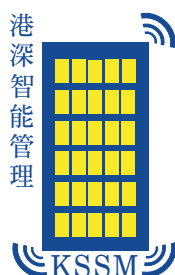


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Kong Shum Smart Management Group (Holdings) Limited
港深智能管理集團(控股)有限公司

(Formerly known as Shi Shi Services Limited 時時服務有限公司)
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8181)

**DISCLOSURE PURSUANT TO RULE 19.04(1)(e) OF
THE GEM LISTING RULES; AND MAJOR TRANSACTIONS
IN RELATION TO THE PROVISION OF FINANCIAL ASSISTANCE**

Financial adviser to the Company

VINCO 榮高

Vinco Financial Limited

During the period from April 2024 to March 2025 (the “**Relevant Period**”), Kong Shum Smart Management, an indirect wholly-owned subsidiary of the Company (as lender), entered into various Loan Agreements with Goldfield (as borrower), with aggregated principal amount of HK\$36,700,000 on such terms and conditions therein contained (the “**Transaction**”). As at the date of this announcement, the total principal amount of loans and the total accrued interest which are HK\$36,700,000 and approximately HK\$2,911,000 respectively have been fully settled by the Borrower.

PROVISION OF FINANCIAL ASSISTANCE

The entering into the Loan Agreements with provision of interest was then considered to be financial assistance provided by the Group to Goldfield under Rule 19.04(1)(e) of the GEM Listing Rules.

BREACH OF THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Transaction, on an aggregated basis, was more than 25% but less than 100% at the relevant time, the Transaction constituted a major transaction for the Company under Chapter 19 of the GEM Listing Rules and was subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Due to an oversight and inadvertent misunderstanding of the GEM Listing Rules by the Directors involved in the provisions of financial assistance, the Company did not comply with the relevant reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules, thereby constituting a breach of Rules 19.34, 19.38 and 19.40 of the GEM Listing Rules.

INTRODUCTION

During the period from April 2024 to March 2025 (the “**Relevant Period**”), Kong Shum Smart Management, an indirect wholly-owned subsidiary of the Company (as lender), entered into various Loan Agreements with Goldfield (as borrower), with aggregated principal amount of HK\$36,700,000 on such terms and conditions therein contained (the “**Transaction**”).

THE LOAN AGREEMENTS

The principal terms and conditions of the various Loan Agreements were as follows:

Parties

- (1) Kong Shum Smart Management (as lender); and
- (2) Goldfield (as borrower)

There were 15 Loan Agreements in total entered into during the Relevant Period, as summarized in the table below:

| No. | Date of loan agreement | Amount of loan <i>HK\$'000</i> | Interest rate per annum | Term |
|-----------------------|------------------------|-----------------------------------|----------------------------|---------|
| 1 | 10 April 2024 | 5,000 | 8% | 2 years |
| 2 | 10 April 2024 | 5,000 | 8% | 2 years |
| 3 | 15 April 2024 | 5,200 | 8% | 2 years |
| 4 | 15 April 2024 | 3,800 | 8% | 2 years |
| 5 | 15 April 2024 | 4,000 | 8% | 2 years |
| 6 | 2 July 2024 | 2,000 | 8% | 2 years |
| 7 | 3 July 2024 | 500 | 8% | 2 years |
| 8 | 23 July 2024 | 500 | 8% | 2 years |
| 9 | 30 July 2024 | 200 | 8% | 2 years |
| 10 | 5 August 2024 | 1,000 | 8% | 2 years |
| 11 | 2 September 2024 | 2,000 | 8% | 2 years |
| 12 | 26 September 2024 | 1,500 | 8% | 2 years |
| 13 | 7 October 2024 | 1,800 | 8% | 2 years |
| 14 | 8 October 2024 | 2,200 | 8% | 2 years |
| 15 | 5 March 2025 | 2,000 | 8% | 2 years |
| Total amount of loans | | <u>36,700</u> | | |

The outstanding principal balance together with all accrued and unpaid interest shall be due and payable in full on the maturity date. All of the loans mentioned in above are unsecured and repayable on demand.

LATEST STATUS

As at the date of this announcement, the total principal amount of loans and the total accrued interest of HK\$36,700,000 and approximately HK\$2,911,000 respectively have been fully settled by the Borrower.

INFORMATION OF KONG SHUM SMART MANAGEMENT

Kong Shum Smart Management Services Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. The principal activity of Kong Shum Smart Management is the provision of property management services.

INFORMATION OF THE BORROWER

The Borrower is a company incorporated in Hong Kong with limited liability, which is principally engaged in the provision of security services. The Borrower is one of the major suppliers of the Group since 2017. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower and its ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR ENTERING INTO THE LOAN AGREEMENTS

The provision of the financial assistance to the Borrower was funded by the Company's idle cash at the material time, the Directors considered that entering into the Loan Agreements can earn interest which could benefit to the Company and its shareholders as a whole. The terms of each of the Loan Agreements were arrived at after arm's length negotiations between Kong Shum Smart Management and the Borrower with reference to prevailing market practices during the Relevant Period. The Directors also considered that the Borrower is one of the major suppliers of the Company which has long cooperation history in the provision of security services since 2017. Having considered the positive track record history with the Borrower and the interest income to be received by the Group, the Directors consider that the terms of the respective Loan Agreements are fair and reasonable.

The Directors are of the view that the terms of the Loan Agreements were negotiated on an arm's length basis and was in the interest of the Company and its shareholders as a whole.

