



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

2024[🌱]



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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

Under the global trend of sustainable development, the Group is fully aware that ESG governance is not only a compelling social responsibility of enterprises, but also the way to build the foundation of long-term and stable development and enhance core competitiveness of enterprises. The Group upholds the business philosophy of “Connecting Global Capital, Create Wealth with Wisdom”, and regards ESG development as a core element of high-quality corporate development, integrating it deeply into its development strategy and daily operations, and committing itself to becoming an international and professional financial service platform.

Looking back to 2024, the Group actively promoted ESG construction, received a “B” grade in the Climate Change Questionnaire of the Carbon Disclosure Project (CDP), included in the “2024 Hong Kong International ESG List of the Year”, awarded the “2024 Outstanding ESG Performance Organisations in the Greater Bay Area”, and widely recognised for its practices and achievements in terms of ESG.

Optimising corporate governance: With respect to the construction of the corporate governance system, the Board attaches great importance to ESG governance and regards it as an important component of corporate governance. The Group continues to improve its ESG governance system, operating a hierarchical governance structure on a regular basis in which “the Board, the ESG Committee, the ESG Working Team, and the relevant departments and subsidiaries” have their own roles and responsibilities to ensure the effective implementation of the ESG strategy.

Based on our own strategy and industry characteristics, the Group analyses macro policies and industry trends, clarifies the direction of performance of its responsibilities, and updates and adjusts important ESG issues in a timely manner. The materiality and priority of identified material ESG issues are assessed, analysed and ranked through stakeholder survey, and those issues are ultimately subject to supervision, review and decision-making by the Board so that the Group could put more specific efforts in ESG governance. In 2024, the Group divided “green finance and ESG investment” into “green finance” and “responsible investment”, specifically elaborating ESG practices for different business types.

Practicing green finance: As an advocate and pioneer of green finance, the Group is deeply engaged in green bond financing, green equity financing, green investment and other green financial areas through the integration of professional services and resources to provide financing for green industries and green projects. It actively practices the concept of responsible investment, incorporating ESG factors into the evaluation system of the target enterprises, and striving to create long-term, sustainable economic, environmental and social benefits. The Group gradually incorporates climate-related risks into the business risk management process, identifying the types of climate-related risks and opportunities, and effectively responding to the impact of climate change.

Fulfilling social responsibility: While focusing on our own business development, the Group has been actively implementing ESG development concepts and integrating them into its corporate culture. In enhancing the value of employees, the Group is committed to creating a good working environment and development opportunities for its employees, emphasising employee diversity and inclusiveness, and upgrading the professionalism of its employees through rich training and career development planning. In terms of social value creation, the Group collaborates with a number of charitable organisations in Hong Kong, regularly carries out environmental protection voluntary activities such as coastal clean-ups, as well as actively participates in public welfare undertakings, demonstrating its corporate commitment through practical actions.

Looking ahead, CISI will continue to uphold the concept of sustainable development, continue to enhance its ESG governance, increase its efforts in optimising corporate governance, practicing green finance and fulfilling its social responsibilities, seize the opportunities arising from sustainable development, and strive to create greater value for 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 full-service financial group engaging in investment and financing businesses such as global market trading (stocks, future and fixed income), corporate finance, asset management, research and institutional service, and proprietary investment. 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, Create 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.

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1.2 Principal Businesses



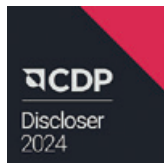
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1.3 Group Structure



1.4 Honours and Recognition

ESG Category



A Management Level "B" rating from the CDP Climate Change Rating



A ESG BBB rating by Wind



"2024 Outstanding ESG Performance Organisations" granted by the Guangdong-Hong Kong-Macao Bay Area Entrepreneurs Alliance

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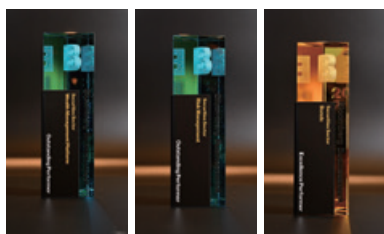


Included in the “List of the Year” of the 2024 Hong Kong ESG List of the Year

General Category



A “BBB” investment grade credit rating with “stable” outlook by Fitch Ratings



“Excellence Award in Bonds”, “Excellence Award in Structured Products” and “Outstanding Award in Wealth Management Platforms” in the Securities Sector of the Bloomberg Businessweek Financial Institutions Awards 2023



“Best China Securities Firm Award” in the 14th Golden Bauhinia Award of China Securities in 2024



“Primary Market Innovative Institution (Underwriter)” in the Outstanding Participants 2024 of Bond Connect

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"2023/2024 Hong Kong Caring Company"



"Excellence Award" of the 2024 Hong Kong Investor Relations Association Awards



"Best Financial Equity Company Star Bond Strategy Fund Award (5-Year)" and "Golden Central Best Performance Award for Comprehensive Services" at the 9th Annual Zhitongcaijin Capital Markets Conference



"Outstanding Underwriter of the Year" and "Best Underwriter of the Year for Dim Sum Bonds" in the DMI 2024 Annual Institutional Awards for China Offshore Bond



"Highest Growth Value Award" at the 9th "Jinge Award" of Gelonghui

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2. ESG GOVERNANCE

2.1 ESG Governance Structure

The Group adheres to embed ESG concepts and ESG governance into its long-term development strategy. Based on an ESG governance structure in which “the Board is responsible for supervision and decision-making, the ESG Committee (“ESG Committee”) for coordination and management, and the ESG Working Team (“ESG Working Team”) for implementation”, we have been promoting ESG management and practices on a regular basis, continuously enhancing ESG management, and endeavouring to translate commitments to stakeholders into concrete actions.

ESG Governance Structure of the Group



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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 2024, the Board of the Group fully performed its duties of considering, deciding and supervising ESG-related matters. The Board convened 8 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 2023 ESG Report* (《興證國際2023年度ESG報告》) and other matters, and took the lead in completing 2 ESG employee activities.

ESG Issues Considered by the Board of CISI in 2024

ESG Issues of Concern	Contents of Consideration
Corporate Governance	<ul style="list-style-type: none"> • Reviewed the Group's existing corporate governance functions and systems, as well as the implementation of the corporate governance system in 2023.
Information Disclosure	<ul style="list-style-type: none"> • Considered the <i>CISI 2023 ESG Report</i> (《興證國際2023年度ESG報告》), covering response to climate change, employee development and training, customer services and communications, etc.
Risk Management	<ul style="list-style-type: none"> • Reviewed the Group's risk management and internal monitoring system and received relevant reports from the management; considered the Group's risk appetite statement for 2024, etc.
Business Compliance	<ul style="list-style-type: none"> • Reviewed whether the Group's compliance monitoring and management functions have been implemented effectively and with sufficient resources, and received the report from the management on anti-money laundering work for 2023.
Green Finance	<ul style="list-style-type: none"> • Considered the <i>CISI 2023 ESG Report</i> (《興證國際2023年度ESG報告》), covering green finance, etc.
Responding to Climate Change	<ul style="list-style-type: none"> • Considered the <i>CISI 2023 ESG Report</i> (《興證國際2023年度ESG報告》), covering response to climate change, etc.

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2.2 Stakeholder Communication and Engagement

CISI values the trust and support of stakeholders, regards communication with stakeholders as a core part of ESG management, 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 identified and finalised six major stakeholders and established a regular communication mechanism to ensure that the demands of stakeholders are integrated into the daily operation and decision-making process, so as to continuously improve the effectiveness of communication with stakeholders and promote the synergistic development of the Group and its stakeholders.

