporting committee comprising the CFO, the head of legal department of the Company and an executive Director was formed to supervise and execute transactions and information disclosure falling within the ambit of the Listing Rules.</p>

		develop detailed guidelines specifying when and how the Company should seek professional advice (for instance, from compliance consultants or lawyers).	
--	--	---	--

The Investigation Report from Zhanggong District Zhixian Business Information Consultation Service Center (章貢區致先商務信息諮詢服務中心) was issued to the Audit Committee on 14 May 2025. The Audit Committee and the Board have reviewed the Investigation Report and assessed, in respect of the inadvertent delay in making the disclosure of Arbitration Claim made by Ganzhou Fujiali Trading Company Limited, the civil mediation brought by Nankang Development Group and the civil mediation brought by Longnan Development Co, the findings of the Investigation Report on the affairs and operations of the Group and the state of conditions and reliability of its accounting books and records. The Audit Committee and the Board have also reviewed the issues of the Group's internal control as stated in Zhanggong District Zhixian Business Information Consultation Service Center (章貢區致先商務信息諮詢服務中心)'s Internal Control Report dated 14 May 2025. The Audit Committee and the Board confirmed that (1) the scope of work carried out by Zhanggong District Zhixian Business Information Consultation Service Center (章貢區致先商務信息諮詢服務中心) was sufficient and appropriate to address the delay in making the disclosure; (2) there are no material negative implications on the financial and trading position of the Group identified; and (3) the Audit Issues have been clarified following the assessment of the findings of the Investigation Report. The Board and the Audit Committee concluded that, through the taking of necessary actions by the Group in response to the recommendations made by Zhanggong District Zhixian Business Information Consultation Service Center (章貢區致先商務信息諮詢服務中心) as set out in the Internal Control Report to their satisfaction, the Group has proper internal control system and corporate governance mechanism in place to discharge its obligations under the Listing Rules and that there are no significant areas of concerns which may adversely affect the interests of the Company and its shareholders as a whole. The Group will make continuous efforts to reinforce its internal control system whilst the Directors will closely monitor the Group's internal control system for sustained improvement.

The Company will closely monitor the latest development and keep the public informed of any material development by making further announcement(s) as and when appropriate in accordance with the applicable rules and regulations.

Holders of the Company's securities and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Huisen Shares Group Limited
Wu Runlu
Chairman

Hong Kong, 15 May 2025

As at the date of this announcement, the Board comprises Mr. Wu Runlu and Ms. Zeng Minglan as executive directors, and Mr. Liu Jiong and Mr. Feng Zhaowei as independent non-executive directors.