PROVISION OF FINANCIAL ASSISTANCE

The entering into the Loan Agreements with provision of interest was then considered to be financial assistance provided by the Group to Goldfield under Rule 19.04(1)(e) of the GEM Listing Rules, which had been overseen by the Company.

BREACH OF THE GEM LISTING RULES

As disclosed above, each of the loan agreement under the Transaction constituted a notifiable transaction under Chapter 19 of the GEM Listing Rules and was subject to the relevant requirements thereunder. As such, the failure by the Company to comply with the above requirements constituted non-compliance with the relevant provisions of Chapters 17 and 19 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Transaction, on an aggregated basis, was more than 25% but less than 100% at the relevant time, the Transaction constituted a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The non-compliance with the relevant rules under Chapters 17 and 19 of the GEM Listing Rules was primarily due to an inadvertent oversight and misunderstanding of the Directors who were responsible for granting of the loans to the supplier of the Group that the relevant loans would not constitute “financial assistance” or “transactions” under Chapters 17 and 19 of the GEM Listing Rules. As the matter was not identified and reported to the Board for consideration at the material time, the Company did not make timely disclosure on the Transaction as required and therefore inadvertently breached Rule 19.34 of the GEM Listing Rules. The incident of non-compliance came to the attention of the Board in the course of the preparation of the annual results for the financial year ended 31 March 2025. The non-compliance of the relevant requirements under Chapter 17 and 19 of the GEM Listing Rules was inadvertent and unintentional.

As at the date of this announcement, the Board did not identify any loans that would have listing rule implications under Chapters 17 and 19 of the GEM Listing Rules.

REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the GEM Listing Rules and the Company would like to stress that such delay in compliance with the relevant requirements of the GEM Listing Rules was the results of an inadvertent and unintentional oversight by the Directors involved in the Transaction. The Directors will adopt the following remedial measures to strengthen the relevant internal control procedures to prevent the occurrence of similar incidents in the future:

- (i) the Company will engage an internal control consultant to conduct a stand-alone and independent investigation and review involving, among others, assessment of the effectiveness of the Group’s internal control procedures to identify any deficiencies in identifying, reporting and monitoring notifiable and connected transactions under the GEM Listing Rules, and make recommendations to enhance the relevant internal control policies;
- (ii) the audit committee of the Company, with the assistance of the internal control consultant, will be entrusted with the responsibility to review and improve the internal control system and financial reporting system of the Company;
- (iii) the Company will arrange special and in-depth training sessions on compliance requirements and on how to identify notifiable and connected transactions for the Directors and management of the Group so as to reinforce their understandings of and importance of compliance with the GEM Listing Rules as well as the other relevant rules and regulations and improve the standard of corporate governance within the Group. The training will be done on or before 31 July 2025;
- (iv) the Company will provide more guidance materials and re-issue relevant guidance and training materials on Chapter 17, Chapter 19 and Chapter 20 of the GEM Listing Rules to the Directors, senior management, the financial staff and the relevant staff of the Group to enhance their awareness and knowledge of the Listing Rules;

- (v) the Company will review, strengthen and continue to monitor the relevant internal control measures and written policy of the Group, including but not limited to contract signing procedures, to ensure that the Directors and management within the Group shall promptly report to the board of Directors any proposed new loan transactions or events, to seek the board of Directors' approval before proceeding such transactions;
- (vi) the Company will require the subsidiaries of the Company to provide the list of proposed transactions, including provision and renewal of loans, with the material terms to the Company Secretary for review. The Company Secretary should review and ascertain if those transactions will be conducted in compliance with the applicable requirements under the Listing Rules and the relevant rules and regulations. If a transaction is identified as a notifiable transaction, the related documentation will be reported to the Board for approval. Such enhance policy and procedure has been in place as of the date of this announcement; and
- (vii) the Company will work more closely with its legal adviser and consult other professional advisers before entering into any potential notifiable transaction. If necessary, the Company might also consult the Stock Exchange on the proper treatment of the proposed transaction.

The Directors believe that the implementation of the above remedial measures will strengthen and reinforce the knowledge of the responsible staff, management and Directors and will improve the compliance ability of the Company and would prevent reoccurrence of similar non-compliance incidents.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

| | |
|---------------------------|---|
| “Board” | the board of Directors of the Company |
| “Company” | Kong Shum Smart Management Group (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on GEM (stock code: 8181) |
| “Director(s)” | the director(s) of the Company |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Goldfield” or “Borrower” | Goldfield Services Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

| | |
|--------------------------------|---|
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons as defined in the GEM Listing Rules |
| “Kong Shum Smart Management” | Kong Shum Smart Management Services Limited, formerly known as Kong Shum Union Property Management Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Loan Agreements” | collectively, the 15 loan agreements with total principal amount of HK\$36.7 million granted by Kong Shum Smart Management to the Borrower dated on 10 April 2024, 15 April 2024, 2 July 2024, 3 July 2024, 23 July 2024, 30 July 2024, 5 August 2024, 2 September 2024, 26 September 2024, 7 October 2024, 8 October 2024 and 5 March 2025 |
| “Shareholders” | shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

By order of the Board
Kong Shum Smart Management Group (Holdings) Limited
Dr. HO Ying Choi
Chairman

Hong Kong, 20 June 2025

As at the date of this announcement, the executive Directors are Dr. HO Ying Choi (Chairman) and Ms. HO Siu Chun, and the independent non-executive Directors are Mr. LAM Pun Yuen Frank, Mr. CHAN Fei Fei and Mr. MAK Siu Hong.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for at least 7 days from the date of its posting and will also be published on the Company’s website at www.kongshum.com.hk.