Stakeholders' Focuses and Responses of CISI in 2024

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

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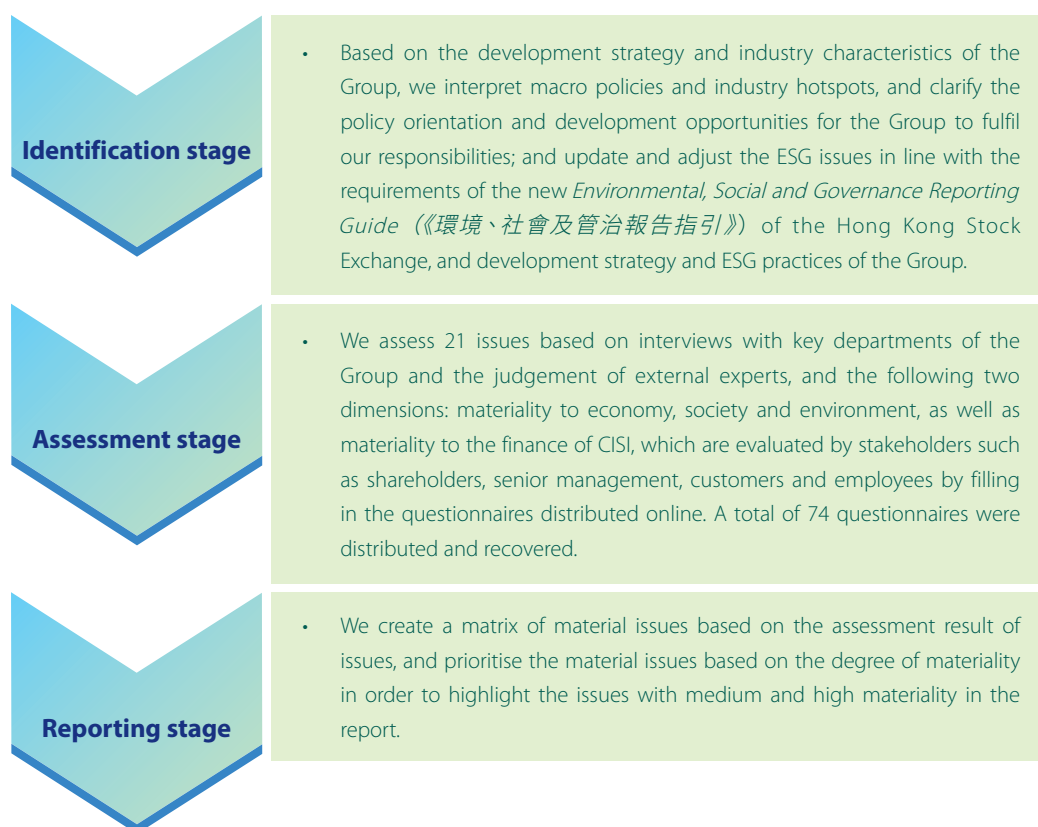
Stakeholder	Issue focused	Communication and response
Employees	Employee recruitment and employment Employee rights and benefits Employee training and development Employee health and safety Diversity and equal opportunities Legal and compliant operation Risk management Anti-corruption	Participate in "Innovating Hong Kong – Global Talent Carnival" Put training and promotion system into place Conduct employee care events
Government and regulators	Legal and compliant operation Anti-corruption Responsible marketing 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 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

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2.3 Identification and Analysis of Material Issues

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.

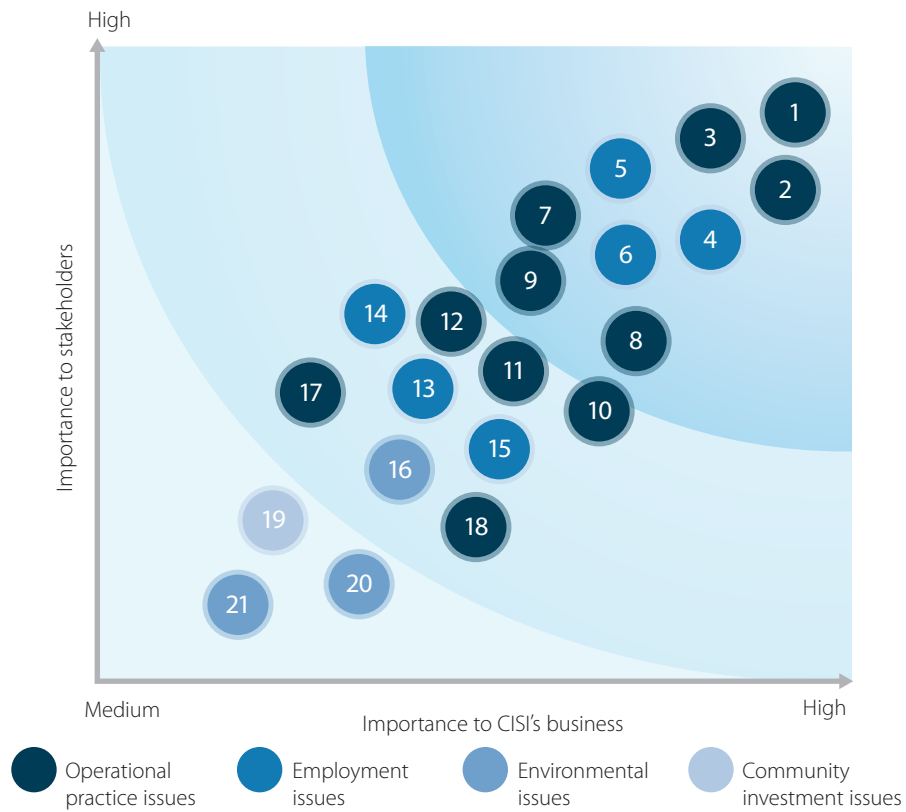
Material Issue Analysis Process of the Group



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Material Issues Matrix of the Group for 2024



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Ranking of Material Issues of the Group

No.	Title of issue	No.	Title of issue
High-material issues		Medium-to-high material issues	
1	Risk management	10	Green finance
2	Legal and compliant operation	11	Responsible investment
3	Data security and customer privacy protection	12	Responsible marketing
4	Customer communication and complaint management	13	Employee recruitment and employment
5	Employee development and training	14	Diversity and equal opportunities
6	Employee rights and benefits	15	Employee health and safety
7	Serving real economy	16	Responding to climate change
8	Anti-corruption	17	Intellectual property protection
9	Investor education	18	Supplier management
		Medium material issues	
		19	Community investment
		20	Waste management
		21	Environment and natural resources

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Key Changes in Material Issues of the Group in 2024

Description of change	Material issues in 2024	Material issues in 2023	Interpretation of issues
Division of issues	Green finance		The Group's support of environmental improvement, response to climate change, and economic activities with economic and efficient use of resources, that is, the financial services for environmental protection, energy conservation, clean energy, green transportation, green building, etc.
	Responsible investment	Green finance and ESG investment	

The Company's incorporation of Environmental, Social and Governance factors into its investment decisions, and investment strategies and practices of active ownership.

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3. ECONOMIC AND OPERATIONAL RESPONSIBILITIES

3.1 Sustainable Finance

The Group upholds the philosophy of “Connecting Global Capital, Create Wealth with Wisdom” and has been actively implementing the ESG strategy by incorporating ESG concepts in various business areas and promoting ESG capital facilitation through multiple arrangements in green finance, responsible investment and serving real economy.

Green Finance

In respect of green debt financing, the Group actively explores green finance opportunities in offshore bonds, and support enterprises to issue green bonds to reduce financing costs, expand financing channels and improve financing efficiency by guiding customers to select excellent investment projects. In recent years, the Group has promoted a number of offshore green bond projects.

In 2024, the Group underwrote **42** green bond and sustainable bond projects with a financing size of over **HK\$80 billion**.



Assisted ICBC in the issuance of global multi-currency “carbon neutrality” offshore green bonds

In May 2024, the Group assisted Industrial and Commercial Bank of China Limited (“ICBC”) in the successful issuance of global multi-currency “carbon neutrality” offshore green bonds, which was the first time the Group had participated in the issuance of ICBC’s offshore bonds.

The bonds have been listed on the stock exchanges of Hong Kong, Singapore and London, including three products of 3-year floating rate USD bonds, 3-year fixed rate RMB offshore bonds and 3-year fixed rate EUR bonds. The proceeds were earmarked for green projects with significant carbon emission reduction in areas such as clean transportation and renewable energy. The issuance of offshore green bonds has been regarded as a pragmatic measure of the Group’s high-quality service to the country’s “Carbon Peaking and Carbon Neutrality” goal and contribution to a high level of opening.

热烈祝贺					
中国工商银行多家分行					
“碳中和”主题境外绿色债券成功发行					
ICBC 中国工商银行					
发行人	发行品种	发行期限	发行币种	发行规模	票面利率
香港分行	浮动	3年	美元	10亿	SOFR+48 bps
新加坡分行	固定	3年	离岸人民币	30亿	2.88%
伦敦分行	固定	3年	欧元	3亿	MS+65 bps

Poster of ICBC’s issuance of “carbon neutrality” offshore green bonds



Assisted Wuhou Development in the issuance of sustainability bonds

In November 2024, the Group served as the sole global coordinator and sole sustainability structured financing advisor for the successful issuance of 3-year senior unsecured sustainability bonds of RMB1.1 billion by Chengdu Wuhou Industrial Development Investment Management Group Co., Ltd. ("Wuhou Development").

