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GF SECURITIES CO., LTD.

廣發証券股份有限公司

(於中華人民共和國註冊成立的股份有限公司)

(股份代號：1776)

ANNOUNCEMENT ON RECEIPT BY THE COMPANY OF NOTICE OF ADMINISTRATIVE REGULATORY MEASURES FROM THE CHINA SECURITIES REGULATORY COMMISSION

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

On August 5, 2019, GF Securities Co., Ltd. (the “**Company**”) received the Decision on Measures for Restricting Business Activities of GF Securities Co., Ltd. (《關於對廣發証券股份有限公司採取限制業務活動措施的決定》) by the China Securities Regulatory Commission (the “**CSRC**”) (Decision on Administrative Regulatory Measures of the China Securities Regulatory Commission) [2019] No. 31), the original text of which is as follows:

“Upon investigation, the following issues were identified within your company: firstly, the deficiency in risk management and control of GF Holdings (Hong Kong) Co., Ltd. (hereinafter referred to as “GF Holdings Hong Kong” or the “Hong Kong Subsidiary”), including the insufficient control of risks relating to new business of the Hong Kong Subsidiary, the failure of the risk control system to attain the full coverage of risk data of the Hong Kong Subsidiary, and the deficiencies in supervision and inspection of the implementation of the risk control requirements by the Hong Kong Subsidiary, etc.; secondly, the deficiencies in the compliance management of GF Holdings Hong Kong and the deficiencies in supervision over the effectiveness of compliance management of the Hong Kong Subsidiary; thirdly, the deficiencies in internal control over GF Holdings Hong Kong, including the deficiencies in control for financial affairs and organizational structure; fourthly, as the main responsible party for data submission, not carrying out the monthly statistical work in respect of GF Holdings Hong Kong properly, which resulted in the submission of inaccurate data to us.

The above-mentioned matters have contravened the provisions of Article 27 and Article 69 of the Regulations on the Supervision and Administration of Securities Companies (《證券公司監督管理條例》), Article 24 of the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司合規管理辦法》), and Article 6 of the Administrative Measures for Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》), and Articles 18, 22 and 31 of the Rules for Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》).

In accordance with the provisions of Article 70 of the Regulations on the Supervision and Administration of Securities Companies, we have decided to impose administrative regulatory measures on your company to restrict the expansion of the scale of your over-the-counter derivatives business for six months and to restrict the addition of new types of businesses for six months.

The recipient who has objection to these administrative regulatory measures, may either apply to the CSRC for an administrative review within 60 days upon the receipt of this notice, or initiate an action at the people's court with competent authority within six months from the date of receipt of this notice. However, the implementation of the administrative regulatory measures shall not be suspended during the review and litigation period.”

The Company will proactively adopt rectification measures in accordance with the regulatory requirements. Investors are advised to pay attention to investment risks.

By order of the Board of Directors
GF Securities Co., Ltd.
Sun Shuming
Chairman

Guangzhou, the PRC
August 5, 2019

As at the date of this announcement, the board of directors of the Company comprises Mr. Sun Shuming, Mr. Lin Zhihai, Mr. Qin Li and Ms. Sun Xiaoyan as executive directors; Mr. Shang Shuzhi, Mr. Li Xiulin and Ms. Liu Xuetao as non-executive directors; and Mr. Yang Xiong, Mr. Tang Xin, Mr. Chan Kalok and Mr. Fan Lifu as independent non-executive directors.