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GF SECURITIES CO., LTD.

廣發証券股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1776)

Announcement on the Receipt of Advance Notice of Administrative Regulatory Measures from Guangdong Regulatory Bureau of the China Securities Regulatory Commission by the Company and the Relevant Personnel

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

On July 10, 2020, GF Securities Co., Ltd. (the “**Company**”) and certain relevant personnel received the Advance Notice of Administrative Regulatory Measures from the Guangdong Regulatory Bureau of the China Securities Regulatory Commission (the “**Guangdong CSRC**” and “**CSRC**”), respectively.

I. Receipt of Advance Notice of Administrative Regulatory Measures by the Company

On July 10, 2020, the Company received the Advance Notice Regarding Implementation of Regulatory Measures including Ordering for Rectification, Limiting Business Activities and Ordering for Limiting Rights of Senior Management against GF Securities Co., Ltd. (Advance Notice of Administrative Regulatory Measures of the Guangdong Regulatory Bureau of the China Securities Regulatory Commission [2020] No. 1 (《關於對廣發証券股份有限公司採取責令改正、限制業務活動、責令限制高級管理人員權利監管措施的事先告知書》(中國證券監督管理委員會廣東監管局行政監管措施事先告知書〔2020〕1號)) from the Guangdong CSRC, the original texts of which were as follows:

Pursuant to the relevant requirements of the Regulations on Supervision and Administration of Securities Companies, the Measures for the Administration of the Sponsorship of the Offering and Listing of Securities (CSRC Order No.58, as amended pursuant to CSRC Order No. 63, the “**Measures for the Administration of Sponsorship**”) and the Management Measures on Corporate Bonds Issuance and Trading (the “**Measures for the Administration of Bond**”), the Guangdong CSRC intends to implement various regulatory measures against your company, including ordering for rectification, suspension of sponsoring institution qualification for 6 months, temporary suspension of approval for bond underwriting-related documents for 12 months and ordering for limiting rights of senior management. The Guangdong CSRC hereby present to you the facts, reasons and basis in respect of the above proposed regulatory measures and your relevant rights.

Upon investigation, the Guangdong CSRC found that your company did not exercise proper due diligence, was deficient in terms of basic procedures of due diligence review, failed to have necessary professional cautiousness, implemented perfunctory internal quality control and failed to continuously perform the obligation of supervision and trustee management as required for various projects of Kangmei Pharmaceutical Co., Ltd. (“**Kangmei Pharmaceutical**”), including the 2014 non-public issuance of preference shares, the 2015 corporate bond project, the 2016 non-public issuance of shares and the 2018 corporate bond project, as well as the 2017 exchangeable corporate bond project of Kangmei Industrial Investment Holding Co., Ltd. (康美實業投資控股有限公司). The above activities have violated the requirements of Article 4, Article 24 and Article 35 of the Measures for the Administration of Sponsorship, and Article 7, Article 49, Article 50 and Article 52 of the Measures for the Administration of Bond. According to the requirements of Article 70 of the Regulations on Supervision and Administration of Securities Companies, Article 66 and Article 67 of the Measures for the Administration of Sponsorship and Article 58 and Article 63 of the Measures for the Administration of Bond, the Guangdong CSRC intends to implement various regulatory measures against your company, including ordering for rectification, suspension of sponsoring institution qualification for 6 months, temporary suspension of approval for bond underwriting-related documents for 12 months and ordering for limiting rights of senior management. In particular, the details of the regulatory measures regarding ordering for limiting rights of senior management are as follows: limiting the rights of Mr. Ouyang Xi, the then deputy general manager of the relevant investment banking business, for receiving remuneration other than basic salary for year 2014, year 2015 and year 2016, as well as limiting the rights of Mr. Qin Li, the then deputy general manager of the relevant investment banking business, for receiving remuneration other than basic salary for year 2017 and year 2018, and all such amounts already received shall be refunded to the Company.

In this regard, your company shall have the right to make statements and defenses. The facts, reasons and proofs raised by your company, if tenable after review, will be accepted by the Guangdong CSRC. If your company gives up the right to make statements and defenses, the Guangdong CSRC will make official decision on regulatory measures based on such facts, reasons and proofs.

Please fax the Reply Slip of the Notice, which stated the opinion on the aforementioned rights, to the contact person designated by the Guangdong CSRC within 5 working days after receiving this notice, and submit the original reply slip to the Guangdong CSRC on the same day. Overdue submissions will be deemed as giving up the aforementioned rights.