The trading was launched at an initial pricing guidance of 3.80%, with a subscription multiple of 1.98 times. The final price was set at 3.00%, which was 80 basis points lower than the initial pricing guidance, and was the lowest interest rate for direct issuance of offshore RMB bonds by comparable local state-owned enterprises in China. At the same time, the issuance also served as sustainability bonds, upholding the concept of ecology first and green development, and practicing the low-carbon sustainable development strategy in an active manner.



Poster of Wuhou Development's issuance of sustainability bonds

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.

Evaluation Criteria of the Group for Green Enterprises

Dimension	Criteria description
Green business evaluation	The green industries set out in the <i>Guiding Catalogue of Green Industries</i> (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.

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Completion of a Hong Kong IPO sponsorship project for a new energy power plant developer

The Group entered into a Hong Kong IPO sponsorship project for a photovoltaic power plant of a new energy power plant developer, which is mainly engaged in the development, investment and construction of photovoltaic power plants, wind power plants and other clean energy power plants, with a capital raising of approximately HK\$500 million to HK\$700 million. The project was successfully completed in 2024. By participating in this project, the Group has assisted in the developer in promoting the application of photovoltaic and wind energy technologies and accelerating the promotion of clean energy solutions.

In step with efforts to create economic benefits, the Group has been actively strengthening the learning, exchanges and practical exploration in the area of green finance among its employees, promoting the development of its own capabilities through extensive and in-depth cooperation, and contributing to the construction of a sustainable financial ecosystem.



Organised green finance training to enhance green finance awareness among employees

In December 2024, the Group invited the Hong Kong Quality Assurance Agency to organise a training themed “Sharing on the Issuance of Green and Sustainability Bonds: Green and Sustainable Finance Grant Scheme and Green Finance Certification Services of the Hong Kong Monetary Authority” to strengthen the awareness of green and sustainable finance among employees and continuously enhance the practice standard of employees.

Responsible Investment

In 2024, the Group amended and published 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.

Following the ESG investment philosophy, the Group continues to optimise its ESG-themed investment strategies by actively applying ESG investment strategies such as positive screening, negative elimination, norm-based screening, 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.

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Applications of ESG investment strategy of the Group

ESG investment strategy

Applications

Positive screening	<ul style="list-style-type: none"> 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 its peers; consider green certifications provided by bond issuers and their green financial frameworks, as well as the investment targets of bond proceeds.
Negative elimination	<ul style="list-style-type: none"> Eliminate sectors or companies 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, etc.; include a company into the blacklist of stocks on the basis whether such company experiences any significant negative event, including corruption, etc. Negative elimination factors to be focused on: <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 companies related to a variety of sustainable themes, including energy conservation, renewable energy, and energy storage.
Shareholder activism	<ul style="list-style-type: none"> In accordance with the <i>Management System of China Industrial Securities International Asset Management Limited for ESG Engagement Measures</i> (《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.

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- 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 Jinan Energy Group

In 2024, the Group participated in bonds investment for green project financing issued by Jinan Energy Group Co., Ltd. ("Jinan Energy Group") on 21 March 2024, with a coupon rate of 5.842%. The funds were used to finance and/or refinance eligible projects under the guarantor's green financing framework, with an allocated amount of HK\$11,643,800. Through this project, the Group further fulfilled its commitment in promoting the development of green finance market.

In 2024, the Group's total investment in sustainability bonds, green bonds and other climate-friendly bonds amounted to **HK\$9,144 million**. As of the end of 2024, the position in sustainability bonds and green bonds amounted to **HK\$4,355 million**.

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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 to help them to serve real economy while providing them with capital access.

In 2024, 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 is 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 2024, the Group had underwritten **226** issuances of overseas bonds for Chinese enterprises with an underwriting amount of **HK\$16,045 million**.

Key actions of the Group to serve real economy in 2024

- CISI completed the listing application of Impression Dahongpao Co., Ltd., with an estimated fund raising of approximately HK\$140 million. The landscape live performance of the flagship program *Impression Dahongpao* (《印象大红袍》) 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.
- CISI completed the listing application of Xiamen International Investment Company Limited, with estimated proceeds amounting to approximately HK\$5 billion. The investment company financially supports many entities engaging in real economy to contribute to development of real economy.
- 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 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.

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3.2 Risk Management

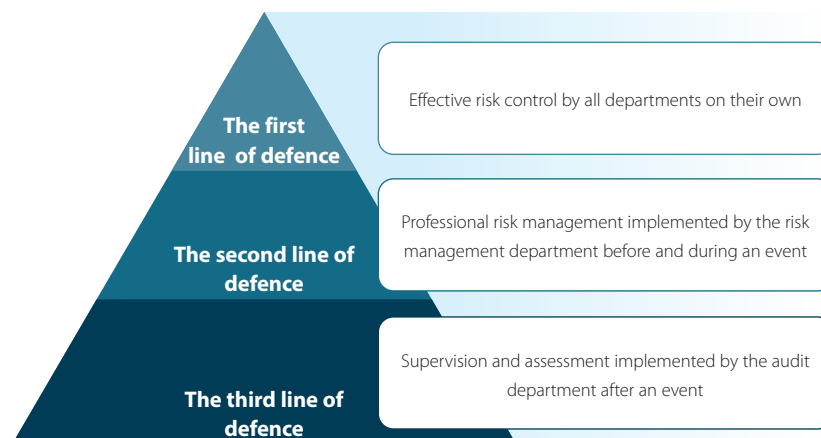
Comprehensive Risk Management

The Group is committed to establishing a strong internal control system and core competencies in risk management to ensure that we are able to measure, control and withstand risks, so as to facilitate the long-term sound development of our business and the realisation of strategic objectives.

In 2024, the Group organised the publication of the risk appetite statement, risk limits and authorisation for the use of business funds for 2024, and re-examined, formulated or amended a total of 31 risk management systems covering various business lines, including the *Implementation Rules on Risk Limit Management of Futures Business* (《期貨業務風險限額管理實施細則》), the *Implementation Rules on Stress Test of Futures Business* (《期貨業務壓力測試實施細則》) and the *Guidelines on Risk Management of the Structured Finance Department* (《結構融資部風險管理指引》), as well as 3 margin financing control systems, including the *Operating Procedures for the Temporary Disposal of Securities Margin Loans and Trading Limits* (《證券保證金貸款及交易額度暫緩處置操作規程》) by taking into account the external regulatory requirements and business practicability in order to continuously improve the risk management mechanism.

The Group has established a comprehensive risk management organisational structure comprising the Board, the management, the risk management committee, the risk management department and other departments, and has established the three lines of defence for risk management to effectively ensure the checks and balances and restraints on the rights and responsibilities in relation to risk management, and to ensure that risk management is performed efficiently and effectively. The Group further enhanced risk management team by establishing a department risk controller mechanism to further implement the requirements of comprehensive risk management and to enhance multi-faceted risk control capabilities.

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 2024, the Group convened seven meetings of the risk management committee to provide timely reporting on the quarterly operating risks and new business development, discuss and plan for the next risk control work, and share and exchange views on the macro-economy and the industry so as to enhance the foresight of risk control management.

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Key risk management measures of the Group in 2024

Type	Description of measures
Credit risk	<ul style="list-style-type: none"> 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 1,736 daily risk control reports, and 12 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 for a total of 3 times, 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	<ul style="list-style-type: none"> We amended the <i>Risk Control Indicators for the Standing Investment Business of the Proprietary Investment Department</i> (《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 risk management department continued to follow up on the identification of various products of the asset management business, 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 promoted the launch of the IBM daily report database, led the construction of the cockpit, and realised the function of intuitive display of Bloomberg proprietary position data on the IBM system.

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Type	Description of measures
Operational risk	<ul style="list-style-type: none"> We improved the operational risk system and re-examined the <i>Operational Risk Management Measures</i> (《操作風險管理辦法》), <i>Implementation Rules on Operational Risk Events and Loss Data Collection</i> (《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 <i>Business Continuity Management Measures</i> (《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 <i>Maintaining Trading under Severe Weather Conditions</i> (《惡劣天氣下維持交易》) assessment project of the SFC and published the <i>CISI Emergency Guidebook for Trading Days under Severe Weather Conditions</i> (《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.
Investment banking business	<ul style="list-style-type: none"> 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 filing management of investment banking projects.

