兴证国际
INDUSTRIAL SECURITIES INTERNATIONAL

興證國際金融集團有限公司

China Industrial Securities International Financial Group Limited

(Incorporated in the Cayman Islands with limited liability)
Stock code : 6058



Environmental, Social and Governance Report 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STATEMENT OF THE BOARD

Amidst the backdrop of global green and low-carbon transformation and Hong Kong's development into a green finance centre, the Group recognises that ESG governance is pivotal to fulfilling our social responsibilities, solidifying our development foundation, and enhancing our core competitiveness. Adhering to our business philosophy of "Connecting Global Capital, Creating Wealth with Wisdom", the Group has deeply integrated ESG principles into our strategy and operations, steadily advancing the construction of an international, professional financial services platform. In 2025, the Group was honored with the "Hong Kong Green and Sustainable Finance Awards 2025 - Outstanding Award for Green and Sustainable Bond Lead Manager" granted by the Hong Kong Quality Assurance Agency, a testament to the high industry recognition of our ESG management practices.

Optimising corporate governance to consolidate the foundation for ESG development. The Board, as the highest decision-making and supervisory body for ESG governance, exercises comprehensive oversight over the Group's ESG matters, incorporating them into the core corporate governance system to ensure deep integration with the Group's business development strategy. The Group continuously improves its hierarchical governance structure comprising "the Board, the ESG Committee, the ESG Working Team, and the departments and subsidiaries", clarifying roles and responsibilities and ensuring regular operation to guarantee the effective implementation of ESG initiatives.

Based on industry trends and the Group's business characteristics, we have established a dynamic ESG material issues management mechanism. We comprehensively identify issues through stakeholder surveys, and after scientific assessment and prioritisation, submit them to the Board for review and decision-making. Concurrently, the Board annually reviews the Group's environment, social, and governance-related strategies, measures, and performance, overseeing the integration of ESG risks into the Group's overall risk management system and the progress towards ESG targets. The review findings are deeply integrated with business development, leveraging ESG governance to drive high-quality business growth.

Focusing on climate change to empower the broader green development landscape. The Group places significant emphasis on climate change management, coordinating efforts in two key areas: green operations and green finance. In terms of green operations, we implement measures such as office energy conservation and green procurement to reduce our own operational greenhouse gas emissions. In terms of green finance, the Group is deeply involved in green bonds and practices responsible investment principles. We integrate climate risk factors into investment and financing decisions, establish a management mechanism for the greenhouse gas emission intensity of our investment portfolio, strengthen climate risk control, and indirectly contribute to the reduction of greenhouse gas emissions.

Fulfilling social responsibilities to demonstrate the commitment of a financial enterprise. The Group integrates social responsibility into its corporate culture and daily operations, with ongoing efforts in employee development and social welfare. At the employee level, we cultivate a diverse and inclusive workplace, improve training and career development programs, and optimise performance appraisal and incentive mechanisms to stimulate employee potential and achieve mutual growth in employee and corporate value. In terms of social welfare, the Group regularly carries out environmental volunteer activities to support environmental protection. Rooted in the local Hong Kong community, we actively participate in post-disaster livelihood support and reconstruction efforts, contributing to community building.

Looking ahead, under the leadership and guidance of the Board, CISI will uphold the concept of sustainable development, continuously improve its ESG governance and risk control system, and deepen the integration of ESG with its business strategy. The Group will seize green finance opportunities, enrich its green service offerings, and transform ESG development into a core competitive advantage, creating greater sustainable value for our shareholders, customers, employees, and society.

1. GETTING TO KNOW CISI

1.1 Profile of the Group

China Industrial Securities International Financial Group Limited ("CISI", the "Group", "we", or "our", stock code: 6058.HK) was successfully listed on GEM of the Hong Kong Stock Exchange in 2016, and became the first subsidiary of a Chinese securities enterprise listed offshore by spin-off, and was successfully listed on the Main Board of the Hong Kong Stock Exchange in 2019. Based in Hong Kong, the Group is a full-service financial group engaging in investment and financing businesses such as global securities and futures brokerage, sales trading and research, corporate finance, proprietary investment, asset management, and private wealth management. The Group holds Types 1, 2, 4, 5, 6 and 9 regulated activity licences issued by the Securities and Futures Commission of Hong Kong ("SFC"), as well as licences from the Hong Kong Insurance Authority and the Mandatory Provident Fund Schemes Authority.

The controlling shareholder of CISI is Industrial Securities Co., Ltd. ("Industrial Securities"). As a gateway for Industrial Securities to implement its internationalisation strategy, the Group has established an international investment and financing platform based on Hong Kong as an international financial centre under the philosophy of "Connecting Global Capital, Creating Wealth with Wisdom". Thanks to our efforts in the past years, the Group has gradually established a solid presence in Hong Kong and become one of the major full-services financial group in Hong Kong.

1.2 Principal Businesses



1.3 Group Structure



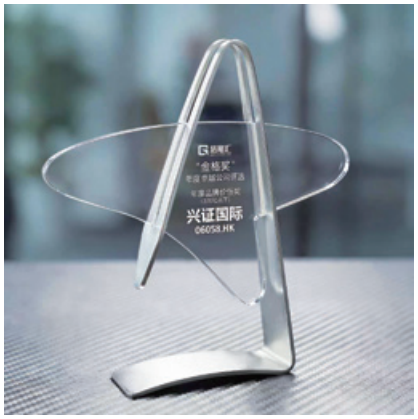
1.4 Honours and Awards

ESG Honours

Category/photo	Specific content
	"Hong Kong Green and Sustainable Finance Awards 2025 - Outstanding Award for Green and Sustainable Bond Lead Manager" granted by the Hong Kong Quality Assurance Agency
Wind ESG CISI FIN 2025 Rating	BBB rating by Wind ESG

General Honours

Category/photo	Specific content
	"Best Financial Stock Company" awarded by Zhitongcaijing
	"Best China Securities Firm" in the 15th Golden Bauhinia Award of China Securities by Ta Kung Wen Wei

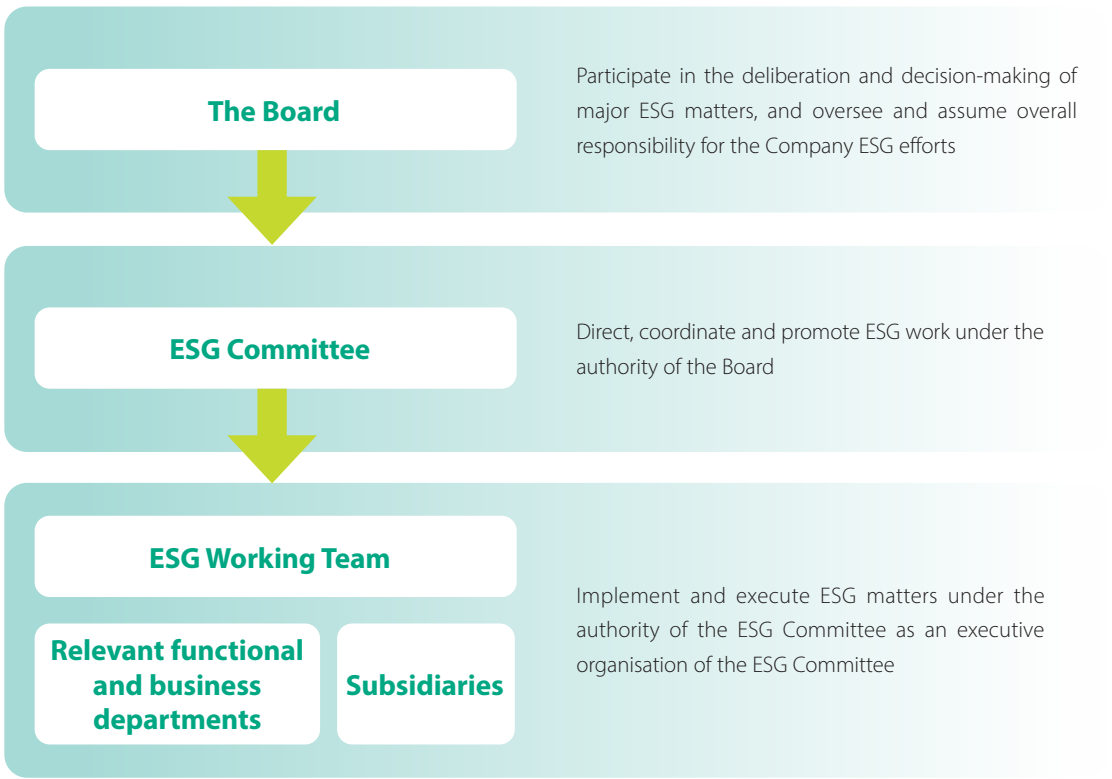
Category/photo	Specific content
	Excellence Award of the HKIRA 11th Investor Relations Awards 2025
	Annual Growth Value Award at the "Jinge Award" of Gelonghui 2025
	Outstanding Award in Wealth Management Platforms in the Securities Sector of the Bloomberg Businessweek "Financial Institutions Awards 2025" Excellence Award in Bonds under the Securities Sector

2. ESG GOVERNANCE

2.1 ESG Governance Structure

The Group adheres to embed ESG concepts and ESG governance into its long-term development strategy, establishing a top-down ESG governance framework. The Board is responsible for supervision and decision-making, the ESG Committee coordinates management, and the ESG Working Team undertakes implementation. This structure enables the systematic advancement of ESG management and practices, creating long-term sustainable value for stakeholders.

ESG Governance Structure of the Group



ESG Governance Duties of the Board of the Group

- The Board, as the top governance structure of the Group, conducts a review of the Group's ESG matters at least once a year, including the relevant strategies, measures and performance, etc., in order to effectively monitor the relevant ESG risks and opportunities.
- The Board values ESG and takes full responsibility for strategy and reporting of ESG to ensure the completeness of ESG reports.
- The Board is committed to creating long-term value for stakeholders while taking into account ESG-related risks.
- The Board aims to integrate ESG considerations into the business decision-making process. Effective implementation of ESG policies relies on the support from and cooperation among different departments to ensure that existing policies comply with laws and regulations and meet business needs and stakeholders' expectations.

In 2025, the Board of the Group fully performed its duties of considering, deciding and supervising ESG-related matters. The Board convened 3 Board meetings to consider and approve ESG issues in the areas of corporate governance, information disclosure, risk management and business compliance. The ESG Committee fully performed its duties of guiding and coordinating the commencement of the Group's ESG work. The ESG Committee convened 1 meeting, at which the Board considered and approved the *CISI 2024 ESG Report* (《興證國際2024年度ESG報告》), and took the lead in completing 2 ESG employee activities.

ESG Issues Considered by the Board of CISI in 2025

ESG Issues of Concern	Contents of Consideration
Corporate Governance	• Proposal on the review and discussion of corporate governance matters within the Group, including the review of corporate governance policies such as the *Corporate Governance Policy,* the *Board Diversity Policy,* and the *Shareholder Communications Policy*.
ESG Information Disclosure	• Proposal concerning the *CISI 2024 ESG Report* (《興證國際2024年度ESG報告》).
Risk Management	• Proposal on matters related to the review of the Group's risk management and internal control system. • Report for consideration on matters related to the 2024 investment strategy and risk control standards for proprietary business. • Proposal on consideration and approval of the Group's risk appetite statement for 2025.
Business Compliance	• Proposal on anti-money laundering report for 2024.
Green Finance	• Proposal on the *Disclosable Transaction Concerning the Subscription of Bonds*.

2.2 Stakeholder Communication and Engagement

Stakeholder communication is a core component of the ESG management system. CISI highly values the trust and support of stakeholders, and takes their needs and expectations as an important basis for formulating ESG strategies and optimising governance structure. Based on the characteristics of the industry and its operating conditions, the Group has precisely identified and finalised six core stakeholders and established a robust and regular communication mechanism to ensure that the reasonable demands of stakeholders are fully integrated into the daily operation and decision-making process. By continuously enhancing the effectiveness of communication with stakeholders, the Group promotes the synergistic development and mutual progress with all stakeholders.

Stakeholders' Focuses and Responses of CISI in 2025

Stakeholder	Issue focused	Communication and response
Shareholders and investors	Legal and compliant operation Risk management Anti-corruption Intellectual property protection	Regular disclosure of information on the Stock Exchange website Establish an anti-corruption system Launch anti-corruption training Website, official WeChat account and other means of media of the Group
Customers	Data security and customer privacy protection Investor education Financial technology Customer communication and complaint management Serving real economy Responsible marketing Green finance Responsible investment Risk management	Improve information security infrastructure Carry out investor education programs Develop smart cat (機智貓) intelligent assistant system Support real economy-related businesses Promote suitability management Practice ESG investment

Stakeholder	Issue focused	Communication and response
Employees	Employee recruitment and employment Employee rights and benefits Employee training and development Employee health and safety Diversity and equal opportunities Legal and compliant operation Risk management Anti-corruption	Put training and promotion system into place Conduct employee care events
Government and regulators	Legal and compliant operation Anti-corruption Responsible marketing Financial technology Intellectual property protection	Regulate information disclosure Establish an anti-corruption system Launch anti-corruption training Intellectual property protection
Suppliers and partners	Risk management Data security and customer privacy protection Legal and compliant operation Supplier management Intellectual property protection	Tender and procurement Establish procurement management system Cooperation and exchange
Community representatives and charitable organisations	Legal and compliant operation Risk management Financial technology Data security and customer privacy protection Green finance Community investment Responding to climate change Environment and natural resources Waste management	Participate in charitable activities Control climate change risks Promote low-carbon operation Proper disposal of waste Issuance of green bonds

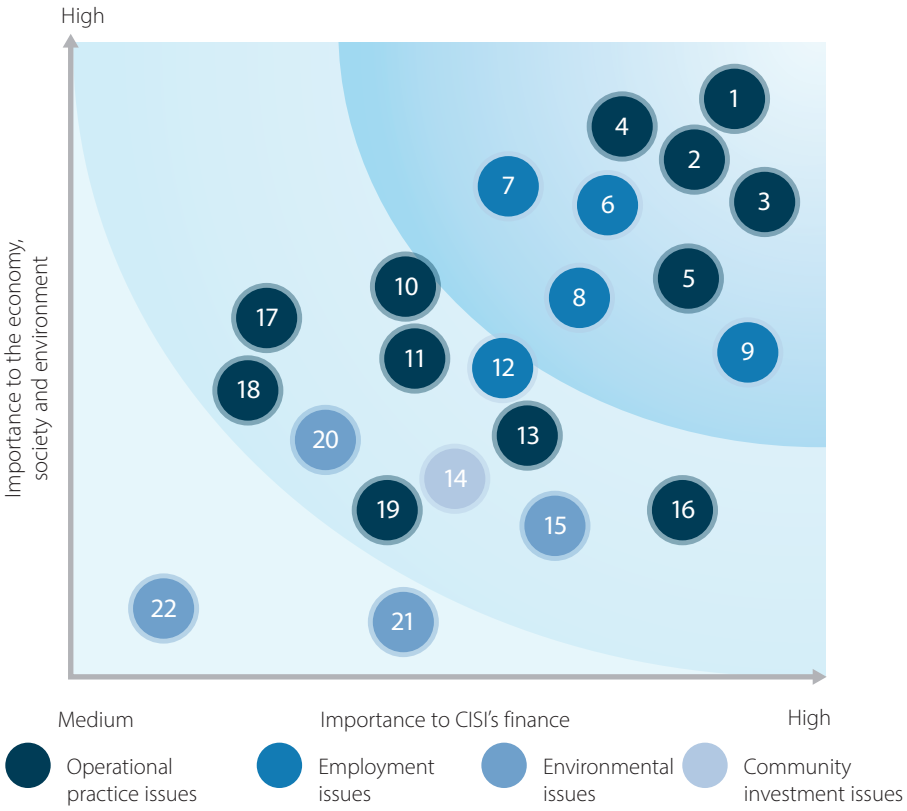
2.3 Identification and Analysis of Material Issues

Material issues serve as a key lever for ESG management. The Group has established a scientific process for analysing material issues. It identifies, assesses and reports on material issues on an annual basis to identify issues that are material to the Group and stakeholders, and the Board ultimately reviews and confirms the results of the identification of the Group's material ESG issues to ensure that they are covered so that the report better responds to the demands and expectations of the stakeholders.

Material Issue Analysis Process of the Group

Identification stage	• Based on the Group's development strategy and the characteristics of investment banking and brokerage, we interpret macro policies and industry hotspots, and clarify the policy orientation and development opportunities for the Group to fulfil our responsibilities; and update and adjust the ESG issues in line with ESG standards such as the *Environmental, Social and Governance Reporting Code* (《環境、社會及管治報告守則》) of the Hong Kong Stock Exchange (effective from 1 January 2025).
Assessment stage	• We assess 22 issues based on interviews with key departments of the Group and the judgement of external experts, and the following two dimensions: materiality to economy, society and environment, as well as materiality to the finance of CISI, which are evaluated by stakeholders such as shareholders, senior management, customers and employees by filling in the questionnaires distributed online. A total of 69 questionnaires were distributed and recovered.
Reporting stage	• We create a matrix of material issues based on the assessment result of issues, and prioritise the material issues based on the degree of materiality in order to highlight the issues with medium and high materiality in the report.