II. Receipt of Advance Notice of Administrative Regulatory Measures by the Relevant Personnel

1. Receipt of Advance Notice of Administrative Regulatory Measures by Mr. Qin Li and Mr. Ouyang Xi

On July 10, 2020, Mr. Qin Li, an executive Director of the Company, and Mr. Ouyang Xi, a deputy general manager of the Company, received the Advance Notice Regarding Implementation of Regulatory Measures including Ordering for Limiting Rights of Senior Management against GF Securities Co., Ltd. (Advance Notice of Administrative Regulatory Measures of the Guangdong Regulatory Bureau of the China Securities Regulatory Commission [2020] No. 2《關於對廣發証券股份有限公司採取責令限制高級管理人員權利監管措施的事先告知書》(中國証券監督管理委員會廣東監管局行政監管措施事先告知書〔2020〕2號)) from the Guangdong CSRC, the main contents of which were as follows:

According to the requirements of Article 70 of the Regulations on Supervision and Administration of Securities Companies, Guangdong CSRC intends to implement the regulatory measures against GF Securities regarding ordering for limiting rights of senior management, limiting the rights of Mr. Ouyang Xi, the then deputy general manager of the relevant investment banking business, for receiving remuneration other than basic salary for year 2014, year 2015 and year 2016, as well as limiting the rights of Mr. Qin Li, the then deputy general manager of the relevant investment banking business, for receiving remuneration other than basic salary for year 2017 and year 2018, and all such amounts already received shall be refunded to the Company.

2. Receipt of Advance Notice of Administrative Regulatory Measures by Mr. Qin Li

On July 10, 2020, Mr. Qin Li received the Advance Notice Regarding Implementation of Regulatory Measures including Public Censure and Regulatory Interview against Mr. Qin Li (Advance Notice of Administrative Regulatory Measures of the Guangdong Regulatory Bureau of the China Securities Regulatory Commission [2020] No. 12《關於對秦力採取公開譴責、監管談話監管措施的事先告知書》(中國証券監督管理委員會廣東監管局行政監管措施事先告知書〔2020〕12號)) from the Guangdong CSRC, the main contents of which were as follows:

According to the requirements of Article 70 of the Regulations on Supervision and Administration of Securities Companies, and Article 58 and Article 63 of the Management Measures on Bond, the Guangdong CSRC intends to issue the following decision on regulatory measures:

- i. To publicly censure you through the official website of the Guangdong CSRC.
- ii. To conduct regulatory interview with you.

3. Receipt of Advance Notice of Administrative Regulatory Measures by Mr. Ouyang Xi

On July 10, 2020, Mr. Ouyang Xi received the Advance Notice Regarding Implementation of Regulatory Measures including Public Censure and Regulatory Interview against Mr. Ouyang Xi (Advance Notice of Administrative Regulatory Measures of the Guangdong Regulatory Bureau of the China Securities Regulatory Commission [2020] No. 11 (《關於對歐陽西採取公開譴責、監管談話監管措施的事先告知書》(中國證券監督管理委員會廣東監管局行政監管措施事先告知書〔2020〕11號)) from the Guangdong CSRC, the main contents of which were as follows:

According to the requirements of Article 70 of the Regulations on Supervision and Administration of Securities Companies, and Article 66 of the Measures for the Administration of Sponsorship, the Guangdong CSRC intends to issue the following decision on regulatory measures:

- i. To publicly censure you through the official website of the Guangdong CSRC.
- ii. To conduct regulatory interview with you.

4. Receipt of Advance Notice of Administrative Regulatory Measures by Mr. Chen Jiamao

On July 10, 2020, Mr. Chen Jiamao received the Advance Notice Regarding Implementation of Regulatory Measures including Identification as not a Fit and Proper against Mr. Chen Jiamao (Advance Notice of Administrative Regulatory Measures of the Guangdong Regulatory Bureau of the China Securities Regulatory Commission [2020] No. 3 (《關於對陳家茂採取認定為不適當人選監管措施的事先告知書》(中國證券監督管理委員會廣東監管局行政監管措施事先告知書〔2020〕3號)) from the Guangdong CSRC, the main contents of which were as follows:

According to the requirements of Article 66 of the Measures for the Administration of Sponsorship, the Guangdong CSRC intends to issue the following decision on regulatory measures:

To identify Mr. Chen Jiamao as not a fit and proper person that he shall not assume duties for business in relation to the sponsorship of offering and listing of securities of securities companies or actually undertake the aforesaid duties within 10 years from the date of issue of this decision on regulatory measures.