At the same time, the Group has organised a number of risk management training sessions to share the practical experience of the construction of the risk management system, strengthen the risk control capability of the frontline, and create a sound risk control culture.

Risk Management Training of the Group in 2024

Training content

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

- In March, new employee orientation training – risk management (e-learning)
- In April, training on risk management mechanism and business risk control
- In August, training on new futures regulations
- In September, training on margin financing business risk management

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ESG Risk Management

In accordance with the management and review system for new businesses under the *Risk Management Measures of China Industrial Securities International Financial Group Limited for New Businesses* (《興證國際金融集團有限公司新業務風險管理辦法》), 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 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》) and the *Codes for Management of Bond Pools of 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債券池管理工作規程》) in 2024 to 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 of asset management. As a part of the business review and approval process, the Group gives comprehensive consideration to project risks in the light of specific project situations. For companies 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 company 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.
Social	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: 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.

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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 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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 2024, 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.

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Key compliance management measures of the Group in 2024

Aspect	Description of key measures
Strict implementation of regulatory requirements	<ul style="list-style-type: none"> In January, the Inland Revenue Department successfully completed the inspection and did not find any non-compliance with the requirements of the <i>Stamp Duty Ordinance</i> 《印花稅條例》 of the Inland Revenue Department. In March, we received a letter from the SFC on the conclusion of the on-site inspection, indicating that the operation of the Group's non-exchange-traded investment business was in compliance with the relevant requirements of the SFC. In December, the first regulatory inspection meeting was held with the SFC.
Strengthening compliance inspections	<ul style="list-style-type: none"> We conducted 10 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	<ul style="list-style-type: none"> We revised and published 6 legal regulations. We focused on the training and inspection of contract signing work to enhance the standardisation of contracts upon signing and the completeness of record keeping.
Reinforcing system technology empowerment	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> We conducted three appraisals for the business units, and one 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	<ul style="list-style-type: none"> We actively launched the Civil Code Publicity Month, China Fair Competition Policy Publicity Week and Constitution Publicity Week, strengthened legal literacy and education, and fostered a law-abiding and compliant corporate culture. We launched 9 compliance training programs covering anti-money laundering, Cross-boundary Wealth Management Connect Scheme and contract management, etc. We launched 20 training sessions of internal systems, including customer due diligence, investor identification codes, trade orders and information security, etc.

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Organising compliance training seminars to implement the concept of compliance culture

In August 2024, the Group invited Stephenson Harwood to organise a compliance training seminar on the theme of “Compliance of SFC-Licensed Corporations” for employees of the Group to enhance their understanding of the *Code of Conduct* (《操守準則》) of the SFC and other regulatory requirements, and also improve their conduct and standard of practice, which was actively attended by a total of 20 employees.

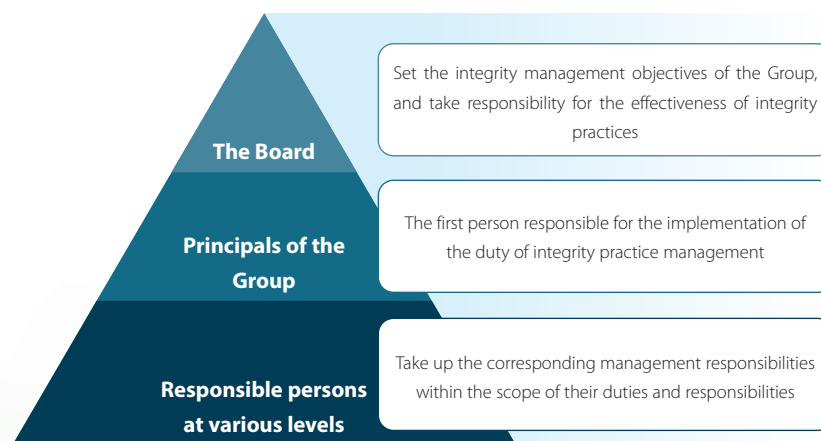
Starting from the licensing status of the regulated activities of securities firms, the course introduced the general principles of regulations, and explained the consequences of non-compliance in the context of the disciplinary actions taken by the SFC, which provided support for the business departments to understand and implement the regulatory requirements, and further implemented the compliance culture concept of “Compliance, Integrity, Professionalism and Prudence”.

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 *Regulation on the Integrity 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.

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



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Key measures on integrity practices of the Group in 2024

Aspect	Description of measures
Establishing an integrity risk management system	<ul style="list-style-type: none">• We completed the re-examination of the measures of <i>Regulations on the Acceptance of Advantages and Gifts by Employees</i> (《職員收受利益及禮品管理規定》), <i>Compliance Handbook</i> (《合規手冊》), <i>Detailed Guidelines on Integrity of Employees</i> (《員工廉潔操守指引細則》), <i>Regulations on the Integrity of Employees</i> (《員工廉潔從業規定》), <i>Measures on the Management of Employee Violations and Dereliction of Duty</i> (《員工違規失職問責管理辦法》), and <i>Measures on the Management of Conflicts of Interest</i> (《利益衝突管理辦法》).• 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	<ul style="list-style-type: none">• 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 <i>Compliance and Integrity Pledge</i> (《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.

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Aspect	Description of measures
Developing a culture of integrity practices	<ul style="list-style-type: none"> In April, the Independent Commission Against Corruption ("ICAC") was invited to provide corruption prevention and integrity promotion seminars for the directors, licensed employees and securities brokers of the Company, with a total of 164 participants. <i>Monthly Report on Compliance and Anti-money Laundering Publicity of CISI</i> (《興證國際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 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 Company to read the <i>Compilation of Cases of Non-compliance with Integrity Practice in the Securities Industry</i> (《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 whistleblower in strict confidence, and report the concern to the ICAC and the relevant regulatory bodies within five business 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.

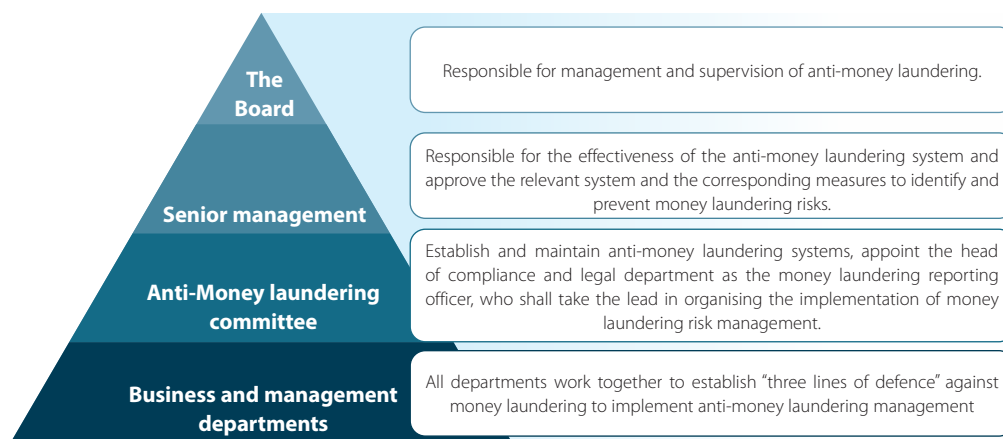
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Anti-money Laundering

In strict accordance 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, the Group establishes a systematic and comprehensive anti-money laundering regime entitled the *Anti-Money Laundering and Counter-Terrorist Financing Requirements of China Industrial Securities International Financial Group Limited* (《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》) applicable to CISI and its subsidiaries, in order to ensure that the Company has measures in place 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.

The Group has established a 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



The Group continues to promote the deepening of anti-money laundering work by systematic improvements, control warning enhancement, system optimisations and cultural atmosphere improvement, in order to further incorporate anti-money laundering requirements into specific business processes.

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

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Key anti-money laundering management measures of the Group in 2024

Aspect	Description of measures
Systematic improvements	<ul style="list-style-type: none"> In August and September, the <i>Operating Procedures for the Anti-money Laundering Trading Supervision System (Revised in September 2024)</i> (《反洗錢交易監察系統操作規程(2024年9月修訂)》) and the <i>Operating Procedures for the Monitoring and Management of Unusual Transaction Behaviour of Customers (Revised in August 2024)</i> (《客戶異常行為監控管理操作規程(2024年8月修訂)》) were revised and issued. In September, the <i>Report on Promoting the Operating Procedures for the Unusual Transaction Behaviour and Anti-money Laundering Trading Supervision System</i> (《異常交易行為和反洗錢交易監察系統操作規程宣導報告》) was published to publicise the latest requirements and key points of the relevant operating procedures to all employees.
Control warning enhancement	<ul style="list-style-type: none"> 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 of 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 16,905 unusual trading alerts and 1,068 SAS alerts, and 7 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.

