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China Industrial Securities International Financial Group Limited

興證國際金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6058)

LEGAL PROCEEDINGS IN RESPECT OF MARGIN LOANS CLIENTS

This announcement is made by China Industrial Securities International Financial Group Limited (the “**Company**”), together with its subsidiaries, the “**Group**”) 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).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, on 30 April 2021, China Industrial Securities International Brokerage Limited (“**CISI Brokerage**”), a wholly-owned subsidiary of the Company, commenced proceedings at the High Court of the Hong Kong Special Administrative Region against the following entities:

CISI Brokerage commenced proceedings at the High Court of the Hong Kong Special Administrative Region against Fuguiniao Group Limited (“**Fuguiniao Group**”), Mr. Lam Wo Ping and Mr. Lam Wo Sze (case number: HCA 668/2021). In July 2015, Fuguiniao Group opened a margin account in CISI Brokerage, CISI Brokerage as lender granted a margin loan (the “**Fuguiniao Loan**”) to Fuguiniao Group as borrower. Mr. Lam Wo Ping and Mr. Lam Wo Sze committed to undertake the guarantee liability for the Fuguiniao Loan. Since Fuguiniao Group as debtor failed to repay its debts as agreed, and Mr. Lam Wo Ping and Mr. Lam Wo Sze as guarantors failed to undertake the guarantee liability as agreed. CISI Brokerage commenced proceedings at the High Court of the Hong Kong Special Administrative Region against Fuguiniao Group, Mr. Lam Wo Ping and Mr. Lam Wo Sze to repay jointly approximately HK\$90.16 million and interest, legal costs, etc.

CISI Brokerage commenced proceedings at the High Court of the Hong Kong Special Administrative Region against Mr. Yang Kai (case number: HCA 669/2021). In August 2015, Champ Harvest Limited (“**Champ Harvest**”) opened a margin account in CISI Brokerage, CISI Brokerage as lender granted a margin loan (the “**Champ Harvest Loan**”) to Champ Harvest as borrower. Mr. Yang Kai committed to undertake the guarantee liability for the Champ Harvest Loan. Mr. Yang Kai as guarantor failed to undertake the guarantee liability in accordance with the agreement when Champ Harvest as debtor failed to repay as agreed. CISI Brokerage commenced proceedings at the High Court of the Hong Kong Special Administrative Region against Mr. Yang Kai to perform the guarantee obligations of Champ Harvest to repay approximately HK\$321.74 million and interest,

legal costs, etc.

CISI Brokerage commenced proceedings at the High Court of the Hong Kong Special Administrative Region against Honghu Capital Co., Ltd. (“**Honghu Capital**”) and Mr. Deng Junjie (case number: HCA 667/2021). In July 2015, Honghu Capital opened a margin account in CISI Brokerage, CISI Brokerage as lender granted a margin loan (the “**Honghu Loan**”) to Honghu Capital as borrower. Mr. Deng Junjie committed to undertake the guarantee liability for the Honghu Loan. Since Honghu Capital as debtor failed to repay its debts as agreed, and Mr. Deng Junjie as guarantor failed to undertake the guarantee liability as agreed. CISI Brokerage commenced proceedings at the High Court of the Hong Kong Special Administrative Region against Honghu Capital and Mr. Deng Junjie to repay jointly approximately HK\$122.94 million and interest, legal costs, etc.

The aforesaid Fuguiniao Loan and Champ Harvest Loan have been written off as bad debts for the year ended 31 December 2019, and the impairment loss in respect of the Honghu Loan has been included in the Group’s credit losses on accounts receivable arising from margin financing business for the year ended 31 December 2020. Shareholders should read the Company’s 2020 annual report published on 26 March 2021 carefully. The Group will continue to explore different ways to maximize its recovery of the aforesaid loans. Currently, the business operations of the Group are normal, and the above-mentioned litigation matters have no significant impact on the business operations, financial position and solvency of the Group.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
China Industrial Securities International Financial Group Limited
Huang Yilin
Chairman

Hong Kong, 30 April 2021

As at the date of this announcement, the Board comprises one non-executive Director, namely Mr. Huang Yilin (Chairman), four executive Directors, namely Mr. Li Baochen, Mr. Wang Xiang, Ms. Zeng Yanxia and Ms. Zhang Chunjuan, and three independent non-executive Directors, namely Ms. Hong Ying, Mr. Tian Li and Mr. Qin Shuo.