5. Receipt of Advance Notice of Administrative Regulatory Measures by Mr. Lin Huanwei

On July 10, 2020, Mr. Lin Huanwei received the Advance Notice Regarding Implementation of Regulatory Measures including Identification as not a Fit and Proper Personnel against Mr. Lin Huanwei (Advance Notice of Administrative Regulatory Measures of the Guangdong Regulatory Bureau of the China Securities Regulatory Commission [2020] No. 4 (《關於對林煥偉採取認定為不適當人選監管措施的事先告知書》(中國證券監督管理委員會廣東監管局行政監管措施事先告知書〔2020〕4號)) from the Guangdong CSRC, the main contents of which were as follows:

According to the requirements of Article 66 of the Measures for the Administration of Sponsorship, the Guangdong CSRC intends to issue the following decision on regulatory measures:

To identify Mr. Lin Huanwei as not a fit and proper person that he shall not assume duties for business in relation to the sponsorship of offering and listing of securities of securities companies or actually fulfill the aforesaid duties within 15 years from the date of issue of this decision on regulatory measures, and shall not assume duties for business in relation to the underwriting of bonds of securities companies or actually undertake the aforesaid duties within 10 years from the date of issue of this decision on regulatory measures.

6. Receipt of Advance Notice of Administrative Regulatory Measures by Mr. Zhu Baoli

On July 10, 2020, Mr. Zhu Baoli received the Advance Notice Regarding Implementation of Regulatory Measures including Identification as not a Fit and Proper Personnel against Mr. Zhu Baoli (Advance Notice of Administrative Regulatory Measures of the Guangdong Regulatory Bureau of the China Securities Regulatory Commission [2020] No. 5 (《關於對朱保力採取認定為不適當人選監管措施的事先告知書》(中國證券監督管理委員會廣東監管局行政監管措施事先告知書〔2020〕5號)) from the Guangdong CSRC, the main contents of which were as follows:

According to the requirements of Article 66 of the Measures for the Administration of Sponsorship, the Guangdong CSRC intends to issue the following decision on regulatory measures:

To identify Mr. Zhu Baoli as not a fit and proper person that he shall not assume duties for business in relation to the sponsorship of offering and listing of securities of securities companies or actually undertake the aforesaid duties within 15 years from the date of issue of this decision on regulatory measures.

7. Receipt of Advance Notice of Administrative Regulatory Measures by Mr. Xiao Jin

On July 10, 2020, Mr. Xiao Jin received the Advance Notice Regarding Implementation of Regulatory Measures including Identification as not a Fit and Proper against Xiao Jin (Advance Notice of Administrative Regulatory Measures of the Guangdong Regulatory Bureau of the China Securities Regulatory Commission [2020] No. 6 《關於對肖晉採取認定為不適當人選監管措施的事先告知書》(中國證券監督管理委員會廣東監管局行政監管措施事先告知書〔2020〕6號)) from the Guangdong CSRC, the main contents of which were as follows:

According to the requirements of Article 66 of the Measures for the Administration of Sponsorship, the Guangdong CSRC intends to issue the following decision on regulatory measures:

To identify Mr. Xiao Jin as not a fit and proper person that he shall not assume duties for business in relation to the underwriting of bonds of securities companies or actually undertake the aforesaid duties within 10 years from the date of issue of this decision on regulatory measures.

8. Receipt of Advance Notice of Administrative Regulatory Measures by Mr. Lin Huanrong

On July 10, 2020, Mr. Lin Huanrong received the Advance Notice Regarding Implementation of Regulatory Measures including Identification as not a Fit and Proper against Mr. Lin Huanrong (Advance Notice of Administrative Regulatory Measures of the Guangdong Regulatory Bureau of the China Securities Regulatory Commission [2020] No. 7 《關於對Lin Huanrong採取認定為不適當人選監管措施的事先告知書》(中國證券監督管理委員會廣東監管局行政監管措施事先告知書〔2020〕7號)) from the Guangdong CSRC, the main contents of which were as follows:

According to the requirements of Article 58 and Article 63 of the Measures for the Administration of Bond, the Guangdong CSRC intends to issue the following decision on regulatory measures:

To identify Mr. Lin Huanrong as not a fit and proper person that he shall not assume duties for business in relation to the underwriting of bonds of securities companies or actually undertake the aforesaid duties within 20 years from the date of issue of this decision on regulatory measures.