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Aspect	Description of measures
System optimisations	<ul style="list-style-type: none"> In April, we completed the launch of the anti-money laundering section of the Kingstar system, and continuously optimised 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	<ul style="list-style-type: none"> In October, we completed the training on the <i>Report on Promoting the Operating Procedures for the Unusual Transaction Behaviour and Anti-money Laundering Trading Supervision System</i> (《異常交易行為和反洗錢交易監察系統操作規程宣導報告》). A total of 5 customised and diversified anti-money laundering training sessions were provided for different audiences, including 4 training sessions for the anti-money laundering committee. Those training sessions were conducted in a combination of online and offline manners, with a cumulative of 500 participants. We have compiled and published 12 issues of the <i>Monthly Report on Compliance and Anti-money Laundering Publicity</i> (《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 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 Group, and do not use, transfer or permit a third party to use the intellectual property rights of the Group at will; do not infringe the intellectual property of the Group, other entities or individuals; use the intellectual property of the Group, 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 Group due to the infringement of intellectual property”.

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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 *Rules for Selection of Qualified Suppliers for Decoration 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. In 2024, 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, and to materials that can be recycled with less unnecessary packaging.



4. FINANCIAL PRODUCTS AND SERVICES RESPONSIBILITIES

4.1 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》) to establish an information security management structure and continuously improve the information security management system to safeguard the security of the Group's information assets, as well as the transaction security and data security of investors through effective information security management and technical measures.

Information security management framework of the Group

Organisation	Function
Information technology governance committee	Responsible for the consideration and decision-making of major issues related to information security management.
Information technology department	Taking the lead in the information security management of the Company, responsible for the establishment and continuous improvement of the information security management system of the Company, as well as supervising and guiding the information security management of subsidiaries.
Each utilisation department and subsidiary	Comply with the information security management requirements of the Company and bear the obligations of information security management within their respective scope of responsibilities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Measures of the Group to protect information security and customer privacy in 2024

Data access management	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> All core trade settlement system databases were 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Regular internal audits and risk assessments related to information security were conducted, and employees were trained with information security, with all employees being required to participate in the training and pass the examination.
Confidentiality of customer information	<ul style="list-style-type: none"> 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 <i>Guidelines on Market Development and Services</i> (《市場拓展及服務工作指引》).



Employee training on information security

In 2024, the Group launched employee training on information security, which was attended by 156 employees, representing a coverage rate of 75%. The training was mainly related to information security awareness. Upon completion of the training, all employees who participated in the training passed the examination.

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

4.2 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. By reviewing and revising customer-related systems, strengthening customer data management, carrying out multi-channel exchanges and training sessions, and implementing the digital operation strategy, etc., the Group optimises customer service processes to continuously enhance customer services.

Key measures of the Group to optimise customer services in 2024

Reviewing and revising customer-related systems	<ul style="list-style-type: none"> The Group completed 8 reviews of the systems related to customer account opening and data information maintenance, and amended 5 of the systems, including the <i>Enforcement Rules on Inactive Accounts of Customers</i> (《客戶不動戶的執行規範》), <i>Guidelines on Account Opening Information</i> (《開立賬戶資料指引》), <i>Detailed Rules on the Management of Professional Investor Accounts</i> (《專業投資者賬戶管理細則》), <i>Detailed Rules on the Management of Customer Information Data</i> (《客戶信息資料管理細則》) and <i>Detailed Rules on the Management of Customer Accounts</i> (《客戶賬戶管理細則》).
Strengthening customer data management	<ul style="list-style-type: none"> The Group continued to follow up on the collection of customers' personal information statements and updating of identification information to ensure the accuracy of customers' information and compliance with the assignment of the Broker-to-Client Assigned Number. In strict compliance with the rules issued by the China Securities Regulatory Commission, Shanghai Stock Exchange and Shenzhen Stock Exchange in relation to the restriction on the participation of mainland investors in the trading of the SH/SZ-HK Stock Connect, the Group did not open the SH/SZ-HK Stock Connect markets in order to comply with the regulatory requirements.
Carrying out multi-channel exchanges and training sessions	<ul style="list-style-type: none"> The Group customised the presentation contents for different types of customers, launched offline exchanges and training sessions, and simultaneously held live training sessions online. The Group organised a total of 67 training sessions with a total of 5,698 viewers, and simultaneously launched cross-border wealth management short videos with a total of 5,888 viewers.
Implementing the digital operation strategy	<ul style="list-style-type: none"> The Group completed the optimisation of the CRM customer marketing service page and expanded the panorama function.

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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》), further 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 2024, 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 three types of opinions and complaints, and clarified the main responsibilities of the relevant departments in this regard. In 2024, the Group held 2 meetings of the customer complaint handling task force.

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

Classification of opinions and complaints	General customer opinions and Complaints.	Complaints through regulators.	Material customer complaints.
Responsible department	Customer service department to coordinate the handling and investigations.	Compliance and legal department to coordinate the handling and investigations.	Compliance and legal department to coordinate the handling.
Handling method	Investigations should be completed with respect to the customer feedback and complaints within ten business days from the date of receipt and the procedures for response to the feedback and complaints should be communicated with the customer.	Depending on the actual situation, the main responsible department, customer service department or compliance and legal department handle the complaint, and the results should be communicated with the customer.	Depending on the uniqueness and seriousness of the customer complaints, the Group’s senior management will appoint other professional departments or set up special working groups to take the lead in handling the complaints.
Major responsibilities of the coordinating department	<ul style="list-style-type: none"> 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. 		

In 2024, the Group received one complaint from a customer and the resolution rate of the complaint was 100%.

4.3 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.

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4.4 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 2024, the Group held 67 live streaming sessions to provide online investor education content, with a total of more than 5,600 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 2024, the number of followers of the “Xinggangtong Investor Education Services” platform reached 6,580, with approximately 155 articles published and 20,700 readers. More than 60 sessions of online live broadcasts were launched through the “Wealth Gathering” column.



5. EMPLOYEE RESPONSIBILITIES

5.1 Employee 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 a mechanism for introduction of professionals, formulated the management systems such as 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 constructed a unified, standardised and professional recruitment system, in order to select and recruit various types of excellent and suitable talents in a scientific and reasonable manner through campus recruitment, social recruitment and internal recruitment. Meanwhile, the Group constantly improves recruitment plan for fresh graduates and retains excellent interns to continuously reserve fundamental talents.

In 2024, the Group introduced a total of 24 talents, including 6 high-end core talents. Thanks to our efforts to mobilise internal resources in the course of introducing talents, the Group introduced a total of 8 employees through internal recommendation channel, accounting for 33% of the total introductions.

In respect of the employee dismissal management, the Group has resolutely implements the provisions of the *Employment Ordinance* (《僱傭條例》), and strictly regulates the conditions and procedures of dismissal between the Group and employees to protect the legitimate rights and interests of employees in relation to dismissal.

Moreover, the Group prohibits the employment of child labour and forced labour, 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.