Material Issues Matrix of the Group for 2025



Ranking of Material Issues of the Group

No.	Title of issue
High-material issues	
1	Legal and compliant operation
2	Risk management
3	Serving real economy
4	Customer communication and complaint management
5	Data security and customer privacy protection
6	Employee rights and benefits
7	Employee health and safety
8	Employee recruitment and employment
9	Employee training and development

No.	Title of issue
Medium-to-high material issues	
10	Intellectual property protection
11	Responsible marketing
12	Diversity and equal opportunities
13	Anti-corruption
14	Community investment
15	Green finance
16	Financial technology
17	Responsible investment
18	Supplier management
19	Investor education
20	Responding to climate change
Medium material issues	
21	Environment and natural resources
22	Waste management

Key Changes in Material Issues of the Group in 2025

Description of change	Material issues in 2025	Material issues in 2024	Interpretation of issues
New issues	Financial technology	——	The Group's transformation through technology-driven innovation, development of new financial products and services, and enhancement of operational efficiency and customer experience.

3. ECONOMIC AND OPERATIONAL RESPONSIBILITIES

3.1 Sustainable Finance

Green Finance

As a responsible financial institution, the Group actively puts into practice the concept of green development and integrates sustainable development into its core business strategy. In the two key areas of green bond financing and green equity financing, the Group fully leverages the intermediary function of the capital market to channel funds towards environment-friendly and low-carbon transition projects, helping clients achieve their green financing goals while promoting the green and low-carbon transition of the economy and society.

In respect of green bond financing, the Group supports enterprises to issue green bonds to reduce financing costs, expand financing channels and improve financing efficiency.

In 2025, the Group underwrote **59** green bond and sustainable bond projects with a financing size of over **HK$107 billion**.

- The underwriting target for green bonds was set at **HK$5 billion**, of which **HK$3.21 billion** was achieved, and **100%** of these underwritten bonds were labeled green bonds.

Assisted Henan Railway Construction and Investment in the issuance of sustainability bonds

In January 2025, the Group served as the global coordinator for the successful issuance of 3-year senior unsecured sustainability bonds of USD400 million by Henan Railway Construction and Investment Group Co., Ltd.

The bonds involved in this transaction had a Moody's A2 rating and an issuance rate of 2.20%. The bonds achieved a maximum subscription size of USD1.65 billion and a maximum subscription multiple exceeding 4x, setting the lowest historical risk premium for Henan Province's offshore bonds. This marks Henan Province's first green USD bond issued by a Chinese state-owned enterprise, with all proceeds earmarked for low-carbon transportation and related projects.

Regarding green equity financing, the Group evaluates green enterprises against the *Evaluation Criteria of Industrial Securities for Green Finance Business* (《興業證券綠色金融業務評價標準》) of Industrial Securities, the parent company of CISI, which comprises two dimensions, namely, corporate green business evaluation (industry dimension) and corporate green performance evaluation (ESG performance dimension), and sets specific evaluation criteria and indicators under the two dimensions in a characteristic manner. When guiding enterprises through their initial public offerings (IPOs), the Group collaborates with legal counsels or engages ESG consultants to conduct verification of enterprises based on the specific project circumstances according to the section headed "Corporate Governance and Environmental, Social, and Governance" of the *Guide for New Listing Applicants* issued by the Hong Kong Stock Exchange.

Evaluation Criteria of the Group for Green Enterprises

Dimension	Criteria description
Green business evaluation	The green industries set out in the *Guiding Catalogue of Green Industries* (綠色產業指導目錄) are mapped to the four levels of industry classification specified in the national standards, and the green industries that meet the definition of green are identified.
Green performance evaluation	The ESG evaluation system is selected with reference to the "Negative Screening Strategy" in the ESG investment strategy, focusing on the veto indicators that have a significant impact on the non-financial risks of enterprises.



Assisted the Listing of Lingong Heavy Machinery to Empower Low-Carbon Transition of Traditional Manufacturing

As a significant practice in green equity financing services, the Group assisted Lingong Heavy Machinery Co., Ltd. (Lingong Heavy Machinery) in completing its listing application. Lingong Heavy Machinery is committed to providing intelligent, green, and high-efficiency mining and aerial work equipment to global customers. Proactively responding to the industry-wide shift toward electrification, Lingong Heavy Machinery has pioneered the launch of new energy mining equipment, demonstrating its forward-looking layout in green manufacturing.

Guided by the core principles of scientific emissions reduction, efficient resource utilization, and low-carbon transition, Lingong Heavy Machinery has established systematic environmental management targets (with 2023 as the base year, to be achieved by 2030) tailored to industry characteristics and its operational situations:

- Emissions Reduction: Reduce volatile organic compounds (VOCs) emissions per million HK$ of revenue by 10%;
- Greenhouse Gas Reduction: Reduce greenhouse gas emissions (Scope 1 and Scope 2) per million HK$ of revenue by 4%;
- Waste Reduction: Reduce hazardous waste generation per million HK$ of revenue by 6%;
- Energy Efficiency: Reduce comprehensive energy consumption per million HK$ of revenue by 4%.

By assisting Lingong Heavy Machinery, the Group has effectively channeled capital toward key areas of green manufacturing and low-carbon technology, contributing financial strength to the achievement of the "Dual Carbon" goals.

Assisted Advanced Battery Tech Firms to Empower Energy Transition

On 14 April 2025, the Group assisted the listing of Jiangsu Zenergy Battery Technologies Group Co., Ltd. (Zenergy) on the Main Board of the Hong Kong Stock Exchange, raising HK$1.005 billion in its initial public offering.

Guided by the vision of "Connecting the Zero-Carbon Journey of All-Scenario Electrification across Land, Sea, and Air with a Single Battery Cell", Zenergy integrates social responsibility into its products and services through disciplined governance. Zenergy accelerates the industrial application of semi-solid and all-solid-state battery products, continuously enhances supply chain synergy efficiency, and strengthens its competitiveness in the global market through disciplined governance. Taking this opportunity, the Group further deepens its green finance service capabilities, channels capital toward clean energy, advanced energy storage, and new quality productive forces sectors, actively contributing to the global energy transition and the realization of sustainable development goals.

Responsible Investment

In 2025, based on regulatory requirements and management practices, the Group amended the *System for the Management of Weather-Related Risks in the Asset Management Business of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司資產管理業務氣候相關風險管理制度》) and the *Management System of China Industrial Securities International Asset Management Limited for ESG Engagement Measures* (《興證國際資產管理有限公司ESG參與措施管理制度》), which standardise and guide the Group's investment management process and participation of investees, so as to reduce the risks associated with ESG investments.

To systematically advance the development of green finance capabilities, the Group's asset management business has established the following green investment targets:

- Achieve a growth rate of no less than 50% in green-themed product scale in 2025 compared with 2024;
- Reduce the weighted carbon intensity of the investment portfolio by 15% by 2026 compared with 2024.

Following the ESG investment philosophy, the Group continues to optimise its ESG-themed investment strategies. It has established a comprehensive ESG investment research framework across fixed income, equities, and other asset classes, including actively applying ESG investment strategies such as positive screening, negative screening, norm-based elimination, ESG factor integration, sustainability themed investing, and shareholder activism, etc. to conduct research on fundamental of industries and companies and in the course of investment decision-making, so as to create long-term and sustainable economic benefits, environmental benefits and social benefits.

Applications of ESG investment strategy of the Group

ESG investment strategy	Applications
Positive screening	• Actively focus on renewable energy sectors such as photovoltaic, new energy vehicles, wind power, energy storage and hydrogen, and prefer to invest in companies with leading energy-saving technologies in construction and other industries. • In terms of bond investment, screen for bonds that meet the indicators of sustainable debt instruments, prioritise bonds with better ESG indicators than their peers; consider green certifications provided by bond issuers and their green financial frameworks, as well as the investment targets of bond proceeds.
Negative screening	• Eliminate sectors or enterprises with poor ESG performance or negative impact on society, and add them to the investment "blacklist" if they are involved in a major pollution incident or corruption incident. • Negative screening factors to be focused on: a) Corporate governance aspect: A lack of stability and frequent changes in management, receipt of regulatory fines or losses suffered by the issuer due to corruption of the senior management/inadequate internal control systems, etc. b) Environmental aspect: Enterprises that are subject to regulatory penalties due to environmental non-compliances such as sewage treatment and geological damage, etc.
Sustainability themed investing	• Investment in assets related to the themes on sustainable development, e.g. investment in funds with the themes on climate change, water and environmental protection. • The equity investment portfolio involves enterprises related to a variety of sustainable themes, including energy conservation, renewable energy, and energy storage.
Shareholder activism	• In accordance with the *Management System of China Industrial Securities International Asset Management Limited for ESG Engagement Measures* (《興證國際資產管理有限公司ESG參與措施管理制度》), we communicate with our investees on factors affecting ESG risks and opportunities, including but not limited to their strategic planning, competitive landscape of the industry, and whether their business deployment is in line with the direction of the national policies. We encourage them to improve their ESG practices and the quality of their information disclosure, and facilitate them to take proactive actions in respect of the identified ESG risks and opportunities.

ESG investment strategy	Applications
Shareholder activism	• If an investee fails to take any improvement measures to address issues affecting its enterprise value, the Group may consider taking further actions to exercise its initiative, such as eliminating it from the investable pool or reducing its holdings. • For specific issues such as climate change, the Group will also consider joint participation with other stakeholders or external professional service organisations in investees in order to maximise the impact on the investees and systematically enhance the performance of the investees in specific major areas that may affect the sustainable development of the entire market. • The Group's participation in investees can be categorised into two main types: a) Participation based on controversial incidents: In the event that an investee violates environmental, social or governance-related laws and regulations or is involved in a major controversial incident, the investment research department will take the initiative to learn about the incident from the investee, assess the possible impact of the incident on the investment value of the investee, and provide the investee with recommendations for improvement when necessary. b) Participation based on themes: Focusing on major environmental, social or governance themes of concern to the Group, the investment research department will select important investees that are substantially related to the themes, and understand the ESG management practices of the investees to promote the improvement of their governance structure and enhance the quality of their information disclosure.

Investment in green bonds of Zhanglong Group

In 2025, the Group purchased USD10 million of offshore USD-denominated green/blue bonds issued by Zhanglong Group, with a coupon rate of 6.7%. The funds were used for green sectors including green buildings, energy efficiency, renewable energy, sustainable water resource management, and sustainable fisheries.

Zhanglong Group is the first local state-owned non-financial enterprise in China to issue offshore blue bonds. Furthermore, Zhanglong Group has integrated green and sustainable development principles into its corporate regulations and business development plans, committing to contribute to the sustainable development sector. Through this project, the Group further fulfilled its commitment in promoting the development of green finance market.

While generating economic benefits, the Group continuously strengthened employee learning, exchange, and practical exploration in the field of sustainable development. Through extensive and in-depth collaboration, the Group continuously enhanced its professional capabilities and operational standards, actively contributing to building a sustainable financial ecosystem.

Specialized Training on Climate Risk and Responsible Investment

On 17 April 2025, in alignment with the development trends of responsible investment and the regulatory requirements of the SFC on fund managers in managing and disclosing climate-related risks, the Group invited Dingli Sustainable Digital Technology (Shenzhen) Co., Ltd to provide specialized training for relevant business personnel on how to identify, measure and manage the carbon footprint and climate risks of relevant investment portfolios.

The training focused on two core modules, which effectively enhanced the professional capabilities of the Group's investment research and compliance teams in compliance and responsible investment:

- Core Compliance Analysis of *the Fund Manager Code of Conduct* (FMCC): Focusing on the regulatory requirements of the Securities and Futures Commission (SFC), this module systematically explained the core provisions, disclosure standards and practical implementation points of the FMCC. Combined with actual business scenarios, it helped participants accurately understand the regulatory requirements.
- Comprehensive Interpretation of the Responsible Investment Philosophy: Focusing on the analysis of ESG factors in investment decision-making, this module strengthened climate and environmental risk management capabilities, and emphasised the role of investor rights protection.

- In 2025, the total investment in sustainable bonds by the Group's asset management business and proprietary business amounted to HK$1.284 billion and HK$1.047 billion respectively.
- As of the end of 2025, the holdings of sustainable bonds by the asset management business and proprietary business stood at HK$4.054 billion and HK$930 million respectively.
- In 2025, the revenue from ESG-related products of the asset management business reached HK$5 million.

Serving Real Economy

The Group continues to support enterprises with outstanding ESG performance to enter the capital market, taking into account local characteristics and focusing on sustainable development. Leveraging on its rich client base and well-established business chain, the Group provides an exclusive and powerful distribution network for the bonds it underwrites, helping clients efficiently raise and circulate funds while effectively serving the high-quality development of the real economy.

In 2025, the Group focused on keeping abreast with the seven strategic emerging industries cultivated and developed by the country, including energy conservation and environmental protection, new generation of information technology, biotechnology, high-end equipment manufacturing, new energy, new materials and new energy vehicles. At the same time, the Group was also actively exploring the development of Hong Kong stock listing and financing business for enterprises with technological innovation in biotechnology and TMT industries, etc.

In 2025, the Group had underwritten **226** issuances of offshore bonds for Chinese enterprises with an underwriting amount of **HK$16,045 million**.

In 2025, the Group had underwritten **14** equity financing projects on the Hong Kong Stock Exchange, including **1** IPO sponsorship project and **13** IPO underwriting projects.



Key Actions of the Group to Serve Real Economy in 2025

- CISI completed the listing of Impression Dahongpao Co., Ltd., with a fund raising of approximately HK$130 million. The landscape live performance of the flagship program Impression Dahongpao (《印象大紅袍》) of the company serves as a medium to attract a large number of tourists, which directly drives the growth of Mount Wuyi's tea leaves, enhances the brand awareness and market competitiveness of the local tea products, and in turn further drives the development of the tourism industry of Mount Wuyi.

- Acting as a compliance advisor to a natural gas company to be listed in Hong Kong, CISI helped the company better meet the requirements of the Hong Kong regulator. Driven and supported by the zero-coal policy of the local government, the natural gas operator promotes the coal-to-gas project clean energy village program to supply natural gas to the region and the surrounding villages to achieve low-emission and low-energy heating.



Assisted the Listing of a Smart Charging Technology Enterprise to Empower Green Mobility

The Group assisted Shanghai Zhida Technology Development Co., Ltd. ("Zhida Technology") in its successful initial public offering on the Main Board of the Hong Kong Stock Exchange, with a total fund raising of approximately HK$400 million (before exercise of the over-allotment option). As a smart home EV charger and service provider, Zhida Technology is fully advancing its "Globalization, Digitalization, and Intelligence" 2.0 strategy, aiming to turn "Charging" – a critical enabler of energy transition – into a core hub connecting household energy management and sustainable lifestyles. Its independently developed "SmartLink Automatic Charging Robot" has been put into large-scale operation at Hong Kong International Airport, delivering a more efficient and safe automatic charging experience to global vehicle owners.

Taking this opportunity, the Group continues to deepen its capital market services for green technology enterprises, channeling capital precisely toward key sectors such as low-carbon transportation, and actively contributing to the achievement of global sustainable development goals.

3.2 Risk Management

Comprehensive Risk Management

In 2025, the Group organised the publication of the risk appetite statement, risk limits and authorisation letter for the use of business funds for 2025, completed the re-examination of various risk management systems, revised or newly formulated 25 risk management systems as needed such as the *Risk Management Measures of China Industrial Securities International Financial Group Limited for New Businesses and New Products* (《興證國際金融集團有限公司新業務新產品風險管理辦法》), and revised the *CISI Emergency Guidebook for Trading Days under Severe Weather Conditions* (《興證國際惡劣天氣交易日應急指引手冊》) by taking into account the external regulatory requirements and business practicability in order to continuously improve the risk management mechanism. In addition, the Group organised the publication of the *2025 Risk Appetite Statement* (《2025年度風險偏好聲明》), the *2025 Authorisation Letter for the Use of Business Funds* (《2025年度業務資金使用授權書》) and the *2025 Risk Limit Indicators* (《2025年度風險限額指標》), so as to clearly define the authority boundaries and accountability mechanisms for institutions at all levels in risk taking, capital allocation and business decision-making, thereby ensuring the sound operation of the business.

Three lines of defence of the Group for risk management



Focusing on the concept of stable operation, the Group has continuously improved its comprehensive risk management system and optimised risk control measures for each business line. In 2025, the Group convened five meetings of the risk management committee and eleven internal control line meetings to provide timely reporting on the operating risks and business development, discuss and plan for the next risk control work, and share and exchange views on the macro-economy so as to enhance the foresight of risk control management.

Key risk management measures of the Group in 2025

Type	Description of key measures
Credit risk	• We completed the impairment measurement of margin financing business based on the expected credit loss model. • We strictly performed pre-loan review, post-loan monitoring and reporting, as well as completed daily risk control reports and monthly credit business risk assessment reports, stress test reports and related securities assessment reports. • We continuously monitored various risk limit indicators of the margin financing business, issued risk alerts, and lowered the corresponding limits, thereby effectively managing the risks of the margin financing business. • We promoted the risk disposal and write-off of debts of existing risky customers in order to reduce the scale of risky assets. • Through the established external risk and public opinion event monitoring and risk management mechanism, we regularly maintained the solutions for monitoring public opinion on stocks and subjects on platforms such as Wind and DM, and conducted real-time public opinion monitoring.
Market risk	• We amended the *Risk Control Indicators for the Standing Investment Business of the Proprietary Investment Department* (《自營業務部常態投資業務風控指標》) to optimise the system of internal risk control indicators in a timely manner in response to the increase in the scale of asset allocation for the proprietary bond investment business, and continued to strengthen the quality control of the portfolio. • We enhanced the pre-investment and post-investment management, strictly monitored the implementation of risk control indicators of the proprietary investment business, and issued daily market risk management reports, monthly risk assessment reports on bond investment business, stress test reports, etc.. • We strengthened the control of equity investment, lowered the scale of equity capital investment, and continued the daily risk control report mechanism of the proprietary equity fund investment for the existing equity fund investment to dynamically monitor the risks of position. • The Group continued to follow up on the management of various products of the asset management business, followed up on the subsequent exit management of risk disposal projects, adopted well-defined daily risk management measures for the existing products such as funds, RQFII accounts and separately-managed investment accounts, and optimised the risk control statement for the asset management business. • We formulated the *Risk Management Measures of China Industrial Securities International Financial Group Limited for Unlisted Equity Investment Businesses* (《興證國際金融集團有限公司非上市股權投資業務風險管理辦法》). The Group completed the SFC's on-site inspection of its asset management business.