9. Receipt of Advance Notice of Administrative Regulatory Measures by Mr. Xu Gewen

On July 10, 2020, Mr. Xu Gewen received the Advance Notice Regarding Implementation of Regulatory Measures including Identification as not a Fit and Proper against Mr. Xu Gewen (Advance Notice of Administrative Regulatory Measures of the Guangdong Regulatory Bureau of the China Securities Regulatory Commission [2020] No. 8 (《關於對Xu Gewen採取認定為不適當人選監管措施的事先告知書》(中國證券監督管理委員會廣東監管局行政監管措施事先告知書〔2020〕8號)) from the Guangdong CSRC, the main contents of which were as follows:

According to the requirements of Article 58 and Article 63 of the Measures for the Administration of Bond, the Guangdong CSRC intends to issue the following decision on regulatory measures:

To identify Mr. Xu Gewen as not a fit and proper person that he shall not assume duties for business in relation to the underwriting of bonds of securities companies or actually undertake the aforesaid duties within 15 years from the date of issue of this decision on regulatory measures.

10. Receipt of Advance Notice of Administrative Regulatory Measures by Mr. Li Xianbing

On July 10, 2020, Mr. Li Xianbing received the Advance Notice Regarding Implementation of Regulatory Measures including Identification as not a Fit and Proper against Mr. 李賢兵 (Advance Notice of Administrative Regulatory Measures of the Guangdong Regulatory Bureau of the China Securities Regulatory Commission [2020] No. 9 (《關於對李賢兵採取認定為不適當人選監管措施的事先告知書》(中國證券監督管理委員會廣東監管局行政監管措施事先告知書〔2020〕9號)) from the Guangdong CSRC, the main contents of which were as follows:

According to the requirements of Article 58 and Article 63 of the Measures for the Administration of Bond, the Guangdong CSRC intends to issue the following decision on regulatory measures:

To identify Mr. Li Xianbing as not a fit and proper person that he shall not assume duties for business in relation to the underwriting of bonds of securities companies or actually undertake the aforesaid duties within 20 years from the date of issue of this decision on regulatory measures.

11. Receipt of Advance Notice of Administrative Regulatory Measures by Mr. He Kuanhua

On July 10, 2020, Mr. He Kuanhua received the Advance Notice Regarding Implementation of Regulatory Measures including Identification as not a Fit and Proper against Mr. 何寬華 (Advance Notice of Administrative Regulatory Measures of the Guangdong Regulatory Bureau of the China Securities Regulatory Commission [2020] No. 10 《關於對何寬華採取認定為不適當人選監管措施的事先告知書》(中國證券監督管理委員會廣東監管局行政監管措施事先告知書〔2020〕10號)) from the Guangdong CSRC, the main contents of which were as follows:

According to the requirements of Article 58 and Article 63 of the Measures for the Administration of Bond, the Guangdong CSRC intends to issue the following decision on regulatory measures:

To identify Mr. He Kuanhua as not a fit and proper person that he shall not assume duties for business in relation to investment banking of securities companies or actually undertake the aforesaid duties within 20 years from the date of issue of this decision on regulatory measures.

In this regard, the above personnel shall have the right to make statements and defenses. The facts, reasons and proofs raised by them, if tenable after review, will be accepted by the Guangdong CSRC. If they give up the right to make statements and defenses, the Guangdong CSRC will make official decision on regulatory measures based on such facts, reasons and proofs.

The above personnel shall fax the Reply Slip of the Notice to the contact person designated by the Guangdong CSRC within 5 working days after receiving the Advance Notice of Administrative Regulatory Measures, and submit the original reply slip to the Guangdong CSRC on the same day. Overdue submissions will be deemed as giving up the aforementioned rights.

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

Guangzhou, the PRC
July 10, 2020

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Sun Shuming, Mr. Qin Li and Ms. Sun Xiaoyan as executive Directors; Mr. Li Xiulin, Mr. Shang Shuzhi and Ms. Liu Xuetao as non-executive Directors; Mr. Fan Lifu, Mr. Hu Bin, Ms. Leung Shek Ling Olivia and Mr. Li Wenjing as independent non-executive Directors.