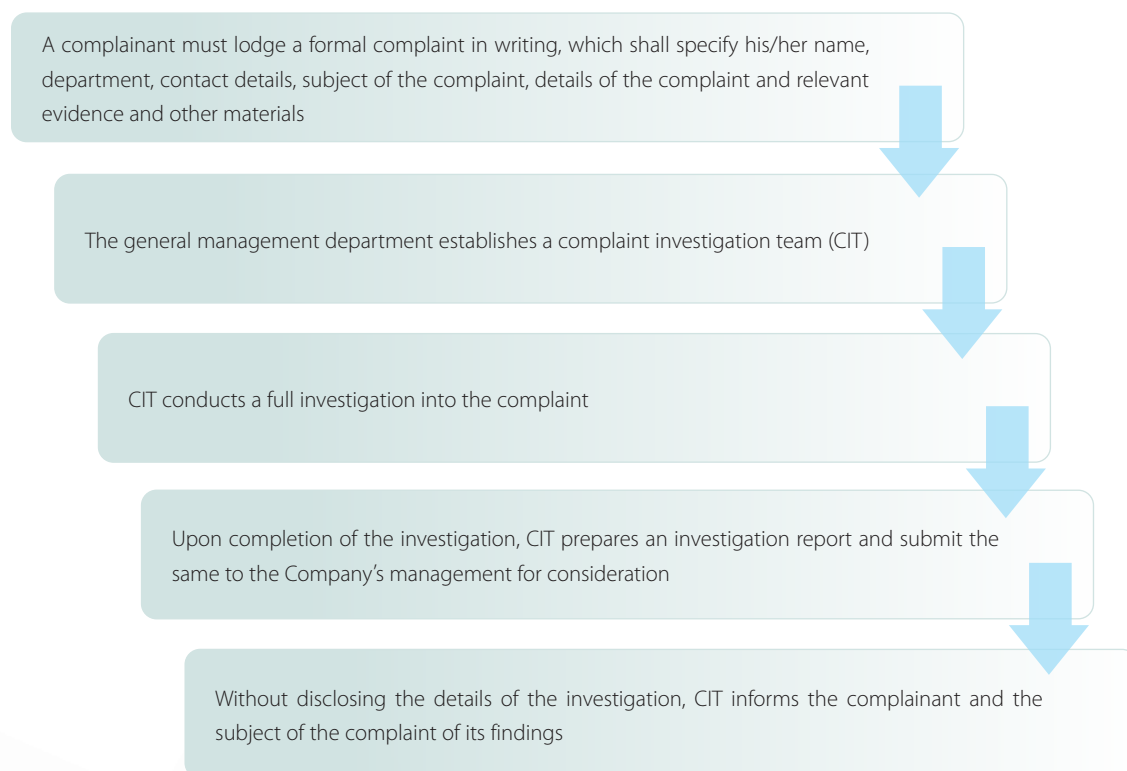
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Diversity and equal opportunities

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》), regardless of the 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 their 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.

Employee Complaint Handling Procedure of the Group



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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》), *Welfare Management Measures* (《福利管理辦法》) and other rules and regulations 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.

Overview of Employee Rights and Welfare of the Group

Compensation and welfare	<ul style="list-style-type: none">• Employees are paid basic monthly salary regularly, and are entitled to statutory holiday pay, annual leave pay, severance pay and long service payment in accordance with the <i>Employment Ordinance</i> (《僱傭條例》) and the <i>Employment Contract</i> (《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.• Employees are entitled to paid leave, long service payment, and statutory MPF scheme.
Working hours and holidays	<ul style="list-style-type: none">• In principle, employees work eight hours per day up to 40 hours per week.• 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	<ul style="list-style-type: none">• 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 approved 13 days of examination leave in 2024.

The Group attaches great importance to the work and life of employees. In order to enrich the spare-time life of employees, the Group organises various kinds of employee activities to enhance their cohesion and sense of well-being. In 2024, the Group organised gathering activities, sports competitions and staff birthday parties to further enrich the lives of employees and help them to strike a balance between work and life.

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Quarterly birthday parties



The 6th Hong Kong Investment Banking Cup Basketball League



Briefing on group insurance claims procedures

5.2 Employee Health and Safety

The Group values the health and safety of employees and provides medical insurance and annual medical examination benefits for all employees. The Group has prepared emergency plan documents such as the *Fire Control Plan* (《消防預案》), the *Earthquake Emergency Response Plan* (《地震應急預案》), the *Typhoon and Rainstorm Emergency Response Plan* (《颱風及暴雨應急預案》) to ensure that in case of fire, earthquake, typhoon, rainstorm and other emergencies, the Group can take effective measures in time to ensure the life safety of all employees.

The Group is committed to providing a safe and healthy working environment for its employees. Employees are required to report any potentially unsafe or hazardous health conditions to their department heads or the general management department immediately. Meanwhile, to ensure the health and safety of employees, the Group encourages them to actively participate in regular fire drills to familiarise themselves with fire safety knowledge as well as evacuation and escape procedures.

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

5.3 Employee Training and Development

Employee Development

The Group strives to building a career development platform that aligns with both the development objectives of the Group and 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》). The Group 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.

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, as well as 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.

Employee Promotion Management System of the Group

Type of employee	Promotion requirements
Professional employee	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

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.

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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.
	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 2024, the Group further improved the training programs in the online training platform “Xingzhihui (興智薈)”, completed the updating of the induction training courses and test questions for new employees of CISI in “Xingzhihui”, and arranged online training for new recruits. The Group also launched customer due diligence and Hong Kong listing introduction training programs to further enhance the professionalism of its employees.

In 2024, the Group invested a total of HK\$131,000 in training, with 100% training coverage and 26.9 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 Company as soon as possible. It reimburses the relevant expenses incurred in obtaining the licenses/professional qualifications required for the job, 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 2024, a total of 24 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\$72,000 in supporting employee development, and approval of 13 days of leave.

6. COMMUNITY RESPONSIBILITIES

6.1 Public Welfare and Charity

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 (Hong Kong), 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 2023 and 2024, 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 during the year.

In 2024, the Group’s social welfare investment amounted to HK\$47,314.01, with approximately 92 participants.



“Caring Company” Honour

In 2024, the Group actively coordinated its employees to participate in charity activities, which mainly included donations to Hong Kong Po Leung Kuk, purchase of social enterprise products and participation in the Bloomberg “Square Mile” Relay, etc.

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Donation to Po Leung Kuk for the fourth consecutive year

In December 2024, the Group donated HK\$10,000 to Hong Kong Po Leung Kuk. This was the fourth consecutive year that the Company 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 purchase social enterprise products of Po Leung Kuk in order to show our support for the disadvantaged groups.



Donation from the Group to Po Leung Kuk



Organising employees to participate in “Bloomberg Square Mile Relay”

In December 2024, the Group participated in the “Bloomberg Square Mile Relay – Hong Kong” at Tamar Park in Hong Kong. The race attracted over 1,000 participants, and the funds raised were used to support local public health, education and other charity events in Hong Kong.

The participating team of the Group, comprising 20 employees divided into two teams, took part in both the men’s and mixed races, demonstrating excellent teamwork and individual capability. The Group’s participation in the charity relay was not only a promotion of a healthy culture among employees, but also an important initiative to give back to the community and care for the underprivileged.



Group photo of employees at the “Bloomberg Square Mile Relay”

6.2 Environment-related Charitable Events

The Group puts into practice the concept of green development, and supports the development of environmental protection through participation in charity events, regular coastal cleanups and other environmental protection voluntary activities, aiming to raise the environmental awareness and sense of social responsibility of employees, and contribute to the development of co-prosperity in Hong Kong.



Donation to Kadoorie Charitable Foundation Hong Kong and participation in charity events

In December 2024, the Group made a donation to Kadoorie Charitable Foundation Hong Kong and organised employees to participate in the “Nature Walk & Treasure Hunt” charity event organised by the Foundation. The aim of the event was to raise the awareness of environmental protection among employees and promote the sustainable development of green ecology in Hong Kong.

Employees of the Group gathered at the Kadoorie Farm and Botanic Garden to enjoy the beautiful scenery along the route and actively participated in the quizzes on plant and animal conservation knowledge set up along the route, further deepening their understanding about ecological conservation. Through the charity event, the employees have gained an in-depth understanding of the importance and urgency of sustainable development of the ecological environment, contributed to the protection of green ecological environment in Hong Kong with practical actions, and advocated more people to pay attention to and participate in environmental protection and public welfare undertakings.