Type	Description of key measures
Operational risk	• We improved the operational risk system and re-examined the *Operational Risk Management Measures* (《操作風險管理辦法》), *Implementation Rules on Operational Risk Events and Loss Data Collection* (《操作風險事件及損失數據收集實施細則》), and other operational risk management systems. • We launched operational risk case sharing and training on operational risk mechanism, strengthened pre-risk management and control, and enhanced the ability to respond to operational risk events of the frontline. • We completed the re-examination of operational risk limit indicators, and regularly monitored and rectified the operational risk status and trends of changes. • We re-examined the business continuity systems, plans and contingency plans, and issued the *Business Continuity Management Measures* (《業務連續性管理辦法》); organised a contact tree exercise to ensure the accessibility of contact channels. • We followed up on the *Maintaining Trading under Severe Weather Conditions* (《惡劣天氣下維持交易》) assessment project of the SFC and published the *CISI Emergency Guidebook for Trading Days under Severe Weather Conditions* (《興證國際惡劣天氣交易日應急指引手冊》). We conducted regular contingency drills and testing, such as remote access arrangements under severe weather conditions, in order to enhance the effectiveness of business continuity management. • We organized a special self-inspection and rectification of emergency management for unexpected incidents, and conducted emergency management training sessions.
Investment banking business	• We coordinated the review of project due diligence reports in accordance with the new requirements of external regulations, and incorporated the contents of due diligence reports into the business risk control assessment mechanism. • We improved project process management, optimised the template of investment banking risk information report, and strengthened the management of investment banking projects. • We improved the policies related to the investment banking business, strengthened quality control over the investment banking business, and prevented risks.

Meanwhile, the Group has continuously strengthened the capability construction of the risk management system, organised a number of risk management training sessions, shared the practical experience of the construction of the risk management system, strived to improve the risk identification, assessment and response capabilities of frontline business personnel, and created a sound risk control culture.

Risk Management Training of the Group in 2025

Training content

Enhancement of the promotion of risk control culture among employees of the Group and strengthening of the risk control capability of the frontline.

- In May, the "training on risk management of margin financing business" was conducted
- In June, the "training on investigative powers and enforcement methods of the SFC" was conducted
- In September, the "training on emergency management of unexpected incidents" was conducted
- In December, the "training on operational risk management" was conducted

ESG Risk Management

In accordance with the management and review system for new businesses and new products under the *Risk Management Measures of China Industrial Securities International Financial Group Limited for New Businesses and New Products* (《興證國際金融集團有限公司新業務新產品風險管理辦法》), the Group continuously paid attention to the ESG risks of its business during the preliminary engagement and due diligence process in relation to projects.

The Group has continuously improved its ESG risk management system, and amended and updated the *Management Measures of China Industrial Securities International Financial Group Limited for Bond Pools* (《興證國際金融集團有限公司債券池管理辦法》) in 2025 to retain, define and regulate the day-to-day monitoring, reporting and approval mechanism of ESG risks in the relevant business.

The Investment and Financing Business Review committee of the Group is the top decision-making body for the management of the investment and financing business, and it is mainly to approve investment criteria and policies, investment processes, investment strategies and investment projects, as well as consider the management system and criteria for bond pools.

During the business review and approval process, the Group gives comprehensive consideration to project risks in the light of specific project situations. For enterprises or projects operating in industries with high ESG risks, the Group makes enquiries on a case-by-case basis and, if necessary, follows up on the changes in the ESG risks of the relevant clients after the review and approval, and reminds the project team of ESG disclosure of the relevant enterprise by way of project review feedback to strengthen the relevant ESG due diligence.

Key ESG Improvement Areas Proposed by the Group to Customers

Dimension	Key improvement areas
Environment	Emissions, use of resources, climate change and carbon emission management, etc.
Society	Employment management, employee health and safety, development and training, labour standards, supply chain management, product responsibility and community investment, etc.
Governance	Anti-corruption and governance structures, etc.
Industries	Heavy industry enterprises: More emphasis on carbon emission related indicators.
	Light asset, human resource-intensive enterprises: More emphasis on gender diversity policy and other related indicators.

The Group has established a comprehensive risk event escalation and risk information reporting mechanism. Potential or unexpected risk events identified in the business processes are reported to the management, the risk management department and the relevant departments, and risk mitigation or rectification measures are taken immediately. During the Reporting Period, no ESG risk triggers occurred in any of the Group's business lines.

To carry on the sponsorship business, the Group engaged a professional intermediary team to conduct due diligence on clients' ESG performance through ESG data collection and questionnaire surveys with key stakeholders, and to make ESG related improvement recommendations to customers. By doing so, the Group gained an in-depth understanding of the ESG risks of our clients and based on that, prepared the ESG chapter to be disclosed to public investors in the prospectus.

3.3 Compliant Operation

Legal and Compliant Operation

The Group strictly complies with the relevant laws, regulations, codes and guidelines of Hong Kong such as the *Companies Ordinance (Cap. 622)* (《公司條例》(第622章)), the *Securities and Futures Ordinance (Cap. 571)* (《證券及期貨條例》(第571章)), the *Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission* (《證券及期貨事務監 察委員會持牌人或註冊人操守準則》) (the "Code of Conduct") and the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (《香港聯合交易所有限公司證券上市規則》) (the "Listing Rules"), in the course of business activities and day-to-day operations. In addition, the Group has been improving the effectiveness of compliance management by actively enhancing the compliance system and fostering a good compliance culture.

Compliance management system of the Group

Type	Description
Management system level	• Attach great importance to compliance management and strictly comply with applicable laws, regulations, codes and guidelines in the business activities and day-to-day operations, formulate management policies and procedures relating to compliance management and establish a compliance management framework to provide solid protection for the Group's stable operations.
Management structure level	• Establish a comprehensive compliance management framework with three lines of defence for compliance management. • The compliance and legal department closely monitors the compliance operation of the Group's various businesses and urges business lines to strictly implement the relevant regulatory requirements.
Compliance enforcement level	• Establish an independent compliance and legal department to take the lead in compliance management efforts such as compliance review, compliance inspection, compliance supervision, compliance consultation and compliance training to ensure the prevention and handling of various compliance risks in a timely manner. • Ensure the timely prevention and handling of various legal risks through the close collaboration between in-house full-time legal staff and external legal advisers.

In 2025, the Group continued to enhance the effectiveness of its compliance management and promote compliance and sound operation by ways of strict implementation of regulatory requirements, strengthening compliance inspections, consolidating the foundation of the compliance system, reinforcing system technology empowerment, enhancing compliance team construction, deepening assessments, clarifying responsibilities, and fostering a compliance culture.

Key compliance management measures of the Group in 2025

Aspect	Description of key measures
Strict implementation of regulatory requirements	• We have successfully completed the on-site inspection by the SFC.
Strengthening compliance inspections	• We conducted 12 compliance inspections on the implementation of compliance requirements for the relevant licensed businesses, and supervised the business departments to make improvements on the issues identified, thereby continuously enhancing the effectiveness of compliance management.
Consolidating the foundation of the compliance system	• We have reviewed 32 compliance management and legal policies.
Reinforcing system technology empowerment	• We continued to carry out the construction projects of a series of the "Compliance Management System", including the refinement of a number of control processes such as the management of employees' personal investment account declaration, license management, continuous training management, and further effectively enhanced the degree of digitisation and automation of compliance management.
Enhancing compliance team construction	• We strengthened mechanisms such as exchange of guidance, appropriate job rotation and weekly work reports; enhanced daily guidance and training for compliance officers to build up the professional competence of the compliance team.
Deepening assessments and clarifying responsibilities	• We conducted appraisals for the business units, and comprehensive compliant appraisal for each management department, with a view to clarifying the responsibilities of each of the Group's management departments and to strengthening their awareness of responsibilities and sense of service.
Fostering a compliance culture	• We prepared and issued monthly compliance reports and updates to continuously promote the development of a compliance culture. • We organised 8 compliance and legal training sessions covering anti-money laundering, financial derivatives, offshore company law, the SFC's investigative powers and enforcement approaches, etc.

Enhancing compliance training to consolidate the foundation for sound operations

In February 2025, the Group invited Han Kun Law Offices to organise a compliance training seminar on the theme of "Financial Derivatives (GMRA Securities Repurchase & Structured Notes)" for employees of the Group to enhance their understanding of the regulatory requirements governing financial derivatives and also improve their conduct and standard of practice, which was actively attended by a total of 90 employees.

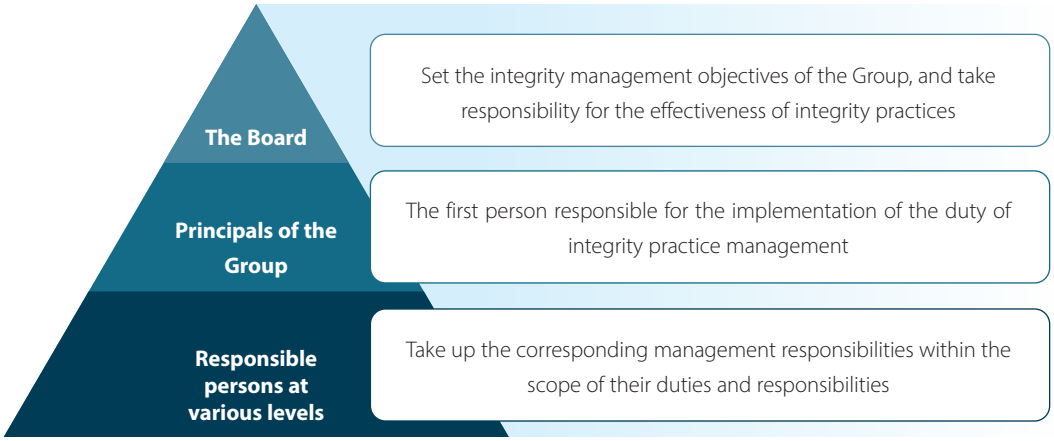
The course covered an overview of legal practices, basic structures, analysis and case studies of key provisions relating to repurchase transactions and GMRA agreements, which effectively supported the business departments in fully understanding the regulatory requirements, and further promoted the compliance culture of "Compliance, Integrity, Professionalism and Prudence", thus strengthening the legal and risk control foundation for the Group's high-quality development.

Anti-corruption

The Group strictly complies with the *Provisions on the Integrity of the Securities and Futures Agencies and Their Employees* (《證券期貨經營機構及其工作人員廉潔從業規定》) and *Implementation Rules on Integrity Practices of the Securities and Futures Agencies and Their Employees* (《證券期貨經營機構及其工作人員廉潔從業實施細則》), and has formulated internal management regulations such as the *Regulations on the Integrity Practices of Employees of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司員工廉潔從業規定》) and the *Anti- Corruption and Bribery Policy of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限 公司反貪污及賄賂政策》), which prohibit employees from transferring undue benefits to other persons or seeking undue advantages, and prohibit any form of bribery, corruption, extortion and fraudulent activities in the course of conducting business, so as to ensure clean and compliant operation.

The Group has clearly defined the responsibilities and obligations of the Board, principals of the Group and responsible persons at various levels in respect of integrity practices.

Integrity Management Structure of the Group



Key measures on integrity practices of the Group in 2025

Aspect	Description of key measures
Establishing an integrity risk management system	• We completed the re-examination of our systems such as the *Regulations on the Acceptance of Advantages and Gifts by Employees* (《職員收受利益及禮品管理規定》), *Compliance Handbook* (《合規手冊》), *Detailed Guidelines on Integrity of Employees* (《員工廉潔操守指引細則》), *Regulations on the Integrity Practices of Employees* (《員工廉潔從業規定》), *Management Measures for Accountability of Employee for Violations and Negligence* (《員工違規失職問責管理辦法》), and *Measures on the Management of Conflicts of Interest* (《利益衝突管理辦法》). • We fully implemented the main responsibility in improving the Party's conduct and upholding integrity, and gave full play to the leading role of the Party building work in the management of integrity practices. • We launched the work of creating the risk prevention and control checklist for integrity practices. • We reported on the situation of prevention and control of integrity risks in foreign enterprises on a regular basis.
Strengthening the management of employees' integrity practices	• We established integrity files for members of the leadership team and carried out exit audits for leading executives. • We required all employees to sign a *Compliance and Integrity Pledge* (《合規與廉潔從業承諾書》) (including employees and brokers) when joining the Group. • All employees were required to be examined for any violation of integrity practices before leaving the Group.

Aspect	Description of key measures
Developing a culture of integrity practices	• We conducted in-depth study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era to comprehensively enhance the integrity awareness of leadership teams and Party members and cadres. • *Monthly Report on Compliance and Anti-money Laundering Publicity* (《合規與反洗錢宣導月報》) has been prepared on a monthly basis and distributed to each employee, containing cases published by the SFC and the Independent Commission Against Corruption (ICAC) on non-compliance with integrity practices. • New employees were required to study the Compliance Handbook upon orientation, which contains compliance requirements relating to integrity practices, such as partition walls, prevention of conflict of interest, confidentiality, and acceptance of gifts or benefits. • The Discipline Inspection Committee organised all employees of the Group to read the *Compilation of Cases of Non-compliance with Integrity Practice in the Securities Industry* (《證券行業違反廉潔從業規定案例彙編》) by emails.

The Group has established a complaint reporting and handling mechanism for employees to report any non-compliance. Upon receipt of a report, the Group will investigate the concern and keep the identity and relevant information of the whistleblower in strict confidence, and report the concern to the ICAC and the relevant regulatory bodies within five working days if necessary.

During the Reporting Period, there were no litigation cases or non-compliances related to bribery, corruption, extortion, and fraud against the Group or our employees.

Anti-money Laundering

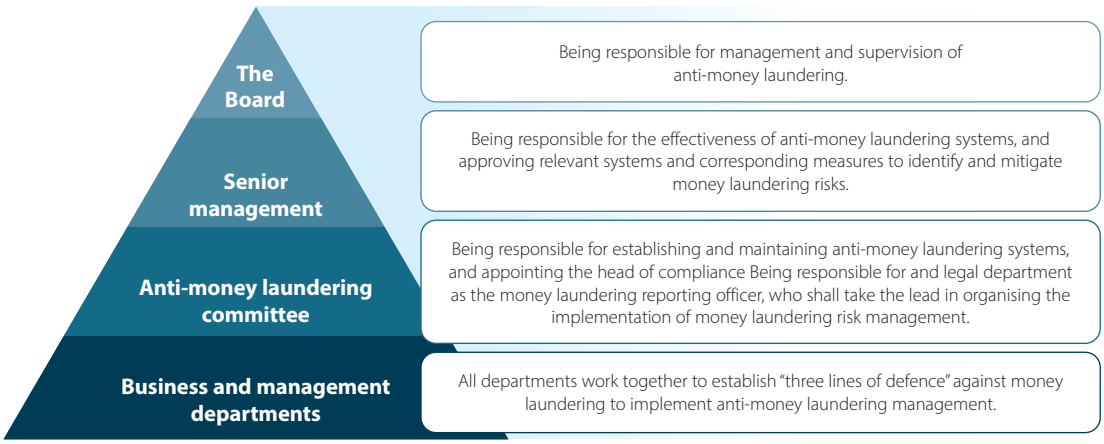
The Group strictly complies with the *Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)* (《打擊洗錢及恐怖分子資金籌集條例》(第615章)), the *Guideline on Anti-Money Laundering and Counter Financing of Terrorism (For Licensed Corporations and SFC-licensed Virtual Asset Service Providers)* (《打擊洗錢及恐怖分子資金籌集指引(適用於持牌法團及獲證監會發牌的虛擬資產服務提供者)》), the *Prevention of Money Laundering and Terrorist Financing Guideline issued by the Securities and Futures Commission for Associated Entities of Licensed Corporations and SFC-licensed Virtual Asset Service Providers* (《證券及期貨事務監察委員會發出適用於持牌法團及獲證監會發牌的虛擬資產服務提供者的有聯繫實體的防止洗錢及恐怖分子資金籌集的指引》), and other laws, regulations, codes and guidelines.

In 2025, the Group revised and issued the *Anti-Money Laundering and Counter-Terrorist Financing Requirements of China Industrial Securities International Financial Group Limited (revised in May 2025)* (《興證國際金融集團有限公司打擊洗錢及恐怖分子資金籌集工作規定(2025年5月修訂)》) applicable to CISI and its subsidiaries; additionally, it revised and issued the *Operating Procedures for the Anti-money Laundering Trading Supervision System of China Industrial Securities International Financial Group Limited (Revised in November 2025)* (《興證國際金融集團有限公司反洗錢交易監察系統操作規程(2025年11月修訂)》) and the *Operating Procedures for the Monitoring and Management of Unusual Transaction Behaviour of Customers of China Industrial Securities International Financial Group Limited (Revised in November 2025)* (《興證國際金融集團有限公司客戶異常交易行為監控管理操作規程(2025年11月修訂)》), in order to minimise the risks of money laundering and terrorist financing, and to ensure that its business operations are conducted in compliance with the relevant legal and regulatory requirements.

During the Reporting Period, the Group did not have any non-compliance related to money laundering.

The Group has established an anti-money laundering risk management framework comprising the Board, senior management, the anti-money laundering committee, and business and management departments to fulfil its anti-money laundering obligations.

Anti-money laundering management framework of the Group



In 2025, the Group continued to promote the deepening of anti-money laundering work, and further incorporated anti-money laundering requirements into specific business processes by systematic improvements, control warning enhancement, system optimisations and cultural atmosphere improvement.

Key anti-money laundering management measures of the Group in 2025

Aspect	Description of key measures
Systematic improvements	• In May, the *Anti-Money Laundering and Counter-Terrorist Financing Requirements (revised in May 2025)*（《打擊洗錢及恐怖分子資金籌集工作規定（2025年5月修訂）》）was revised and issued. • In November, the *Operating Procedures for the Anti-money Laundering Trading Supervision System (Revised in November 2025)*（《反洗錢交易監察系統操作規程（2025年11月修訂）》）and the *Operating Procedures for the Monitoring and Management of Unusual Transaction Behaviour of Customers (Revised in November 2025)*（《客戶異常交易行為監控管理操作規程（2025年11月修訂）》）were revised and issued.
Control warning enhancement	• Organised and completed four quarterly meetings of the anti-money laundering committee. • We launched anti-money laundering review for the asset management business and updated the financial position of high net worth customers to ensure comprehensive coverage of anti-money laundering in all business lines, and continued to carry out regular compliance monitoring to fulfil our statutory obligations on anti-money laundering. • We continued to follow up on the re-examination of data of customers with medium or low money laundering risk ratings from securities and futures companies to ensure that customers' data could reflect the latest situation. • During the Reporting Period, trading review and investigation were completed for a total of 25,715 unusual trading alerts and 1,933 anti-money laundering system alerts, and 3 suspicious trades were identified and reported to the Joint Financial Intelligence Unit. • We conducted anti-money laundering system alert investigation, carried out investigation on various modules such as three-party withdrawal/deposit transactions, cash deposits, account opening process, transaction alerts, and the same communication data among customers, implemented dynamic management of customer money laundering risks, and carried out self-inspections on a regular basis to enhance the synergy between money laundering risk management and business development.

Aspect	Description of key measures
System optimisations	• In November, we promoted the optimised monitoring of Jinshi System (金仕系統) on programmatic abnormal trading related to mainland exchanges. • In December, we completed the re-examination of thresholds and scenarios of abnormal trading and anti-money laundering system, and continuously enhanced the suspicious transaction monitoring model and thresholds. • We enhanced the monitoring of suspicious transactions, further strengthened record keeping and built up a solid system for the prevention and control of risks in relation to suspicious transactions and money laundering.
Cultural atmosphere improvement	• In November, we conducted the annual training on rules for anti-money laundering. • A total of 5 customised and diversified anti-money laundering training sessions were provided for different audiences. Those training sessions were conducted in a combination of online and offline manners, with a cumulative of 300 participants. • We have compiled and published 12 issues of the *Monthly Report on Compliance and Anti-money Laundering Publicity* (《合規與反洗錢宣導月報》), which effectively promoted the latest anti-money laundering regulatory spirit and created a multi-party and consistent internal control system for anti-money laundering from top to bottom.

Intellectual Property Management

The Group strictly complies with the *Copyright Ordinance* (《版權條例》), the *Trade Marks Ordinance* (《商標條例》), the *Patents Ordinance* (《專利條例》) and other laws and regulations of Hong Kong, China, and strictly examines the contents of its publications to comply with the relevant requirements for the protection of copyright, trademarks and other intellectual property rights. In order not to infringe the intellectual property rights of other parties and to ensure the effective protection of our own intellectual property rights, the Group has dedicated legal staff to conduct legal review of the signed contracts to guard us against the legal risks related to intellectual property rights. Based on that, our legitimate rights and interests in respect of intellectual property rights were effectively protected without infringing the intellectual property rights of other parties.

The Group requires employees to sign the *Regulations on the Integrity Practices of Employees* (《員工廉潔從業規定》) upon joining the Group and on a regular basis after joining the Group, in which the employees shall undertake that they will comply with the laws, regulations and provisions on intellectual property rights, including but not limited to "protect the intellectual property of the Company, and do not use, transfer or permit a third party to use the intellectual property rights of the Company at will; do not infringe the intellectual property of the Company, other entities or individuals; use the intellectual property of the Company, other entities or individuals that have been mastered only within the scope permitted by law; and bear the corresponding liability for compensation for the damage caused to the Company due to the infringement of intellectual property".

3.4 Supplier Management

The Group follows the principles of fairness, impartiality and openness in its procurement work, develops and continuously improves the internal supplier management system such as the *Measures for Procurement Management of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司採購管理辦法》), the *Decoration Management Measures of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司裝修管理辦法》) and the *Norms on Management of Information Technology Supplier of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司信息技術供應商管理規範》), and establishes a complete supplier review, classification, assessment and rating and risk management system to strengthen the management and supervision of procurement activities and enhance the effectiveness of the use of procurement funds.

In terms of anti-corruption and integrity management of suppliers, the Group requires all employees involved in procurement and supplier review to sign the *Letter of Commitment on Procurement Integrity* (《採購廉潔從業承諾書》) to prevent any bribe-taking. Meanwhile, in order to effectively put an end to any collusive bidding, fraud, bribery and other illegal acts, the Group requires all suppliers to sign a letter of commitment on bidding during the bidding process to strictly prevent any bribery.

The Group continuously optimises procurement process so that all procurements are conducted through OA process and all relevant materials are approved online. The majority of the Group's procurement reviews were conducted by way of online meetings, and procurement review materials were distributed online by means of emails and WeCom, so as to reduce the use of materials for meetings and save paper consumption.

The Group actively promotes green procurement, and clearly stipulates in the *Measures for Procurement Management* (《採購管理辦法》) that the selection criteria for purchased goods should align with the energy conservation and environmental protection and green concept. In the procurement of office equipment, the Group gives priority to products that are more environmentally friendly, and are affixed with the energy efficiency label (e.g. refrigerators, printers, etc.), and gives priority to materials that can be recycled with less unnecessary packaging (e.g. refillable ball pens, reusable toner cartridges, etc.).

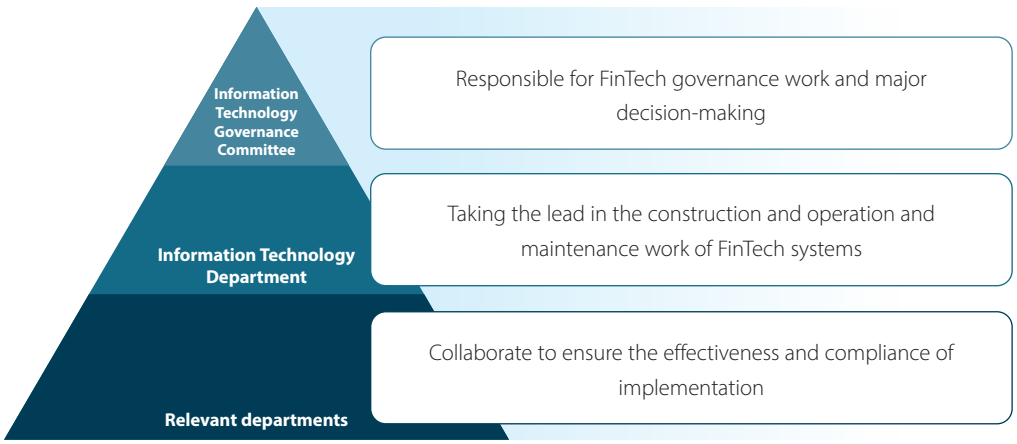
4. FINANCIAL PRODUCTS AND SERVICES RESPONSIBILITIES

4.1 Financial Technology

The Group regards Financial Technology (FinTech) as one of the core driving forces for the future development of its financial business. Actively responding to the Hong Kong Monetary Authority's "FinTech 2030" vision, the Group deeply promotes the integration and symbiosis of technology and business. By collaboratively exploring potential market opportunities and technology application scenarios, the Group realises two-way, in-depth co-creation between technology and business, injecting strong momentum into high-quality business development.

The Group has established a top-down FinTech management structure comprising "Information Technology Governance Committee – Information Technology Department – relevant departments", which effectively guarantees the orderly implementation of FinTech initiatives.

FinTech management structure of the Group



Adhering to a business demand-oriented approach, the Group dynamically updates its FinTech planning annually, taking serving business development planning as its core objective. Combining with the actual business development situation, the Group advances the construction of information systems on demand. The planning system comprehensively covers key areas such as wealth management, institutional services, business management, operation management, digital infrastructure, and information security, realising the resonance of technology planning and business development at the same frequency.

Through years of deep cultivation and accumulation, the Group has built a relatively complete informatisation service system, which has effectively supported the steady development of various businesses and continuously enhanced operation management efficiency and core competitiveness.

Key FinTech measures of the Group in 2025

Aspect	Key measures
Informatisation of internal control system	The Group has fortified the internal control management defence line with technology and constructed a fully penetrative Group-level internal control management technical system to assist in realising a new pattern of informatised, intelligent, and Group-wide internal control management, thereby enhancing the precision and effectiveness of internal control management.
Automation of business management	Leveraging technology to optimise the operation management model, the Group has comprehensively upgraded the informatisation and automation level of operation management, and continuously developed Robotic Process Automation (RPA) application scenarios to enhance operation management efficiency.
Digitalisation of external business	The informatisation service system has realised comprehensive support for core businesses including securities, futures, options, asset management, proprietary investment, investment banking, and insurance, enhancing business execution efficiency.
Intelligentisation of terminal applications	Closely following business demands, the Group has launched modules such as algorithmic trading, wealth management funds, and electronic grey market to continuously enhance the intelligentisation level of customer terminals.



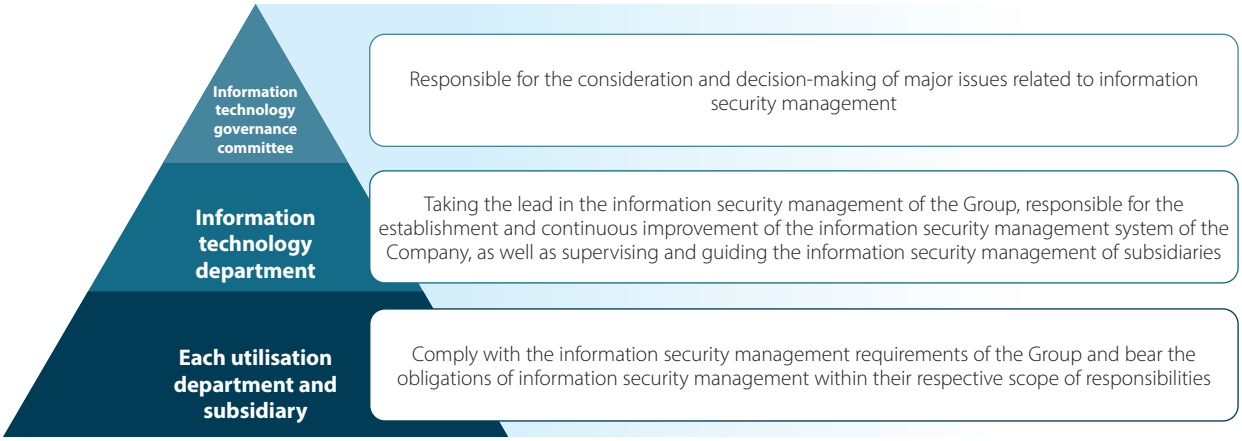
Connecting to the DeepSeek large model to enhance work efficiency and service quality

As a comprehensive securities firm in Hong Kong, the Group attaches great importance to technology empowerment, and has successfully connected to the DeepSeek large model product to comprehensively empower employees in key business scenarios such as information retrieval, industry research, and business consultation. By deeply integrating DeepSeek into the office platform and combining it with actual scenarios, the Group has achieved unified access and rapid internal application, significantly enhancing work efficiency and service quality, and providing more precise and efficient professional services.

4.2 Data Security and Customer Privacy Protection

The Group strictly complies with the *Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission* (《證券及期貨事務監察委員會持牌人或註冊人操守準則》), the *Guidelines for Reducing and Mitigating Hacking Risks Associated with Internet Trading* (《降低及紓減與互聯網交易相關的黑客入侵風險指引》) and other ordinances, and formulates systems such as the *Data Security Management Measures of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司數據安全管理辦法》) and the *Information Security Management Measures of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司信息安全管理辦法》), with clear provisions that the systems cover all business lines and subsidiaries. Meanwhile, the Group establishes an information security management structure to ensure that the requirements of various systems are effectively implemented and fully executed at all levels and in all segments within the Group, so as to safeguard the security of the Group's information assets, as well as the transaction security and data security of investors.

Information security management framework of the Group



Measures of the Group to protect information security and customer privacy in 2025

Data access management	• Viewing, adding and modifying customer data and transaction data are subject to process-based approval and are reviewed on a quarterly basis.
System database management	• All core trade settlement system databases are protected by real-time monitoring systems and co-location disaster recovery to ensure data security, with daily scheduled backups, morning and evening inspections, quarterly data recovery checks, and annual contingency drills. • Completion of information system contingency drills and contingency plan revisions for various emergency scenarios, as well as annual stress tests of multiple systems.
Infrastructure management	• Upgrade of the operating system and AD domains of the servers on a regular basis and installation of the domain user detection system to achieve real-time monitoring and alarm functions. • Replacement of the UPS batteries of the disaster preparation office on a regular basis to ensure the reliability of emergency power supply.
Information security protection	• Management and monitoring of the use of VPN by employees to ensure the security of remote access, and comprehensive installation and regular replacement of firewalls to enhance network security protection.
Safeguarding information security	• Regular internal audits and risk assessments related to information security are conducted; employees are trained with information security, with all employees being required to participate in the training and pass the examination.
Confidentiality of customer information	• In respect of market development and customer services, the Group has clearly stipulated that the relevant business personnel shall be responsible for the integrity and confidentiality of customers' data and information and shall not disclose any of the customers' information to any third party without the approval of the Group in accordance with the *Guidelines on Market Development and Services* (《市場拓展及服務工作指引》).

In 2025, the Group launched employee training on information security covering all employees, representing a coverage rate of **100%**. The training was mainly related to information security awareness. Upon completion of the training, all employees who participated in the training took and passed the examination.

During the Reporting Period, the Group did not experience any leakage of customer information and privacy data.

4.3 Customer Communication and Complaint Management

Under the service philosophy of "Customer Focus", the Group remains committed to providing customers with high-quality, forward-looking, customised and comprehensive one-stop financial services.

The Group complies with the *Hong Kong Investor Identification Regime* (《香港投資者識別碼制度》), the *Over-the-counter Securities Transaction Reporting Regime* (《場外證券匯報制度》) and other ordinances, and formulated the *Detailed Rules for Management of Customer Account Opening and Enquiry Services* (《客戶開戶及查詢服務管理細則》), the *Detailed Rules for Management of Customer Identification Information and Coding* (《客戶識別信息及編碼管理細則》) and other systems. In 2025, by reviewing and revising customer service systems, optimising the account opening process, meeting new customer demands, enhancing the efficiency of customer information maintenance, and actively handling customer enquiries, etc., the Group optimises customer service processes to continuously enhance customer services.

Measures of the Group to optimise customer services in 2025

Reviewing and revising customer service systems	• Completed 7 reviews of the systems related to customer account opening, account management and customer data information management, including the *Detailed Rules on the Management of Professional Investor Accounts* (《專業投資者賬戶管理細則》), *Guidelines on Account Opening Information* (《開立賬戶資料指引》), *Detailed Rules on the Management of Customer Identification Information and Coding under the Hong Kong Investor Identification Regime* (《香港投資者識別碼制度下的客戶識別信息及編碼管理細則》), *Detailed Rules on the Management of Account Opening Witness and Verification* (《開戶見證及驗證管理細則》), *Detailed Rules on the Management of Customer Accounts* (《客戶賬戶管理細則》), *Detailed Rules on the Management of Customer Information Data* (《客戶信息資料管理細則》), and *Detailed Rules for Management of Customer Account Opening and Enquiry Services* (《客戶開戶及查詢服務管理細則》), ensuring that business operations comply with the latest policy requirements. |
Optimising the account opening process	• Optimised the Dow Jones anti-money laundering API call in the online account opening process, online new account function, and revision and upgrade of the account opening form and account opening approval process, which enhanced the efficiency and standardisation of account opening approval, significantly increasing the volume and speed of account opening processing. • Processed a total of 534 customer account openings, with an average of 45 account openings completed per month.

Meeting new customer demands	• Actively promoted the "Cross-border Wealth Management" business, accurately meeting customers' diversified cross-border investment needs by continuously enriching and optimising the product matrix. • Launched preferential policies such as interest-free IPO financing and handling fee reduction and exemption under the boom of Hong Kong stock IPO issuances.
Enhancing the efficiency of customer information maintenance	• The work efficiency of customer identification information and account data maintenance continuously improved, and the number of customer accounts under data maintenance and management increased from 50,646 at the beginning of the year to 50,908.
Actively handling customer enquiries	• Customer enquiries mainly include: account opening applications, account status enquiries, deposit/withdrawal and stock operations, account information modification operations, and use of system software. • Completed processing of 10,414 customer enquiries, including 4,460 telephone enquiries and 5,954 email enquiries.