Group photo of employees at the charity event



Employees' participation in knowledge sharing and quizzes

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7. ENVIRONMENTAL RESPONSIBILITIES

7.1 Responding to Climate Change

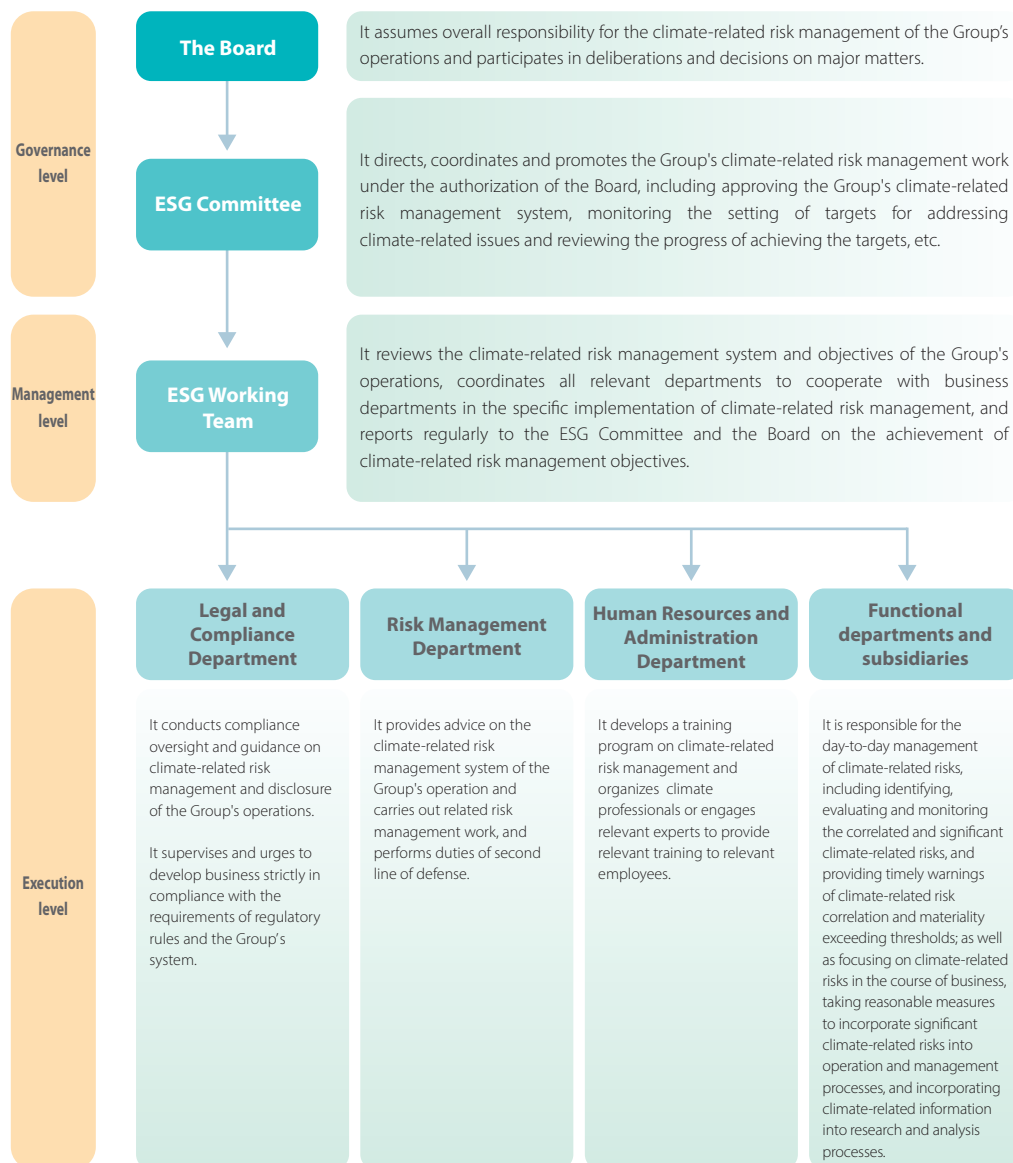
The Group is committed to actively and effectively identifying and responding to potential climate risk factors to create long-term investment returns for our customers. Based on the *IFRS Sustainability Disclosure Standards 1: General Requirements for Disclosure of Sustainability-related Financial Information* (《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), the Group has taken these standards as a starting point to further deepen its commitment in the area of climate change through a series of management initiatives. The Group has taken this as a starting point to further deepen its commitment to climate change through a series of management initiatives.

Governance

As an advocate and pioneer of green finance, the Group is fully aware of the impact brought by environmental and climate issues and has been firmly promoting and implementing the strategy of green development. The Group has formulated 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, accelerated the establishment of a climate-related risk management structure to help 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.

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Climate Risk Management Structure of the Group

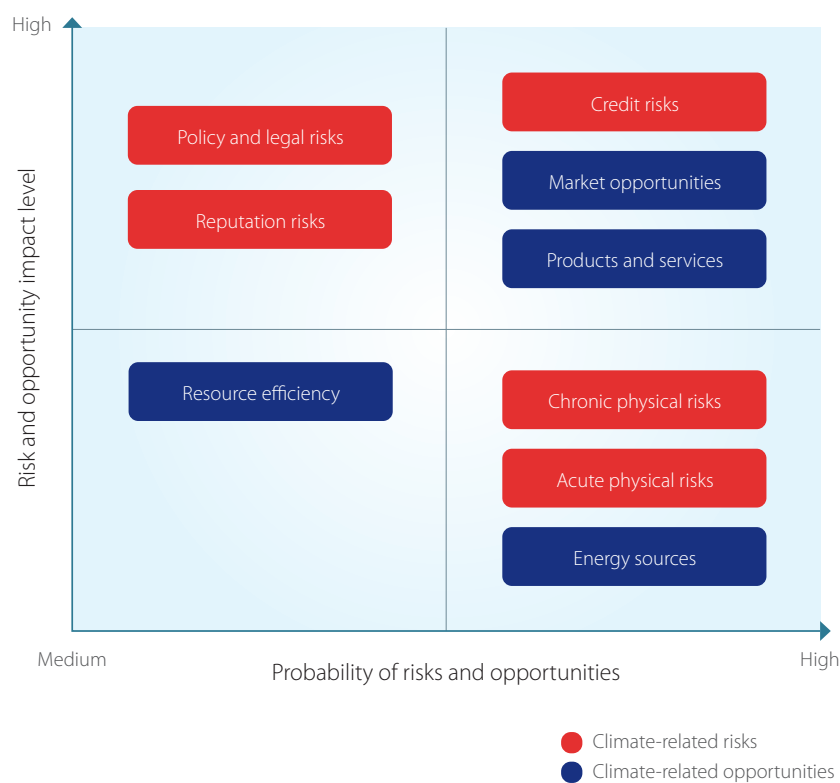


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Strategy

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.

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



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Potential Financial Impact of Climate-related Risks and Countermeasures of the Group

Major climate-related risks		Potential financial impact	Countermeasures
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.	Decrease in operating revenue Increase in operating costs	<ul style="list-style-type: none"> 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.
	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.	Decrease in operating revenue	<ul style="list-style-type: none"> 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.
	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.	Decrease in operating revenue Increase in operating costs Decrease in brand value	<ul style="list-style-type: none"> 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.	Decrease in operating revenue Increase in operating costs Depreciation of fixed assets	<ul style="list-style-type: none"> Properly respond to typhoons and rainstorms in accordance with the <i>CISI Typhoon and Rainstorm Emergency Response Plan</i> (《興證國際颱風及暴雨應急預案》) and the <i>CISI Emergency Guidebook for Trading Days under Severe Weather Conditions</i> (《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.	Decrease in operating revenue Increase in operating costs Depreciation of fixed assets	<ul style="list-style-type: none"> Formulate contingency measures against typhoons, earthquakes, rainstorms and other meteorological disasters.

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Potential Financial Impacts of Climate-related Opportunities and Countermeasures of the Group

Major climate-related opportunities of the Group	Potential financial impact	Countermeasures
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.	Increase in operating revenue	<ul style="list-style-type: none"> • 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.	Increase in operating revenue Increase in brand value	<ul style="list-style-type: none"> • 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.	Decrease in operating costs	<ul style="list-style-type: none"> • 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.	Decrease in operating costs	

The Group identifies the correlation and materiality of 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 the activities and impact of the issuer's business in terms of ESG.

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Response strategy of climate risk scheme of the Group

Dimension	Criteria description
Screening investment entity	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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 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".

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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	Criteria description
Overall management process	<ul style="list-style-type: none">• 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 level 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	<p>Determine whether climate-related risks are likely to affect products:</p> <ul style="list-style-type: none">• 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Establishing business continuity management system to respond to climate risk events

The Group is concerned about climate risk changes and has established a sound business continuity management system. In terms of institutional systems, the Group has established a business continuity management system, continued to improve the mechanism for identifying, reporting, handling and following up on unexpected events, organised the relevant departments to establish the *Business Continuity Plan* (《業務連續性專項計劃》), and established contingency plans for seven major risk scenarios, which cover risk scenarios of natural disasters caused by climatic changes such as typhoons, rainstorms and earthquakes, so as to gain a comprehensive and accurate understanding of the overall business continuity of the Group and ensure timely feedback on any potential risk situations or risk events and timely implementation of corresponding countermeasures.

Indicators and Targets

The Group has set a target for the greenhouse gas (GHG) emission and energy management with 2021 as the base year, 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 conducted annual statistics and analysis of GHG emission data, and accordingly formulated improvement plans.