Won the "Outstanding Performer" for "Wealth Management Platforms" at Bloomberg's "Financial Institutions 2025"

In 2025, the Group won the "Outstanding Performer" for "Wealth Management Platforms" in the Bloomberg Businessweek "Financial Institutions 2025".

The Group actively responded to the national Greater Bay Area development strategy, seized the historical opportunity of the connectivity mechanism between the capital markets of the Mainland and Hong Kong-Macao, and obtained the pilot qualification for the "Cross-border Wealth Management (跨境理財通)" business in the Guangdong-Hong Kong-Macao Greater Bay Area, becoming one of the first batch of 14 securities firms eligible to provide cross-border investment services to Greater Bay Area investors. In 2025, the Group was successfully selected as one of the first batch of distributors of the Hong Kong Stock Exchange's Integrated Fund Platform, further meeting customers' diversified and globalised asset allocation demands, continuously consolidating cross-border financial service capabilities with practical actions, and injecting more momentum into the integrated development of the financial markets in the Greater Bay Area.



Trophy of the "Outstanding Performer" for "Wealth Management Platforms" at Bloomberg's "Financial Institutions 2025"

Won the "HKEX Awards 2024-Top Breakthrough Broker"

In April 2025, the Group was awarded the "HKEX Awards 2024-Top Breakthrough Broker" award by the Hong Kong Stock Exchange.

The HKEX Awards are one of the most valuable and authoritative awards in Hong Kong, aiming to commend outstanding market participants who have contributed to the development of the Hong Kong capital market. Among them, the "Top Breakthrough Broker "award mainly recognises the China Connect Exchange Participants with the highest year-on-year percentage growth in Northbound trading value under Stock Connect in 2024. Relying on excellent cross-border trading service capabilities, quick-response service efficiency, and precise and professional service quality, the Group successfully won this award, reflecting the high recognition of the Group's financial trading service capabilities by the vast number of investors.



Trophy of the "HKEX Awards 2024-Top Breakthrough Broker"

In respect of the customer complaint management, the Group continuously standardised the customer feedback and complaints handling process by formulating relevant regulations for handling customer complaints such as the *Regulations on Complaint Processing* (《投訴處理工作規定》), and comprehensively amended the *Detailed Rules for Processing Customer Opinions and Complaints of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司客戶意見及投訴處理細則》) in 2025, to ensure that effective steps, appropriate investigations and follow-ups can be taken for any customer feedback and complaints. The Group applied the opinion and complaint management approach characterised by "centralised management, hierarchical handling, specialised personnel, and escalation", and established a smooth channel for customer making enquiries and complaints to improve the quality of customer services.

The Group has established a customer complaint handling task force, which is responsible for formulating the Group's complaint handling policies and implementation procedures, monitoring the various customer complaint handling processes and investigation results, and approving and deciding on the final resolution of customer complaints, so as to ensure that customer feedback and complaints are handled in an efficient and quality manner. In addition, the Group adopted a targeted approach in handling opinions and complaints based on the two types of opinions and complaints, and clarified the main responsibilities of the relevant departments in this regard. In 2025, the Group did not receive any customer complaints.

Customer complaint handling management framework of the Group



The Group has established a strict complaint confidentiality mechanism to ensure the safety of whistleblowers. Any personnel of the Group shall keep the relevant complaint content confidential upon receiving customer feedback or complaints. Except for the personnel responsible for handling and investigating customer feedback or complaints, no personnel shall discuss the relevant content with any third party, nor discuss the identification information of the relevant customers.

Classification and handling approach of the Group for customer feedback and complaints

Classification of opinions and complaints	General customer opinions and Complaints	Serious customer complaints with material impact
Responsible department	Operation management department to coordinate the handling	Compliance and legal department to coordinate the handling
Handling method	Investigations should be conducted as soon as possible, and in principle, responses should be made to customers within the next two business days after receiving customer opinions, and at most within seven days. Failure to reply to customer opinions within the specified time requires notifying the head of the operation management department of the reasons and circumstances for the delayed reply.	The professional department or investigation team appointed by the compliance and legal department or the customer complaint handling task force shall take the lead in conducting investigations into the relevant customer complaints as soon as possible.

Major responsibilities of the coordinating department

- To convene meetings with responsible department concerned to make arrangements for handling customer complaint.
- To evaluate and analyse materials submitted by responsible department for investigation on customer complaint.
- To assist responsible department in communicating with and explaining to customers.
- To direct and supervise the responsible department to rectify the customer complaints based on the decision of the customer complaint handling task force.
- Responsible for carrying out training on customer complaint handling for employees of the Group on a regular or irregular basis annually.

4.4 Responsible Marketing

With respect to suitability management, the Group, in compliance with the requirements of the *Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission* (《證券及期貨事務監察委員會持牌人或註冊人操守準則》) and other regulations, strictly enforces the *Due Diligence Guidelines of China Industrial Securities International Brokerage Limited for Introduction and Launch of Financial Products* (《興證國際證券有限公司金融產品引入盡職調查及上架操作指引》), *Guidelines of China Industrial Securities International Brokerage Limited for the Sales of Financial Products* (《興證國際證券有限公司金融產品銷售操作指引》) and other systems. In this regard, the Group specifies the responsible department for the due diligence and launch of non-exchange-traded financial products. The responsible department conducts due diligence and risk rating of financial products so as to recommend products appropriate to investors' risk tolerance based on their risk tolerance in order to safeguard the rights and interests of investors effectively.

In respect of the regulation of Internet marketing and market development, the Group formulates regulations and rules such as the *Internet Media Management Measures* (《互聯網媒體管理辦法》), *Guidelines on Market Development and Services* (《市場拓展及服務工作指引》) and *Management Rules on Direct Marketing* (《直接促銷行為管理規定》) in accordance with the *Guidelines on Online Distribution and Advisory Platforms* (《網上分銷及投資諮詢平台指引》) and other laws and regulations of the SFC to coordinate the planning and management of the Group's publicity through the Internet media and other channels and to ensure the compliance and effectiveness of the Group's business sales and market development.

During the Reporting Period, the Group was not involved in any information or label non-compliance for its products and services, or any violation of marketing and promotion regulations.

4.5 Investor Education

The Group proactively launches investor education in an investor demand-oriented manner. The investor education comprises online education and offline education. The Group conducts physical investor education events in the national base for investor education of Industrial Securities, the parent company of CISI. For online investor education, the Group integrates the investor education service into customer services through the application "Xinggangtong" (興港通) and WeChat official account of the Group. By doing so, the Group aims to enable investors to gain a correct understanding of financial products and knowledge, thus equipping themselves with the sense of reasonable investment and risk prevention.

In 2025, the Group held **30** live streaming sessions to provide online investor education content, with a total of more than **5,000** views.

"Xinggangtong Investor Education Services" empowers investor education work

With the concept of sustainable development as a guideline, "Xinggangtong Investor Education Services" of the Xinggangtong International Investor Education Platform has created various columns such as Wealth Gathering (財富薈), Cross-border Wealth Management (跨境理財通) and ETF Academy (ETF學堂), and is committed to promoting the construction of an investor education system and the dissemination of the ESG culture. In addition to raising investors' awareness of financial risk prevention, it encourages investors to actively respond to the country's policies of "Common Prosperity", "Carbon Peak and Carbon Neutrality", etc., and bravely fulfil their social responsibilities.

In 2025, the number of followers of the "Xinggangtong Investor Education Services" platform reached **6,690**. More than **30** sessions of online live broadcasts were launched through the "Wealth Gathering "column, and over **10** offline customer exchange activities were organised, with more than **500** participants.

5. EMPLOYEE RESPONSIBILITIES

5.1 Employment and Rights

Employee recruitment and employment

The Group is committed to providing equal employment opportunities for all employees. To this end, the Group strictly complies with the *Employment Ordinance of Hong Kong* (《僱傭條例》), and formulates internal management rules such as the *Employee Handbook* (《員工手冊》), to protect basic rights and interests of employees and endeavour to build a harmonious workplace environment.

With respect to employee recruitment management, the Group follows the recruitment principles of "meritocracy, equal opportunities, respect for privacy and disqualification of relatives", established and revised in 2025 the *Recruitment Management Systems* (《招聘管理制度》), the *Interns Management Measures* (《實習生管理辦法》) and the *Implementation Rules for Internal Recommendation* (《內部推薦實施細則》), and continued to improve the introduction mechanism for professional talents, in order to select and recruit various types of excellent talents in a scientific manner through campus recruitment, social recruitment and internal recruitment, as well as to consolidate the talent pool of the Group.

In 2025, the Group introduced a total of **43** talents, including **11** high-end core talents. The Group introduced a total of **15** employees through internal recommendation channel, accounting for **34.9%** of the total introductions.

In respect of the employee dismissal management, the Group strictly adheres to labour compliance requirements, resolutely implements all provisions of the *Employment Ordinance* (《僱傭條例》), and regulates the entire dismissal procedures. This ensures that decision-making and execution procedures in relation to dismissal are fair, transparent and evidence-based, thereby safeguarding all legitimate rights and interests of employees throughout the dismissal process.

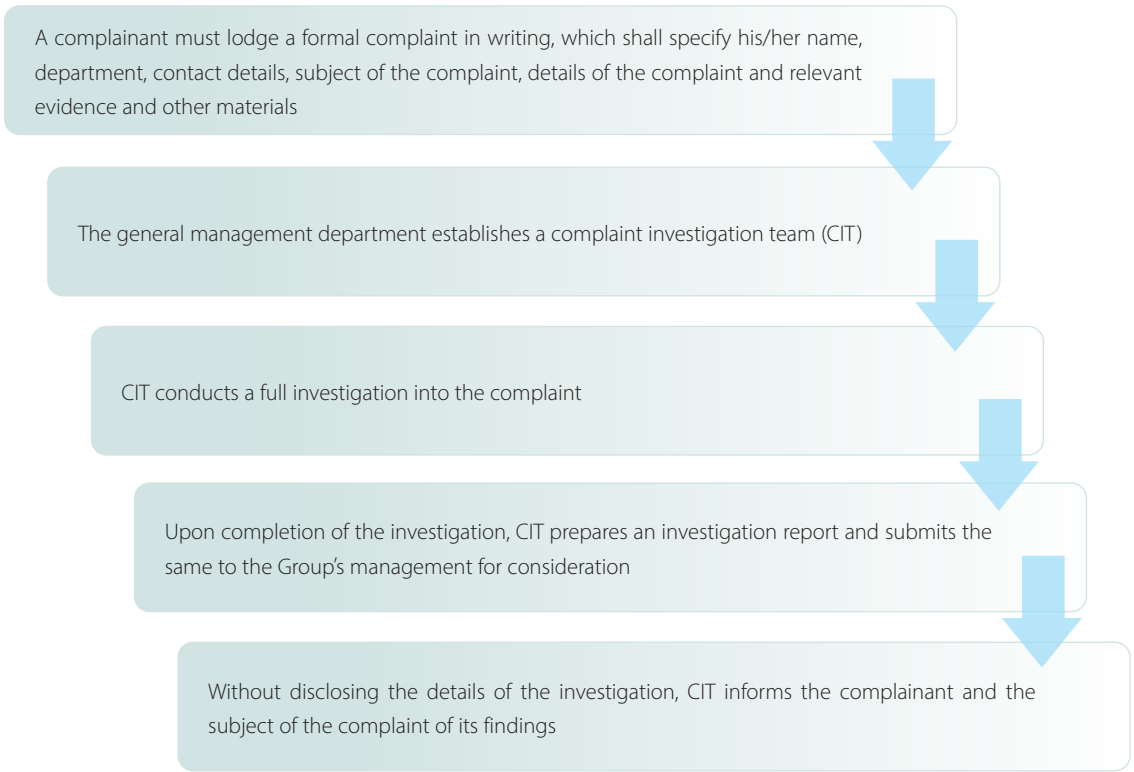
Moreover, the Group prohibits the employment of child labour and forced labour, adheres to lawful employment practices, safeguards the fundamental rights and interests of workers, strictly verifies the identity of employees, and regularly checks the labour intensity to ensure that there are no relevant incidents. During the Reporting Period, the Group neither had any legal disputes arising from the unlawful use of child labour or forced labour, nor did it receive any complaints.

Diversity and equal opportunities

The Group is committed to building a diverse and equal workplace, strictly complying with the requirements of relevant laws and regulations such as the *Sex Discrimination Ordinance* (《性別歧視條例》), the *Disability Discrimination Ordinance* (《殘疾歧視條例》), the *Family Status Discrimination Ordinance* (《家庭崗位歧視條例》) and the *Race Discrimination Ordinance* (《種族歧視條例》). It does not discriminate against employees on the basis of gender, age, nationality, race, belief, disability, religion and other factors of employees, to ensure that every employee can obtain equal development opportunities in the Group. During the Reporting Period, the Group did not receive any complaint about discrimination cases.

The Group has established a fair, just, transparent and effective employee complaint handling mechanism to support employees to raise complaint when they encounter discrimination, sexual harassment, or unreasonable treatment. After receiving the complaint information, the Group will set up an investigation team to investigate the complaint case and promptly feedback the investigation and handling results to the complainant. During the whole investigation process, the Group will strictly protect the privacy of the complainants and ensure the confidentiality of the contents of the complaint cases. The Group prohibits retaliation against any employee who makes a complaint or reports an incident of harassment or discrimination in good faith, thereby effectively maintaining a fair and just workplace environment.

Employee Complaint Handling Procedure of the Group



Employee Rights and Benefits

In adherence to the pursuit of a happy life for its employees, the Group has formulated the *Salary Management Measures* (《薪酬管理辦法》), the *Welfare Management Measures* (《福利管理辦法》) and other systems to clearly define the salary structure, allowances and subsidies, and performance awards of employees, establish and improve the employee welfare security system, and further enhance employee satisfaction and happiness while ensuring that legal benefits are provided for all employees according to laws.

Employee Rights and Welfare of the Group

Compensation and welfare

- Employees are paid basic monthly salary regularly, and are entitled to statutory holiday pay, annual leave pay, and long service payment in accordance with the *Employment Ordinance* (《僱傭條例》) and the *Employment Contract* (《僱傭合約》).
- The monthly basic wage rate is subject to adjustment from time to time based on the Group's overall performance for the year, the results of individual performance appraisals of employees, market indicators and other factors, and discretionary performance bonuses are granted at the discretion of the Group.
- The Group participates in market remuneration surveys to understand the prevailing pay levels in the market, and uses this as a key basis for determining employee remuneration.
- The Group contributes to the statutory MPF scheme for employees in accordance with the Hong Kong Government's *Mandatory Provident Fund Schemes Ordinance*.

Working hours and holidays

- In principle, employees work eight hours per day up to 40 hours per week.
- Employees may apply for compensatory leave when required to work overtime on rest days or statutory holidays.
- Working hours for special posts will be fixed based on the actual work situation.
- Employees are entitled to two rest days per week, public holidays, statutory annual leave, maternity leave, marriage leave and other holidays.

Non-statutory welfare

- **Welfare for all employees:** Employee group insurance, business travel insurance, employee compensation insurance, critical illness and accidental injury insurance, welfare annual leave, birthday gifts, Mid-autumn Festival benefits, Spring Festival condolence payments, retirement gifts, family member sympathy.
- **Special welfare:** Rental tax discount scheme.
- **Employee care:** 14-week paid maternity leave at 100% or 80% of basic monthly salary. 5-day paternity leave for male employees. Upon expiration of the probationary period, an employee becomes regular employee, and he or she will be allowed to participate in various studies upon approval by the Group and corresponding examination leave will be given as required.

The Group attaches great importance to the work and life of employees. It organises various kinds of employee activities to enhance their cohesion and sense of well-being. In 2025, the Group organised festive activities, employee gatherings, sports competitions and staff birthday parties to further enrich their leisure time and help them to strike a balance between work and life.





Lunar New Year Lion Dance

5.2 Employee Health and Safety

The Group is committed to providing a safe and healthy working environment for its employees, with an aim of safeguarding the health and safety of all employees through measures including health benefits, a work-related injury compensation mechanism, and emergency drills.

In the past three years, the Group had no work-related employee injuries and fatalities.

Key Management Measures for Employee Health and Safety of the Group in 2025

Health benefits	• Provided medical insurance and annual medical examination benefits for all employees.
Work-related injury compensation	• Established a work-related injury protection mechanism. Should an employee unfortunately sustain an injury while on duty, he/she may receive corresponding compensation in accordance with the *Employees' Compensation Ordinance* (《僱員補償條例》).
Emergency drills	• Prepared specialised emergency plans including the *Fire Control Plan* (《消防預案》), the *Earthquake Emergency Response Plan* (《地震應急預案》), and the *Typhoon and Rainstorm Emergency Response Plan* (《颱風及暴雨應急預案》) to ensure prompt and effective corresponding measures during emergencies. • Encouraged employees to actively participate in regular fire drills to familiarise employees with fire safety protocols and evacuation procedures.

5.3 Employee Training and Development

Employee Development

The Group strives to building a career development platform where the development objectives of the Group align with the career objectives of employees. Following the standardised, professional and market-oriented principle, the Group formulates the *Management Rules for Management Duties and Professional Ranks* (《管理職務與專業職級管理辦法》). It continuously improves the rationality and standardisation of the development paths of employees by devising a clear, specific and fair career development mechanism for professional and business employees respectively, thus promoting the steady upward mobility of employees.

The promotion of the Group's staff to professional ranks is based on a combination of factors such as job requirements, merit, level of responsibility, performance and qualifications, etc., reflecting our correct approach to employment and ensuring all employees enjoy equal opportunities for career advancement.

The Group conducts annual individual performance appraisals for all employees, as well as appraisals of middle management and general employees in respect of their performance, compliance and risk control, and integrity practices. The results of the annual individual performance appraisal serve as the main basis for appointing and changing management personnel of the Group, ranking and salary adjustments, allocation of discretionary performance bonuses, renewal and adjustment of employment contracts, and employee development. In 2025, the Group revised the Annual Comprehensive Employee Appraisal Management Measures, further refining performance appraisal measures to incentivise enhanced work engagement among employees.

Employee Promotion Management System of the Group

Type of employee	Promotion requirements
Professional employee	• Length of service: an employee is required to serve for the required length for the next rank at time of his or her promotion
	• Appraisal: annual appraisal results reach a certain level or above
Business employee	• Length of service: an employee to be promoted shall be subject to the required length of service in the Group
	• Appraisal: annual appraisal results reach a certain level or above
	• Performance: performance standards for each business line and each rank will be formulated separately

In 2025, the Group promoted a total of 27 employees, accounting for **14.36%**. A total of 107 employees received an increase in fixed salary, accounting for **56.91%**. The Group implemented salary increases for over half of its employees, thereby stabilising its talent pool.

Employee Training

The Group pays close attention to the growth and development of every employee and firmly believes that employee growth is enterprise growth. To this end, the Group has formulated the *Employee Training Management Measures* (《員工培訓管理辦法》) and built a set of employee training system that takes into account the development of the Group and employees, to ensure the effective integration of the Group's business development and employee career development.

Training System of the Group

Type of training	Description of training	
Internal training	Induction training	The Group organises induction training for new employees to help them become familiar with the environment and culture of the Group. Training content covers corporate culture, financial reimbursements, information technology, compliance management, administrative management, operational management, and risk management.
	On-the-job training	On-the-job training is provided by the departments concerned to help employees to settle into their jobs as soon as possible and to enhance their skills on a continuous basis, both on arrival and in the course of their work.
	Special training	Departments arrange special training courses or seminars for all or some of their members based on their business or work needs.
External training	The Group, based on the business or work needs, arranges for various relevant external trainings for staff, including but not limited to business skills, management skills, compliance and risk control, and ongoing trainings required for all relevant professional qualifications.	

In 2025, the Group completed the updating of the induction training courses and test questions for new employees in the online training platform "Xingzhihui (興智薈)", and arranged online induction training for new employees to deepen their identification with the corporate culture and enhance employee retention. The Group also assisted the Investment Banking Department in launching customer due diligence and Hong Kong listing introduction training programs on "Xingzhihui" to further enhance the professionalism of its employees.

In 2025, the Group invested a total of **HK$115,900** in training, with **100%** training coverage and **9.76 hours** of training per capita.

In order to further support the growth and development of employees, the Group has amended the online training program for new employees from time to time to assist new employees in integrating into the culture of the Group as soon as possible. The Group reimburses the relevant expenses incurred in obtaining the licenses/professional qualifications required for the job for its employees, including the registration, teaching materials, examinations, certification and renewal fees. Employees are entitled to apply for tuition fees for "Continuous Professional Training" in an amount of HK$500 for each category of regulatory training activity, and the maximum application limit per person per year is HK$1,000.

Furthermore, the Group provided additional examination leave for employees who were approved by the Group to attend various types of studies (including academic degree education, job title examinations, professional qualification examinations, and other job-related professional examinations), and granted corresponding refresh examination leave in accordance with the relevant regulations.

In 2025, a total of **16** persons of the Group passed academic degree education, job title examinations, professional qualification examinations and other job-related professional examinations, with an investment of approximately **HK$82,000** in supporting employee development.

6. COMMUNITY RESPONSIBILITIES

The Group adheres to the development philosophy of "Connecting Global Capital, Create Wealth with Wisdom" and undertakes corresponding social responsibilities while pursuing economic benefits. The Group has long been committed to engaging in public undertakings. It actively participated in Hong Kong social charity and public welfare activities, fulfilled social responsibilities with practical actions, and demonstrated the social responsibility of Hong Kong's Chinese funded financial institutions.

The Group has maintained long-term good cooperative relations with the Hong Kong Po Leung Kuk, the Hong Kong Council of Social Service, the Hong Kong Youth Symphonic Orchestra Charity Foundation and Friends of the Earth (HK), providing long-term support and assistance to Hong Kong youth and vulnerable groups, and contributing to the common prosperity and development of Hong Kong society.

In 2024 and 2025, the Group was awarded the "Caring Company" Award by the Hong Kong Council of Social Service in recognition of our contribution to the Hong Kong community over the past year.

In 2025, the Group's social welfare investment amounted to HK$42,660.98, with approximately 187 participants.

"Caring Company" Honour

The Group actively coordinates employees to participate in charity activities. It fulfills its corporate citizenship responsibilities through initiatives such as donations to Po Leung Kuk, long-term support for the welfare of disadvantaged groups in Hong Kong, and taking swift action to donate funds and supplies following sudden public crises.

Donation to Po Leung Kuk for the fifth consecutive year

In January 2025, the Group donated HK$10,000 to Hong Kong Po Leung Kuk. This was the fifth consecutive year that the Group has donated to Po Leung Kuk, demonstrating its corporate social responsibility by taking practical actions to support the well-being of the underprivileged in Hong Kong. The donation from the Group will be directly used to support the Po Leung Kuk's various services, helping more people in need. In addition, the Group has purchased social enterprise products of Po Leung Kuk in order to show our support for the disadvantaged groups.

Post-disaster assistance for Hong Kong Tai Po fire

On 26 November 2025, multiple residential buildings in Tai Po District, Hong Kong, were engulfed in sudden fires, resulting in significant injuries and casualties and property damage. The tragedy pulled at the heartstrings of people across the country. In swift response, on 28 November, the Group joined hands with Industrial Securities Group and Industrial Securities Charitable Foundation to donate RMB1 million through the Red Cross Society of Fujian, in hope of supporting post-disaster relief in Hong Kong Tai Po. The Group stood united with fellow Hong Kong citizens to overcome these challenges together.

At the same time, the Group promptly activated the emergency response mechanism, proactively liaising with organisations including the Hong Kong Red Cross and Po Leung Kuk. It expeditiously mobilised essential supplies such as food, drinking water and hygiene products, while organising employees to provide voluntary services, with an aim of offering tangible relief to affected residents.

The Group has consistently integrated the concept of green development into corporate operations and social responsibility, continuously supporting the development of environmental protection in Hong Kong by organising staff participation in various green public welfare projects. Moving forward, the Group will continue to demonstrate its commitment to sustainable development through concrete actions, aiming to advance in-depth implementation of green philosophy both within the enterprise and across the community.

Donations to "Green Power" to fulfill green responsibility

In December 2025, the Group made a donation to "Green Power", a Hong Kong-based charitable organisation, and organised staff participation in its "Low Carbon • Food Wise" and eco-enzyme workshop. Participants learned to transform kitchen waste into eco-friendly cleaning enzymes. This initiative not only enhanced employees' awareness of resource conservation and environmental protection, but also demonstrated our concrete actions in supporting the construction of a green ecological environment in Hong Kong. This initiative underscored the Group's commitment to advancing ecological and sustainable development.

7. ENVIRONMENTAL RESPONSIBILITIES

7.1 Responding to Climate Change

As an advocate and pioneer of green finance, the Group fully recognises the impact of environmental and climate issues, firmly promotes and implements green development strategy, as well as actively and effectively identifies and responds to actual and potential climate risk factors with a commitment to create long-term value returns for our customers.

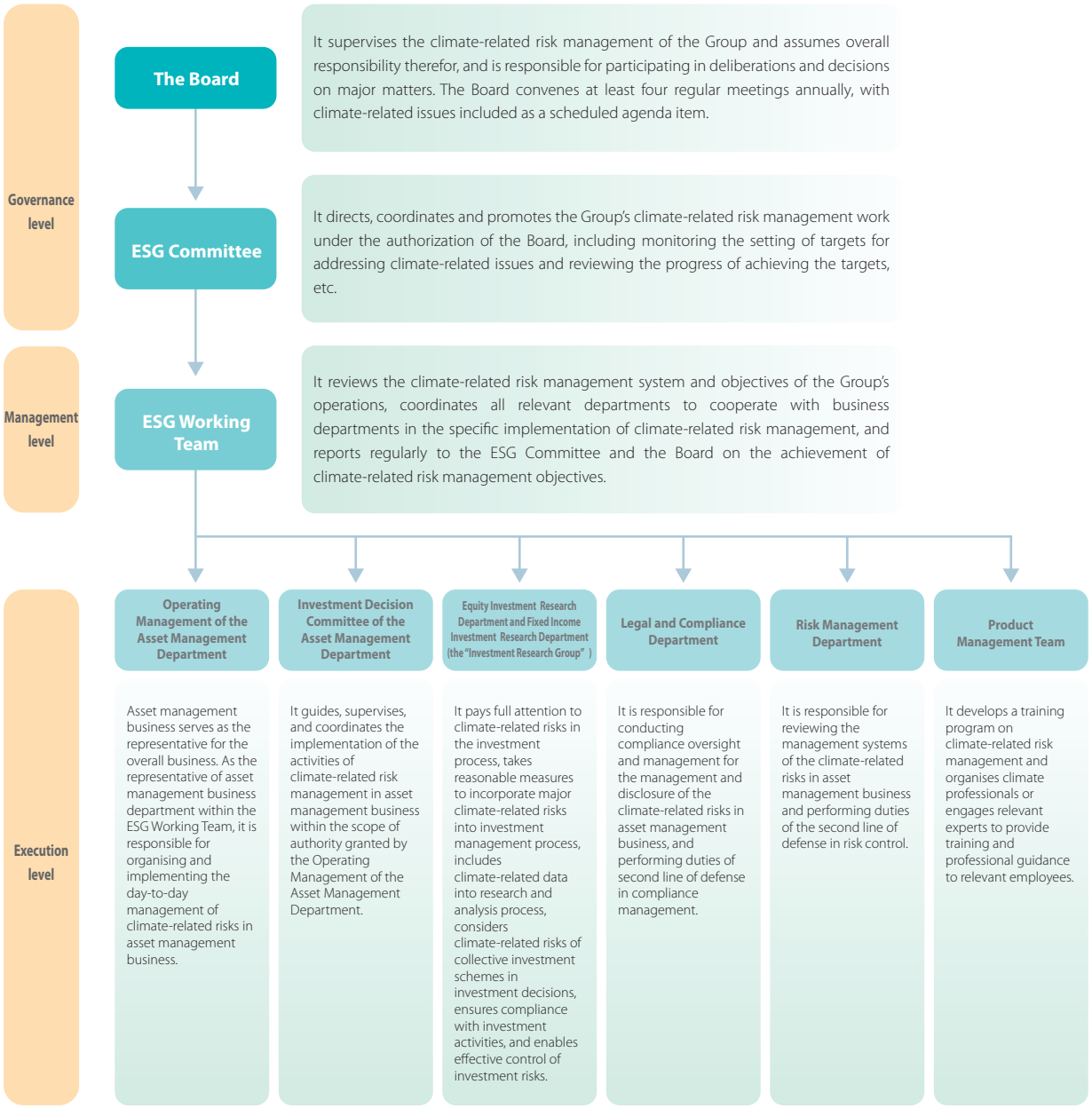
Based on the *IFRS Sustainability Disclosure Standards 1: General Requirements for Disclosure of Sustainability-related Financial Information* (《國際財務報告可持續披露準則第1號：可持續發展相關財務信息披露一般要求》) (IFRS S1) and *IFRS Sustainability Disclosure Standards 2: Climate-related Disclosure* (《國際財務報告可持續披露準則第2號：氣候相關披露》) (IFRS S2) issued by the International Sustainability Standards Board (ISSB) as well as *Enhancement of Climate-related Disclosures under the Environmental, Social and Governance Framework* (《優化環境、社會及管治框架下的氣候相關信息披露》) issued by HKEX, the Group continues to enhance its climate-related management and disclosure practices, and deepen its actions and commitment to climate change through a series of management initiatives

Governance

In 2025, the Group amended the *Climate-related Risk Management System for Asset Management Business of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司資產管理業務氣候相關風險管理制度》), recognised climate risk as one of the main risks of the asset management business, helped identify climate-related risks and opportunities in its own operations and business, and gradually incorporated climate-related risks into the Group's operation risk management process, so as to achieve comprehensive and systematic supervision, management and implementation of climate-related risk management and provide investors with more sufficient climate-related risk disclosures.

In addition, the Group plans to establish a mechanism linking executive compensation to climate change targets in the future, incorporating the achievement of the Group's climate change objectives as part of the variable performance pay of senior management.

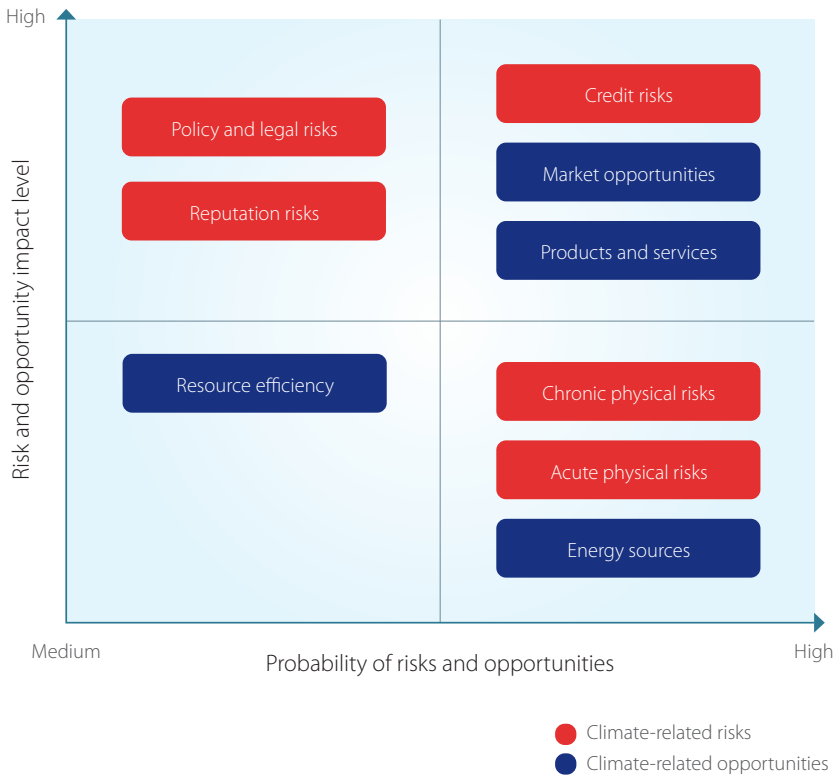
Climate Risk Management Structure of the Group



Strategy

The Group proactively identified climate risks and opportunities related to its operations, investment and financing businesses, and assessed their potential financial impact by conducting peer group benchmarking analysis, along with departmental interviews and external expert opinions. To minimise its negative impacts and closely monitor its progress, the Group has established climate-related targets. For details, please refer to the section headed "Indicators and Targets".

Matrix of the Climate-related Risks and Opportunities of the Group



Potential Financial Impacts, Strategies and Decisions of Climate-related Risks of the Group

Major climate-related risks		Time scope	Potential financial impact	Strategies and decisions
Transition risks	**Policy and legal risks** With the tightening of the national environmental protection policy, the business qualification of the Group may be affected due to its failure to fulfil the policy and regulatory requirements, or the Group may be subject to events of default, penalty or litigation, etc.	Short-term, medium-term, long-term	Decrease in operating revenue Increase in operating costs Decrease in investment portfolio value	• Establish a comprehensive business continuity management system and a business continuity management system, and to improve the mechanism for identifying, reporting, handling and following up unexpected incidents • All relevant functional departments and business segments to make addressing climate change one of their priorities to ensure legal and compliant operations • Closely follow policy trends including policies on environmental and climate-related risks
	Credit risk The introduction of low carbon policy will affect the market supply and demand structure, which may have an impact on the Group's business; or lead to higher credit risk due to the decline in solvency of customers/investee companies.	Short-term, medium-term, long-term	Decrease in operating revenue Decrease in investment portfolio value	
	Reputation Risk If the Group is unable to provide a reasonable response to climate change, it will have an impact on the Group's reputation; and damage to the reputation of customers/investee companies may also lead to a decline in solvency, i.e. higher credit risk.	Short-term, medium-term, long-term	Decrease in operating revenue Increase in operating costs Decrease in investment portfolio value	• Pay attention to climate resilience and climate-related risk management of the investee company in due diligence, project approval and decision-making, and subsequent management • Further identify climate risks and opportunities associated with the Group's operations based on the ISSB standards
Physical risks	**Acute physical risk** The Group or the Group's customers/investee companies may be exposed to extreme weather events, such as typhoons, floods, storms, etc. resulting in property damage or operational disruption.	Short-term	Decrease in operating revenue Increase in operating costs Depreciation of fixed assets	• Formulate contingency measures against typhoons and rainstorms and other meteorological disasters in accordance with the *CISI Typhoon and Rainstorm Emergency Response Plan* (《興證國際颱風及暴雨應急預案》) and the *CISI Emergency Guidebook for Trading Days under Severe Weather Conditions* (《興證國際惡劣天氣交易日應急指引手冊》).
	Chronic physical risk The Group or the Group's customers/investee companies may be affected by chronic weather events, such as rising temperatures and rising sea level, which affect normal production and operations.	Medium-term, long-term	Decrease in operating revenue Increase in operating costs Depreciation of fixed assets	

Note: Short-term refers to 0-1 year (including 1 year) after the end of the reporting period; medium-term refers to 1-5 years (including 5 years) after the end of the reporting period; long-term refers to more than 5 years after the end of the reporting period.