Progress in Achieving GHG Emissions Management Targets of the Group in 2024

Indicator	Unit	2021 (base year)	2024年 (reporting year)	Increase/ decrease as compared with 2021
GHG emissions per unit area (Scope 1 and Scope 2)	ton CO ₂ -e/m ²	0.07	0.06	-21%

From 2022 onwards, CISI, together with Industrial Securities, the parent company of CISI, has been promoting green and low-carbon offices, retrofits for energy saving and emission reduction and other carbon emission reduction activities. In addition, CISI voluntarily promotes emission reduction projects to offset the carbon emissions generated by our operations and continues to achieve net zero greenhouse gas emissions by 2024.

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7.2 Environment and Natural Resources

Energy Usage and Management

In 2024, 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 achieve energy conservation and utilisation efficiency improvements, as well as to reduce greenhouse gas emissions, 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. Through a detailed assessment of the overall energy management level, the Group identifies potential areas 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 within the Group.

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Progress in Achieving Energy Management Targets of the Group in 2024

Indicator	Unit	2021 (base year)	2024年 (reporting year)	Increase/ decrease as compared with 2021
Electricity consumption per unit area	kWh/m ²	94.01	79.92	-14.98%

Water Utilisation and Management

Routine office work is the main water-consuming segments of the Group, and the municipal water is the main source of water, so there is no problem in seeking water sources. To promote water conservation, the Group actively adopts a series of water conservation measures and encourage its employees to actively practice water conservation actions in their daily lives and work.

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.

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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 to minimise the waste.

The Group undertakes to gradually improve the identification and statistics of the sources of non-hazardous and hazardous waste, and to control the generation of non-hazardous and hazardous waste to a low level.

Key Waste Reduction Measures of the Group

- The printer supplier recycled used cartridges every month, and a total of 43 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.

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Performance of Results of Paperless Operation of the Group in 2024

Indicator	Unit	2024
Daily office paper consumption	ton	1.49
Total number of processes processed in OA system	piece	50,643
Imputed number of papers saved in OA system processing ^[Note 1]	sheet	253,215
Number of papers saved in processing customer statements through securities and futures settlement system	sheet	656,800

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	2022	2023	2024
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	2	3	1
Number of employees participating in anti-corruption-related trainings	person	205	208	169
Average hours of anti-corruption training per employee	hour	1.00	1.66	1.00
Number of directors participating in anti-corruption-related trainings	person	3	6	2
Average hours of anti-corruption training per director	hour	1.00	1.67	1.00

Supplier Performance Indicator

Indicator	Unit	2022	2023	2024
The PRC suppliers	quantity	–	18	25
Overseas, Hong Kong, Macao and Taiwan suppliers	quantity	–	68	59

Customer Performance Indicator

Indicator	Unit	2022	2023	2024
Number of customer enquiries	case	11,354	7,704	8,240
Including: the number of complaints	case	3	1	1
Percentage of complaints solved	%	100	100	100
Number of verified complaints about customer privacy infringement and losses of customer information	case	0	0	0

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Employee Employment and Training Performance Indicator

Indicator		Unit	2022	2023	2024
Total number of employees		person	193	230	209
By gender	Male	person	110	118	114
	Female	person	83	112	95
By employment type	Number of full-time contract employees	person	191	228	207
	Number of full-time dispatched employees	person	0	0	0
	Number of employees in other forms of employment ^(Note 1)	person	2	2	2
By age group	> 50 years old	person	18	21	19
	30 to 50 years old	person	143	159	150
	< 30 years old	person	32	50	40
By geographical region	Mainland of China	person	74	106	92
	Overseas, Hong Kong, Macao and Taiwan	person	119	124	117
Employee turnover rate ^(Note 2)		%	34.96	18.26	19.62
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	22.97	25.00	26.90
By gender	Male	hour	22.97	25.00	26.90
	Female	hour	22.97	25.00	26.90
By employee level	Senior management	hour	22.97	25.00	26.90
	Middle management	hour	22.97	25.00	26.90
	General employees	hour	22.97	25.00	26.90

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.

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.

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Employee Health and Safety Performance Indicator ^(Note 1)

Indicator	Unit	2022	2023	2024
Number of work-related injuries	case	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.

Environmental Performance Indicator

Indicator	Unit	2022	2023	2024
Total GHG emissions (Scope 1 and Scope 2) ^(Note 1)	ton CO ₂ e	222.63	226.32	191.92
Total GHG emissions in Scope 1 ^(Note 1)	ton CO ₂ e	7.88	13.87	10.41
Total GHG emissions in Scope 2	ton CO ₂ e	214.75	212.46	181.51
Total GHG emissions in Scope 3 ^(Note 1)	ton CO ₂ e	10.93	13.15	142.84
GHG emissions per capita (Scope 1 and Scope 2)	ton CO ₂ e/person	1.15	0.98	0.92
GHG emissions per unit area (Scope 1 and Scope 2)	ton CO ₂ e/m ²	0.07	0.07	0.06
Gasoline consumption of self-owned vehicles ^(Note 2)	litre	2,908.66	5,193.00	3,900.00
Total electricity consumption	kWh	313,000.00	313,500.00	275,730.00
Electricity consumption per capita	kWh/person	1,621.76	1,363.04	1,319.28
Electricity consumption per unit area	kWh/m ²	93.71	90.87	79.92
Hazardous waste: toner cartridges	box	48	45	43
Non-hazardous waste: paper consumption	ton	2.27	2.74	1.49

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 airplanes, 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 2024, the Group added the indirect GHG emissions from transportation for business travel of employees; therefore, the Scope 3 data increased significantly compared to the previous two years.

Note 2: After the scrapping of the Group's own gasoline vehicles and the replacement by electric vehicles, the 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.

Community Investment Performance Indicator

Indicator	Unit	2022	2023	2024
Community investment amount	HK Dollars	152,500.00	51,346.19	47,314.01
Number of employee volunteers	person	0	140	92
Total hours of employee voluntary services	hour	0	8	8

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Environmental, Social and Governance Reporting Guide of Hong Kong Stock Exchange (Effective from 31 December 2023)

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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 China Industrial Securities International Financial Group Limited and its subsidiaries. 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 2024 to 31 December 2024. 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 Guide* (《環境、社會及管治報告指引》) (effective from 31 December 2023) 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 report of the Group, the annual report shall prevail.

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Reporting Principles

- **Materiality:** The Group identified the operation-related material topics to the concern of stakeholders such as investors, which are highlighted in this report. While reporting the material issues, this report also focuses on the industrial features of the Group's operation and the geographical features of the region where it operates. For the analysis process and results of the material topics, please refer to the "ESG Governance" section for details. In addition, this report highlights the environmental, social and governance matters that may have a significant impact on investors and other stakeholders.
- **Accuracy:** This report ensures that the information is as accurate as possible. In particular, 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. The quantitative information and the accompanying information are detailed in sections of this report.

The Board guarantees that the contents of this report do not contain false statements, misleading statements or material omissions in material respects.

- **Balance:** The content of this report reflects objective facts and discloses both positive and negative information about the Group in an unbiased manner. The Group has conducted searches through the Shanghai Qingyue Credit Database for the subjects within the scope of this report and found no negative events that should have been disclosed but were not disclosed during the Reporting Period.
- **Clarity:** This report is published in Traditional Chinese. This report contains tables, model diagrams, and a glossary of terminology as an aid to understanding the textual content of this report. To facilitate quicker access to information for stakeholders, this report provides a table of contents and benchmarking index tables for ESG standards.
- **Quantification and consistency:** This report discloses key quantitative performance indicators and, to the extent possible, historical data. The manner in which statistics and disclosures of the same indicator are maintained in this report is consistent across reporting periods. If there are changes in the statistics and disclosure methods, they are fully explained in the notes to the report so that stakeholders can conduct meaningful analysis and evaluate the trend of the ESG performance level of the Group.
- **Comparability:** 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 Company's ESG data level.
- **Integrity:** The scope of disclosures in this report is consistent with the scope of the consolidated financial statements of the Group.
- **Timeliness:** This is an annual report covering the period from 1 January 2024 to 31 December 2024. The Group strives to publish the report as soon as possible after the end of the reporting year to provide timely information for stakeholders' decision-making.
- **Verifiability:** The cases and data in this report are derived from the original records or financial reports of actual operations of the Group. As the Group manages ESG quantitative performance for the past years through performance management system HiESG, the source of the disclosed data and the calculation process are traceable and can be used to support the inspection by external assurance works.

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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.