Potential Financial Impacts, Strategies and Decisions of Climate-related Opportunities of the Group

Major climate-related opportunities	Time scope	Potential financial impact	Strategies and decisions
Products & services If the Group provides investment and financing services to climate friendly companies that focus on developing and innovating low carbon products and low-carbon technologies, the Group will benefit from the healthy development of such customers/investee companies.	Short-term, medium-term, long-term	Increase in employee costs Increase in operating revenue	• Provide financial services for energy conservation and environmental protection, new energy and other green industries • Practice ESG investment philosophy, and identify climate friendly industries and companies to provide investment and financing services for them
Market opportunities Against the backdrop of a low carbon economy, the market has become more favourable to climate-friendly financial products. The innovation and development of climate-friendly products and services will be conducive to enhancing the Group's reputation and bringing revenue growth areas.	Short-term, medium-term, long-term	Increase in operating revenue Increase in brand value	• Improve ESG strategies and issue ESG or green-themed products • Reduce energy consumption and greenhouse gas emissions through LED lamp replacement and energy-saving retrofits
Resource efficiency To improve the efficiency of the use of resources such as energy and water resources in the course of the Group's operations, allowing the Group to cut resource expenses.	Short-term, medium-term, long-term	Decrease in operating costs	• Rationalise the use of video conferencing systems to reduce the frequency of travel and reduce the greenhouse gas emissions generated by travel
Energy sources The use of low carbon energy sources in the Group's operations facilitates the reduction of the Group's carbon underwriting costs in the medium to long term.	Medium-term, long-term	Decrease in operating costs	

The Group identifies the correlation and materiality of its climate-related risks for each collective investment scheme product or each investment strategy that the it manages and has investment management discretion, re-examines and evaluates the correlation and materiality of climate-related risks on an annual basis, or from time to time in the event of major changes, such as changes in the investment strategy of the funds or significant fluctuations in the size of assets under management, and updates the disclosure as and when necessary.

In addition, the Group plans to increase its focus on green bonds and other bonds whose use of funds is conducive to mitigating climate-related risks in accordance with market demand brought about by climate change; and it plans to increase its concerns on implementation and impact of issuers' ESG-related activities within their business operations.

Response Strategy of Climate Risk of the Group

Dimension	Specific content
Screening investment entity	• The environmental, social and governance friendliness of the entity at the business and operational levels. • Relevant circumstances of the industry in which the entity is located, including greenhouse gas emissions, energy use, and impact on climate.
Inspecting bonds	• The use of funds from historical green bonds of the same issuer. • Whether the issuer's business projects have been certified to relevant green business standards. • Whether the issuer has used environmental assessment measures for green business development. • Whether the issuer monitors the environmental impact of its business projects and whether there is any improvement.

In the process of formulating its strategies for responding climate change, the Group incorporates climate-related risks and opportunities into the full-cycle consideration of its investment decisions, business layout and resource allocation.

Impact of the Group's Climate Risk and Opportunity Management on Financial Position, Financial Performance, and Cash Flows

Risks

- During the reporting period, the direct impact of physical climate risks on the Group was limited, while climate-related transition risks may indirectly affect the Group's operating revenue, operating costs, and the performance of its investment portfolio value. The Group plans to progressively establish a robust quantitative assessment system for climate-related financial impacts in the future, and gradually enhance its ability to measure the impact of climate risk factors on its financial position, financial performance, and cash flows.

Opportunities

- During the reporting period, the Group actively promoted the development of green finance business with relevant investments reflected in employee costs related to green business amounting to HK$6.45 million. Moving forward, resource allocation will be dynamically adjusted based on business development needs.

- Based on current strategies, the Group anticipates that certain cost increases may arise from green capability building and compliance investments in the short term, however, in the medium to long term, as the scale of businesses such as green bond underwriting, thematic investment and sustainable financing expands, the contribution from relevant income will steadily increase. Such investments not only support the Group in seizing market opportunities arising from the low-carbon transition but also enhance its business resilience. While impacting the current expense structure to some extent, they contribute to strengthening long-term competitiveness and sustainable profitability.

To systematically advance the climate-related risks and opportunities and business management practices, the Group will further integrate climate factors into the management processes of various investment business in a systematic manner, focusing on identification, assessment, and response to climate risk exposures, and laying a solid foundation for the future measurement of quantitative indicators such as investment portfolio carbon footprint.

Management Objectives of the Climate-Related Businesses of the Group

Asset management business	The Group will further incorporate climate factors into its core management objectives: on one hand, it will ensure compliance by strictly implementing requirements from regulatory authorities such as the SFC for the disclosure and management of climate-related risks; on the other hand, it will strive to establish a comprehensive risk management system covering the entire process of identification, assessment, management and supervision, promote the incorporation of climate risks into investment decisions, enhance business resilience and transparency, seize sustainable investment opportunities while effectively controlling risks, and facilitate the coordinated improvement of environmental performance and investment value. The Group will further promote the development of its capability in measuring investment portfolio carbon footprint, so as to provide a basis for optimising asset allocation.
Proprietary business	The Group will enhance its focus on ESG development of its investee entities and entities in the pool, with particular emphasis on the setting and implementation progress of climate-related objectives for investment targets. The Group will comprehensively consider climate transition requirements, regulatory mandates and market dynamics, reasonably adjust the allocation proportion of green bonds in its investment portfolio, ensure the exposure level remains consistent with that of industry peers, and effectively meet the relevant regulatory standards for green investments.

In order to further strengthen response to climate-related risks and opportunities, the Group has continued to increase its support and share for green business. For details, please refer to the sections headed "Green Finance" and "Responsible Investment". The Group has carried out the measurement of carbon emission intensity at the investment portfolio level. For details, please refer to the subsection headed "Indicators and Targets" in this section.

The Group fully recognises the significant value of climate-related scenario analysis in assessing business resilience and strategic adaptability. Given that the current methods for climate scenario analysis are still in the development stage, the industry lacks unified standards, and the implementation of such analysis requires substantial resources input and relies on high-quality, comparable underlying data, the Group has adopted a prudent and pragmatic strategy for the current year: the relevance and practicality assessment analysis of scenario analysis will be mainly conducted when climate-related risks are assessed as relevant and material to the investment strategies or funds under management.

Currently, due to the limitations of external data availability and disclosure completeness, the Group has not yet fully implemented quantitative scenario analysis. However, since 2021, the Group has systematically conducted carbon accounting for its own operations and value chain, laying a data foundation for deepening climate resilience assessment in the future. Moving forward, the Group plans to benchmark against leading practices of international investment banks, explore and research methodologies for climate-related scenario analysis, and conduct analysis based on data related to carbon emissions in its own value chain (including Scope 1, 2, and 3), so as to provide relatively accurate measurement results and formulate a transition plan that meets the requirements of the 1.5°C temperature rise pathway.

Risk Management

The Group has established processes for the management of climate-related risks, including the use of assessment tools and techniques to analyse these risks in order to determine the extent of their potential impact. This is based on the priority of risks to ensure that resources are concentrated on the most critical risk areas.

Initiatives on Climate-related Risk Management of the Group

Aspect	Specific content
Overall management process	• We combine the characteristics of the investment strategy, type of investment subject and investment period of particular collective investment scheme products to determine whether they will be affected by climate-related risks. • After analysing the physical risks and transition risks of each underlying subject, and taking into account the current position, the overall risk exposure of the product or investment strategy is weighted by the proportion of the investment amount to obtain a score, and the correlation and materiality of the climate-related risks are judged according to the criteria set in advance. • Based on the identification and assessment of the climate-related risks of each product, the climate-related risk indicators are designed based on the characteristics of the specific products and the investment strategy.
Degree of integration of impacts	Determine whether climate-related risks are likely to affect products: • If a product is initially determined not to be affected by climate-related risks based on the investment strategy, climate-related risks are not relevant to the product or investment strategy. For products or investment strategies that are assessed not to be associated with climate-related risks, appropriate records should be kept to explain the reasons for such irrelevance, and the assessment of correlation should be reassessed on a regular basis. • If, after initial judgment of the investment strategy, climate-related risks are considered to exert an impact on a particular product or investment strategy, an assessment of the level of exposure to climate-related risks on the product or underlying investment subject of the investment strategy should be carried out, taking into account, where appropriate, the relevant internationally recognised and established methodologies.

Aspect	Specific content
Establish contingency plans	• We organised all departments to establish *Business Continuity Plan* (《業務連續性專項計劃》) and established comprehensive and timely contingency plans for seven major risk scenarios (covering risk scenarios of natural disasters caused by climatic changes such as typhoons, rainstorms and earthquakes), so as to gain an accurate understanding of the overall business continuity of the Group and enable prompt identification, reporting, and effective response to potential risks or risk events. • In 2025, the Group conducted system test and evaluation for trading days with severe weather and amended the the *CISI Emergency Guidebook for Trading Days under Severe Weather Conditions* (《興證國際惡劣天氣交易日應急指引手冊》); in December, it organised all relevant departments to carry out the annual review and drill on the *Business Continuity Plan* (《業務連續性專項計劃》) and the *Emergency Plan for Critical Systems* (《重要系統應急預案》) to verify the effectiveness of the contingency plan and disaster recovery systems; at the same time, it organised the "Contact Tree" exercise to ensure the accessibility and timeliness of emergency contact channels.
Conduct risk assessments	• Assessment method: after identifying and analysing physical risks and transition risks for each underlying target, combined with the current position holdings, the overall risk exposure level score for the fund or investment strategy is calculated by weighting according to the proportion of investment amounts, and the relevance of climate-related risks is judged based on the pre-set thresholds. • When climate-related risks are judged to be relevant to the fund or investment strategy, combined with the availability of relevant target data and information and the trend of market policy changes, the "Shadow Carbon Pricing" methodology is adopted to assess the potential financial impact on invested enterprises under scenarios such as carbon tax imposition, thereby quantitatively evaluating the impact of climate-related risks on the investment performance of the fund portfolio, and judging the materiality of climate-related risks based on pre-set thresholds. When relevant target data and information are unavailable, the calculated overall risk exposure level score of the fund or investment strategy is used to judge the materiality of climate-related risks based on pre-set thresholds.

Based on the above-mentioned risk management initiatives, the Group has further systematically incorporated climate-related risks into the entire investment management process to achieve in-depth integration of climate risk control and investment decisions through institutionalised and process-oriented design, so as to consolidate the risk defenses for sustainable investment.

Incorporation of Climate-Related Risks into the Investment Management Process of the Group

Part	Specific initiatives
Investment strategy formulation	• When formulating the overall investment strategy and management strategy for collective investment scheme products, climate-related risks identified and assessed as relevant and material will be explicitly incorporated.
Research analysis and evaluation	• In the process of conducting research and analysis on covered industries or specific investment targets, research personnel will consider climate-related risks that have a material impact on industry trends, market environment and corporate finances, based on the identification and evaluation results of climate-related risk exposure levels and materiality issues. Where necessary, the analysis and research results will be incorporated into investment research recommendations and filed for record.
Investment portfolio construction and adjustment	• Based on research recommendations, investment managers will comprehensively assess the climate-related risks of investee companies in accordance with the requirements of the product investment strategy or asset management agreement, so as to construct and dynamically adjust the investment portfolio.
Post-investment management and engagement	• In the process of investment portfolio management, research personnel and investment managers will engage with investee companies to understand their climate-related risk management performance, and consider incorporating relevant information into investment decision-making considerations.
Strategic positioning	• The Asset Management Department will timely develop thematic investment strategies related to climate change response and actively seize investment opportunities in the sustainable development sectors to demonstrate the Group's strategic response to climate transition risks and opportunities.

Indicators and Targets

The Group places high importance on the long-term impacts of climate change. Since setting 2021 as the base year, the Group has established a clear target for the greenhouse gas (GHG) emission and energy management, which means that the GHG emissions per unit area of the Group in 2025 will show a downward trend, and the Group will regularly disclose the progress in achieving relevant target in the annual ESG report. At the same time, the Group has systematically conducted annual statistics and analysis of GHG emissions data, and accordingly optimised energy conservation and emission reduction measures.

Progress in Achieving GHG Emissions Management Targets of the Group in 2025

Indicator	**Unit**	2021 (base year)	**2025 (reporting year)**	Increase/ decrease as compared with 2021
GHG emissions per unit area (Scope 1 and Scope 2)	ton CO_2e/m^2	0.07	**0.06**	decreased by 14.29%

The Group conducts the calculation of investment carbon emissions for its core investment portfolios in accordance with the carbon emission calculation methodology for listed equities under the Partnership for Carbon Accounting Financials (PCAF) framework, and calculates the carbon footprint of the investment portfolios based on the market value of holdings. This calculation covers Scope 1 and Scope 2 GHG emissions, aiming to quantify the carbon emission impact of enterprises supported by investment activities and enhance the transparency and management capacity of climate-related risks.

The calculation formula for the carbon footprint of the investment portfolio is as follows:

$$\sum_{N}^{i} \left(\frac{\text{Current value of investment}_i}{\text{Investee company's enterprise value}_i} \times \text{Investee company's Scope 1 and Scope 2 GHG emissions}^{@}_i \right) \Big/ \text{Current portfolio value (\$ million)}$$

Statistics on the Carbon Footprint of the Group's Investment Portfolios

Investment portfolio name	2024 Investment portfolio carbon footprint (calculated as of December 31, 2023) (tCO2e/million HKD)	**2025 Investment portfolio carbon footprint (calculated as of December 31, 2024) (tCO2e/million HKD)**
CISI Core Select Series— Chinese Core Asset Fund	2.27	**12.78**
IS Select Value Return Fund	0.78	**10.03**

The increase in the investment portfolio's carbon footprint for 2025 compared to 2024 is attributed to the following factors:

For the investment portfolio "CISI Core Select Series—Chinese Core Asset Fund", the proportion of holdings in low-carbon technology stocks was relatively high during the 2024 assessment. In 2025, holdings in two high-carbon-emission enterprises elevated the overall carbon footprint level. Excluding these two holdings would significantly reduce the portfolio's carbon footprint.

For the investment portfolio "IS Select Value Return Fund", the increase in its carbon footprint level was primarily due to the fact that the net value and the number of individual stocks held in the portfolio increased significantly over the two years; at the same time, the portfolio included repurchase holdings and bond holdings without publicly available financial information, resulting in low coverage of individual stock carbon data, which exacerbated data fluctuations.

7.2 Environment and Natural Resources

Energy Usage and Management

In 2025, the main types of energy involved in the Group's operations comprised purchased electricity, petrol consumed by our own vehicles and so on. In order to improve energy utilisation efficiency improvements, reduce greenhouse gas emissions, as well as to minimise the impact of our operations on the environment, the Group has adopted a series of energy-saving measures to minimise the impact of our operations on the environment.

Key Energy Saving and Emission Reduction Measures of the Group

- Automatic sensor lights are used to achieve intelligent management of light, and avoid unnecessary power waste;
- Office air-conditioners are set at a fixed temperature to maintain the average room temperature of the office between 24 and 26 degrees Celsius in summer to reduce the power consumption of air-conditioners;
- Reminders of water and electricity conservation are posted in the pantry and near the light switches;
- Priority is given to environmentally friendly electronic products with high energy efficiency ratings. The devices are set to energy-saving mode in default, and employees are reminded of turning off unnecessary electronics during non-office hour.



Electricity conservation label

The Group has set a target for the energy management with 2021 as the base year, which means that the electricity consumption per unit area of the Group in 2025 will show a downward trend as compared with the base year of 2021, and the Group will regularly disclose the progress in achieving relevant target in the annual ESG report. The Group identifies potential direction for improvement and formulates practicable energy-saving solutions accordingly, thereby promoting the development of an operation model and culture of continuous optimisation of energy usage internally.

Progress in Achieving Energy Management Targets of the Group in 2025

Indicator	Unit	2021 (base year)	**2025 (reporting year)**	Increase/ decrease as compared with 2021
Electricity consumption per unit area	kWh/m²	94.01	**94.59**	+0.6%

Water Utilisation and Management

The municipal water is the Group's main source of water, and there is no problem in seeking water sources. Routine office work is the main water-consuming segments of the Group. The Group implements a series of water conservation measures and encourage its employees to cultivate good water-saving habits in their daily work and lives, working together to reduce water consumption.

Key Water Conservation Measures of the Group

- Water-saving appliances are installed in the office and inspected at any time to avoid wastefulness;
- Water conservation slogans are posted in the pantry to encourage employees to use water efficiently and to guide them to develop a good habit of water conservation.



Water conservation slogan in the pantry

As the Group's office premises are leased offices, it is not possible to separate the water charges from the property management fees, therefore the total water consumption and density data cannot be calculated for the time being. However, the Group undertakes that we will gradually improve the conservation and management of water resources, achieve regular monitoring, statistics and analysis of water consumption as soon as possible, control water consumption per unit area to a lower level and disclose water consumption and density data in the annual ESG report.

In respect of wastewater management, the Group has strictly complied with the *Water Pollution Control Ordinance (Cap. 358)* (《水污染管制條例(香港法例第358章)》) of Hong Kong and discharged the domestic wastewater generated from the office premises to the municipal network after unified treatment to meet the standards, so as to minimise the impact of the Group's operation on the water environment.

7.3 Waste Management

The Group is committed to reducing the waste generated from its daily office and operations. The main waste includes non-hazardous waste, such as waste paper and cartons, and hazardous waste, such as toner cartridges and used computers. The Group strictly complies with the relevant provisions of the *Waste Disposal Ordinance (Cap. 354)* (《廢棄處置條例(香港法例第354章)》) to regulate the disposal of non-hazardous and hazardous waste, while continuously advancing waste reduction initiatives.

The Group undertakes to further improve the identification and statistical mechanisms of the sources of non-hazardous and hazardous waste, and to control the generation of all types of waste to a low level.

Key Waste Reduction Measures of the Group

- The printer supplier recycled used cartridges every month, and a total of 40 cartridges were recycled during the year;
- The printer status was adjusted to double-sided printing and ink-saving mode;
- A recycling box was placed next to the printer to collect single-sided paper for recycling, and single-sided papers were reused for printing and receiving faxes;
- The "Follow You" printing solution was adopted in the Hong Kong office in collaboration with printing solution provider to achieve better cost-effectiveness through smart printing;
- Employees were required to present their employee IDs for printing, reducing the number of unclaimed prints, paper consumption and costs;
- Employees were encouraged to reuse stationery, e.g. flipcharts, folders, and paper clips.



Paper saving label

The Group actively advocates and implements a paperless office by implementing paperless operation through OA system approval and e-statements, producing electronic posters (e.g. Mid-Autumn Festival posters, and Spring Festival posters, etc.) for use by employees on festive occasions, encouraging employees to communicate with each other through electronic means (e.g. through emails, and corporate WeChat), and making presentations through the use of electronic scanning and electronic devices such as projectors, etc.

Performance of Results of Paperless Operation of the Group in 2025

Indicator	Unit	2025
Daily office paper consumption	ton	**2.68**
Total number of processes processed in OA system	piece	**57,173**
Imputed number of papers saved in OA system processing[Note 1]	sheet	**285,865**
Number of papers saved in processing customer statements through securities and futures settlement system	sheet	**638,400**

Note 1: The number of papers saved by the OA system is estimated at five sheets of A4 paper per process.

ESG DATA PERFORMANCE TABLE

Anti-Corruption Performance Indicator

Indicator	Unit	2023	2024	2025
Number of concluded legal cases regarding corrupt practices brought against the Group and its employees	piece	0	0	**0**
Number of anti-corruption trainings conducted	times	3	1	**1**
Number of employees participating in anti-corruption-related trainings	person	208	169	**188**
Average hours of anti-corruption training per employee	hour	1.66	1.00	**1.00**
Number of directors participating in anti-corruption-related trainings	person	6	2	**2**
Average hours of anti-corruption training per director	hour	1.67	1.00	**1.00**

Supplier Performance Indicator

Indicator	Unit	2023	2024	2025
Total number of suppliers	quantity	86	84	**81**
The Chinese Mainland suppliers	quantity	18	25	**24**
Overseas, Hong Kong, Macao and Taiwan suppliers	quantity	68	59	**57**

Customer Performance Indicator

Indicator	Unit	2023	2024	2025
Number of customer enquiries	piece	7,704	8,240	**7,661**
Including: the number of complaints	piece	1	1	**0**
Percentage of complaints solved	%	100	100	**–**
Customer satisfaction	%	98	99	**98**
Number of verified complaints about customer privacy infringement and losses of customer information	piece	0	0	**0**

Employee Employment and Training Performance Indicator

Indicator		Unit	2023	2024	2025
Total number of employees		person	230	209	**191**
By gender	Male	person	118	114	**106**
	Female	person	112	95	**85**
By employment type	Number of full-time contract employees	person	228	207	**191**
	Number of full-time dispatched employees	person	0	0	**0**
	Number of employees in other forms of employment (Note 1)	person	2	2	**0**
By age group	>50 years old	person	21	19	**16**
	30 to 50 years old	person	159	150	**146**
	<30 years old	person	50	40	**29**
By geographical region	Chinese Mainland	person	106	92	**86**
	Overseas, Hong Kong, Macao and Taiwan	person	124	117	**105**
Employee turnover rate (Note 2)		%	18.26	19.62	**28.80**
Employee training coverage (Note 3)		%	100	100	**100**
By gender	Male	%	100	100	**100**
	Female	%	100	100	**100**
By employee level	Senior management	%	100	100	**100**
	Middle management	%	100	100	**100**
	General employees	%	100	100	**100**
Annual average number of hours of training per employee for all employees (Note 4)		hour	25.00	26.9	**34.76**
By gender	Male	hour	25.00	26.9	**34.76**
	Female	hour	25.00	26.9	**34.76**
By employee level	Senior management	hour	25.00	26.9	**34.76**
	Middle management	hour	25.00	26.9	**34.76**
	General employees	hour	25.00	26.9	**34.76**

Note 1: Other forms of employment of the Group refer to contract employees.

Note 2: [Calculation method] Employee turnover rate = number of employee turnover during the year/number of employees at the end of the year. The heightened activities and intensified competition within Hong Kong's financial markets have led to increased personnel turnover within the industry, therefore, such data have increased significantly compared to last year.

Note 3: [Calculation method] Employee training coverage for each category = number of employees of such category receiving training/total number of employees of corresponding category.

Note 4: [Calculation method] Hours of training per employee per year for each category = total number of hours of training received by employees of such category/number of employees of corresponding category.

Employee Health and Safety Performance Indicator

Indicator	Unit	2023	2024	2025
Number of work-related injuries (Note 1)	times	0	0	**0**
Lost days due to work-related injuries	day	0	0	**0**
Percentage of work-related fatalities	%	0	0	**0**

Note 1: The Group is a financial company which does not involve occupational hazards such as dust, noise, and radioactive materials, etc.

Community Investment Performance Indicator

Indicator	Unit	2023	2024	2025
Community investment amount	HK Dollars	51,346.19	47,314.01	**42,660.98**
Number of employee volunteers	person time	140	92	**187**
Total hours of employee voluntary services	hour	8	8	**8**

Environmental Performance Indicator

Indicator	Unit	2023	2024	2025
Total GHG emissions (Scope 1 and Scope 2) (Note 1)	ton CO_2e	226.32	191.92	**220.62**
Total GHG emissions in Scope 1 (Note 1)	ton CO_2e	13.87	10.41	**5.59**
Total GHG emissions in Scope 2	ton CO_2e	212.46	181.51	**215.03**
Total GHG emissions in Scope 3 (Note 1)	ton CO_2e	13.15	81.98	**80.35**
GHG emissions per capita (Scope 1 and Scope 2)	ton CO_2e/person	0.98	0.92	**1.12**
GHG emissions per unit area (Scope 1 and Scope 2)	ton CO_2e/m^2	0.07	0.06	**0.06**
Gasoline consumption of self-owned vehicles (Note 2)	litre	5,193.00	3,900.00	**2,096.00**
Total electricity consumption	kWh	313,500.00	275,730.00	**326,350.00**
Electricity consumption per capita	kWh/person	1,363.04	1,319.28	**1,656.60**
Electricity consumption per unit area	kWh/m^2	90.87	79.92	**94.59**
Hazardous waste: toner cartridges	box	45	43	**40**
Non-hazardous waste: paper consumption	ton	2.74	1.49	**1.18**

Note 1: [Calculation method] The direct energy used by the Group includes gasoline while indirect energy includes electricity. GHG emissions in Scope 1 include direct GHG emissions from gasoline consumption of the Group's own vehicles, GHG emissions in Scope 2 include indirect GHG emissions from purchased electricity, and GHG emissions in Scope 3 include Type 5 GHG emissions from waste paper recycling and transportation to landfills and Type 6 GHG emissions from employee business travel by air transport, high-speed trains and hire cars, which are calculated based on *How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs* (《如何編備環境、社會及管治報告附錄二：環境關鍵績效指標匯報指引》) issued by the Hong Kong Stock Exchange. In 2025, the Group added the indirect GHG emissions from transportation for business travel of employees, in particular, the GHG emission factors for passengers of air transport and rail passengers transport in 2025 are based on direct emission factor data from the Chinese Environmentally Extended Input-Output (CEEIO) database (2020). The data for 2024 has been retrospectively adjusted.

Note 2: After the scrapping of the Group's own fuel vehicles at the end of 2024 and the replacement by electric vehicles, the gasoline consumption decreased significantly compared with the previous year.

Note 3: As the Group's office premises are leased offices, it is not possible to separate the water charges from the property management fees, therefore the total water consumption and density data cannot be compiled for the time being.

REPORT INDEX

Environmental, Social and Governance Reporting Code of Hong Kong Stock Exchange (Effective from 1 January 2025)

Part B: mandatory disclosure requirements

Mandatory disclosure items	Corresponding sections of this report and other statements
Governance structure	Getting to Know CISI and ESG Governance
Reporting principle	Description of Report Preparation
Scope of reporting	Description of Report Preparation

Part C: "Comply or explain" provisions

Subject Areas, Aspects, General Disclosure and Key Performance Indicators	Corresponding sections of this report and other statements
Subject Area A. Environment	
Aspect A1. Emissions	
General Disclosure A1	Environment and Natural Resources Waste Management
KPI A1.1	ESG Data Performance Table
KPI A1.2 [deleted on 1 January 2025]	——
KPI A1.3	ESG Data Performance Table
KPI A1.4	ESG Data Performance Table
KPI A1.5	Environment and Natural Resources
KPI A1.6	Waste Management
Aspect A2. Use of Resources	
General Disclosure A2	Environment and Natural resources
KPI A2.1	ESG Data Performance Table
KPI A2.2	ESG Data Performance Table
KPI A2.3	Environment and Natural Resources ESG Data Performance Table
KPI A2.4	Environment and Natural Resources ESG Data Performance Table
KPI A2.5	This indicator is not applicable to the Group's products which are financial procedures only
Aspect A3. Environment and Natural Resources	
General Disclosure A3	Environment and Natural resources
KPI A3.1	Environment and Natural resources ESG Data Performance Table

Part C: "Comply or explain" provisions **Subject Areas, Aspects, General Disclosure and Key Performance Indicators**	**Corresponding sections of this report and other statements**
Aspect A4. Climate Change	
General Disclosure A4 [deleted on 1 January 2025]	——
KPI A4.1 [deleted on 1 January 2025]	——
Subject Area B. Social	
Employment and Labour Practice	
Aspect B1. Employment	
General Disclosure B1	Employment and Rights
KPI B1.1	Employment and Rights ESG Data Performance Table
KPI B1.2	Employment and Rights ESG Data Performance Table
Aspect B2. Health and Safety	
General Disclosure B2	Employee Health and Safety
KPI B2.1	Employee Health and Safety ESG Data Performance Table
KPI B2.2	Employee Health and Safety ESG Data Performance Table
KPI B2.3	Employee Health and Safety ESG Data Performance Table
Aspect B3. Development and Training	
General Disclosure B3	Employee Training and Development
KPI B3.1	Employee Training and Development ESG Data Performance Table
KPI B3.2	Employee Training and Development ESG Data Performance Table
Aspect B4. Labour Standards	
General Disclosure B4	Employment and Rights
KPI B4.1	Employment and Rights
KPI B4.2	Employment and Rights

Part C: "Comply or explain" provisions

Subject Areas, Aspects, General Disclosure and Key Performance Indicators	**Corresponding sections of this report and other statements**
Operating Practices	
Aspect B5. Supply Chain Management	
General Disclosure B5	Supplier Management
KPI B5.1	ESG Data Performance Table
KPI B5.2	Supplier Management ESG Data Performance Table
KPI B5.3	Supplier Management
KPI B5.4	Supplier Management
Aspect B6. Product Responsibility	
General Disclosure B6	Responsible Marketing
KPI B6.1	This indicator is not applicable to the Group's products which are financial procedures only
KPI B6.2	ESG Data Performance Table
KPI B6.3	Compliant Operation
KPI B6.4	Responsible Marketing
KPI B6.5	Data Security and Customer Privacy Protection
Aspect B7. Anti-corruption	
General Disclosure B7	Compliant Operation
KPI B7.1	ESG Data Performance Table
KPI B7.2	Compliant Operation
KPI B7.3	Compliant Operation ESG Data Performance Table
Aspect B8. Community Investment	
General Disclosure B8	Community Responsibilities
KPI B8.1	Community Responsibilities
KPI B8.2	Community Responsibilities ESG Data Performance Table

Part D: Climate-related Disclosures

Climate-related Disclosures		Corresponding sections of this report and other statements
(I)	**Governance**	
19.	Governance	Responding to Climate Change – Governance
(II)	**Strategy**	
20.	Climate-related Risks and Opportunities	Responding to Climate Change – Strategy
21.	Business Model and Value Chain	Responding to Climate Change – Strategy
22-23.	Strategy and Decision -making	Responding to Climate Change – Strategy
24-25.	Financial Position, Financial Performance and Cash Flows	Responding to Climate Change – Strategy
26.	Climate Resilience	Responding to Climate Change – Strategy
(III)	**Risk Management**	
27.	Risk Management	Responding to Climate Change – Risk Management Green Finance Responsible Investment
(IV)	**Metrics and Targets**	
28-29.	Greenhouse Gas Emissions	Responding to Climate Change – Indicators and Targets ESG Data Performance Table
30.	Climate-related Transition Risks	Responding to Climate Change – Strategy
31.	Climate-related Physical Risks	Responding to Climate Change – Strategy
32.	Climate-related Opportunities	Responding to Climate Change – Strategy
33.	Capital Deployment	Responding to Climate Change – Strategy
34.	Internal Carbon Prices	Responding to Climate Change – Risk Management
35.	Remuneration	Responding to Climate Change – Governance
36.	Industry-based Metrics	Responding to Climate Change – Indicators and Targets
37-40.	Climate-related Targets	Responding to Climate Change – Indicators and Targets
41.	Applicability of Cross-industry Metrics and Industry-based Metrics	Responding to Climate Change – Indicators and Targets

DESCRIPTION OF REPORT PREPARATION

This is the Environmental, Social and Governance Report ("ESG Report") published by China Industrial Securities International Financial Group Limited and its subsidiaries ("CISI", the "Group", "we", "us" or "our"), which discloses to investors and other stakeholders the concepts that the Group upholds, the management approach that the Group has established, the work that the Group has implemented and the results that the Group has achieved in relation to ESG issues in the course of operations.

Scope of Reporting

The scope of this report covers the Group. Unless otherwise specified, the scope of this report is consistent with the scope of the consolidated financial statements of the Group (stock code: 6058.HK) for the same period. The full names and abbreviations of the companies covered in this report within the scope of the above organisation are shown in the table below.

Full name of subsidiary	Abbreviation of subsidiary
China Industrial Securities International Brokerage Limited	CISI Brokerage
China Industrial Securities International Futures Limited	CISI Futures
China Industrial Securities International Capital Limited	CISI Capital
China Industrial Securities International Asset Management Limited	CISI Asset Management
China Industrial Securities International Wealth Management Limited	CISI Wealth Management
China Industrial Securities International Investment Limited	CISI Investment
China Industrial Securities International Custody Limited	CISI Custody

Reporting Period

The report covers the period from 1 January 2025 to 31 December 2025. Unless otherwise specified, the data in this report are all data for the period.

Basis of Preparation

The report has been prepared in accordance with Appendix C2 *Environmental, Social and Governance Reporting Code* (《環境、社會及管治報告守則》) (effective from 1 January 2025) of the Listing Rules issued by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

Data Declaration

All data and cases in this report are sourced from the formal records of actual operations of the Group.

All financial data in this report are denominated in Hong Kong dollars. In case of any discrepancy between the financial data contained herein and those set out in the annual financial report of the Group, the annual financial report shall prevail.

Reporting Principles

Materiality

The Group identified the operation-related material topics to the concern of stakeholders, which are highlighted in this report. While reporting the material issues, this report also focuses on the features of the industry in which the Group operates and its business operations. For the analysis process and results of the issues' materiality, please refer to the "Identification and Analysis of Material Issues" section for details.

Quantification

This report discloses key quantitative disclosure items and provides historical data where feasible. The measurement of quantitative information has been stated in terms of data calibre, calculation basis and assumptions to ensure that the margin of error in the calculation is not misleading to users of the information. Please refer to the "ESG Data Performance Table" for details.

Balance

The content of this report reflects objective and factual facts and discloses both positive and negative information about the Group in an unbiased manner. No negative events that should have been disclosed but were not disclosed were found during the Reporting Period.

Consistency

The statistics and disclosure methods for the same quantitative disclosure items in this report are consistent across reporting periods; if there are changes in data collection, measurement and calculation methods, the relevant data will be retrospectively adjusted and the circumstances and reasons for the adjustments will be explained in the notes to the report, so as to enable stakeholders to conduct meaningful analyses to assess the development trend of the Group's ESG data level.

Report Languages

This report is prepared in Traditional Chinese and English. In case of any discrepancies between the Chinese and the English versions, Traditional Chinese version shall prevail.

Reliability Assurance

The Board guarantees that there is no false information, misleading statements or material omissions in this report.